



ANNUAL ACCOUNTS 2021-22



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

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Performance report

1. Overview

This year's accounts reflect the ongoing impact that the COVID-19 pandemic has had on the work of Qualifications Wales and the wider system, with exams being cancelled for the second year in a row.

Following the decision by the Minister for Education to cancel the summer 2021 exams, we worked with others, including Welsh Government's Design and Delivery Advisory Group, to develop an alternative approach that enabled learners to be awarded GCSE, AS and A level qualifications through a Centre Determined Grade model, using teachers' professional judgement supported by assessment evidence. Schools and colleges were at the forefront of delivering these alternative arrangements. Vocation qualifications that were knowledge based, were also awarded using Centre Determined Grades, based on a range of assessment information. These included BTECs, WJEC vocational awards, applied certificates and diplomas, and the new Health and Social Care: Principles and Contexts qualification. We oversaw the completion of this process.

We also prepared for the return of external examinations in 2022. In recognition of the learning lost because of the COVID pandemic, qualifications were adapted (some had content or assessment reduced, others had advanced information issued). We also put contingency arrangements in place in the event of examinations being cancelled again.

From the beginning of the pandemic up until July 2021 all employees worked remotely from home, but, as restrictions began to be lifted, we reopened our offices for three days a week with staff being invited to come in on a voluntary basis if they felt comfortable to do so. We used this experience to start to develop ideas for our future ways of working. The Board also held several hybrid meetings, with some members attending in person and others joining online. The emergence of the Omicron variant during the winter of 2021/22 meant that we had to revert to home working for a short period, but we continue to work towards a 'new normal' and are developing new ways of working, building on the experiences of the past two years.

Employee well-being has been a priority, and we have worked hard to keep our employees feeling engaged with the organisation. We have continued to be flexible and responsive to employee needs.

Over the year, we have maintained effective financial controls. We have also taken care to ensure suppliers continue to receive prompt payment, continuing to pay 98% of our invoices within 30 days. We have maintained our governance arrangements throughout the period. Operational and decision-making processes have been largely unchanged, but with meetings mostly taking place virtually using Microsoft Teams.

1.1 Scope of responsibility

Qualifications Wales was established in August 2015, through the *Qualifications Wales Act*, and we assumed our duties and powers in September of that year. This year (April 2021 to March 2022) is our sixth full financial year of operation.

We regulate awarding bodies offering qualifications in Wales. We are an independent body focused on publicly funded qualifications, including GCSEs, A levels and vocational qualifications. We work with others to review and reform qualifications.

Degrees are not part of our work, but we work with universities and colleges to make sure they understand qualifications so that learners can progress into higher education. We want qualifications to be the best they can be for learners, teachers and employers, helping people adapt in a rapidly changing world. We work with awarding bodies to extend the availability of qualifications through the Welsh language.

In addition to our Annual Accounts, we produce an Annual Report in the autumn of each year, which provides more information about our work and how we are fulfilling our principal aims. Our Annual Report provides a comprehensive account of each of our operational priorities and the activities we have conducted throughout the year to fulfil them. We published our sixth Annual Report in November 2021, covering the period September 2020 to August 2021, and this was scrutinised by the Children, Young People and Education Committee for the Senedd Cymru.

This set of Annual Accounts covers the period from 1 April 2021 to 31 March 2022.

1.2 Statutory background and functions

As the independent regulator, our principal aims are:

- ensuring that qualifications, and the Welsh qualification system, are effective for meeting the reasonable needs of learners in Wales;
- promoting public confidence in qualifications and in the Welsh qualification system.

At Qualifications Wales, we protect the value of qualifications, make sure that they are awarded fairly, and review and develop them as the needs of learners change. We place the learner at the heart of our activities.

As the trusted experts in qualifications, we provide Welsh Government with advice on relevant issues. We also consider the needs of employers, the higher education (HE) sector and professions.

We also have a responsibility to look across the qualifications system to check that it is working in the interest of learners, and to act or advise others to do the same, if necessary. Part of our work is to ensure that qualifications within the system are valued. We have powers and duties to regulate awarding bodies, and we can make positive interventions to secure improvements to qualifications or the qualifications system.

We pay regard to eight 'matters' in deciding how we go about our work:

"In considering what is appropriate for the purpose of achieving its principal aims, the matters to which Qualifications Wales is to have regard include (among other things):

- (a) The desirability of promoting sustainable growth in the Welsh economy;*
- (b) The desirability of promoting and facilitating the use of the Welsh language, including through the availability of assessment arrangements that provide for assessment through the medium of the Welsh language, and of qualifications that otherwise promote or facilitate the use of the Welsh language;*
- (c) The range and nature of qualifications available, and their assessment arrangements;*
- (d) The reasonable requirements of employers, higher education institutions and the professions regarding education and training (including as to required standards of practical competence);*
- (e) Whether the knowledge, skills and understanding required to be demonstrated for the purpose of determining whether a person is to be awarded a qualification reflect current knowledge and best practice;*
- (f) Whether qualifications indicate a consistent level of attainment with that indicated by whatever Qualifications Wales considers to be comparable qualifications, whether awarded in Europe or elsewhere;*
- (g) Whether qualifications are provided efficiently and so as to secure value for money; and*
- (h) The respective roles played by, and responsibilities of, each of the following persons in respect of the Welsh qualification system (including by reference to cooperation between those persons, and their effectiveness in performing their roles);*
 - (i) Awarding bodies, learning providers, Qualifications Wales and the Welsh Ministers;*
 - (ii) Any other persons exercising functions that Qualifications Wales considers relevant for the purpose of the Welsh qualification system.*

Qualifications Wales Act (2015)

1.3 Performance summary

For 2021-22, we set five operational priorities:

Operational Priority 1 - Review

Our work here is about reviewing and evaluating aspects of the qualification system to ensure they are meeting learners' needs and strengthening public confidence in qualifications. We undertake research, engage with stakeholders and keep up to date with wider policy in Wales and other parts of the UK.

Operational Priority 2 – Reform

Our review and evaluation of a suite of qualifications, or of an aspect of the system, may lead to changes to the range, content or assessment approach of qualifications offered in Wales.

Operational Priority 3 - Regulate

We regulate the awarding bodies that we recognise and the qualifications that they develop and deliver. When recognised, an awarding body must comply with the rules that we set. We monitor for compliance against our Standard Conditions of Recognition and where appropriate, we use our enforcement powers to ensure that the system meets the needs of learners.

Operational Priority 4 – Corporate Resources

By providing strong corporate functions and investing in our corporate values, behaviours and culture, we maintain a solid foundation for the organisation, supporting our ability to deliver and enhancing our reputation with stakeholders. Employee well-being is vital and remains an area of focus as we develop our future ways of working.

Operational Priority 5 – Reach

Promoting and maintaining public confidence in qualifications and the Welsh qualification system is central to our work. We have a range of channels and techniques and work with partners across the education sector to convey both our regulation and reform duties.

Our [2021-22 business plan](#) identified our focus for the year and outlined the work that we intended to deliver in support of our five Operational Priorities.

This performance summary section outlines our main achievements across the year. Further detail is provided in the performance analysis section.

Commentary from the Chief Executive of Qualifications Wales

Key achievements this year

Despite continual changes and uncertainty throughout 2021-22, we put in place alternative regulatory arrangements that allowed learners to gain qualifications despite not being able to sit examinations. Building on 2020/21, our approach enabled WJEC to carry out quality assurance activities in relation to the Centre Determined Grades. Despite the uncertainties, we also continued our programme of qualification reform, successfully achieving all our development milestones as detailed below. This year, I was pleased to report to the Board that we had delivered against our operational priorities. I highlighted the following main achievements:

Review

- We completed our second 'Qualified for the future' consultation and in October 2021, except for Welsh language qualifications, we published our decisions around the future range of GCSEs and related made-for-Wales qualifications that will support the new curriculum. This was followed in March 2022 by our decisions around Welsh language qualifications. This work lays the groundwork for the reform of qualifications that will underpin the ambitions of the new Curriculum for Wales, reimagining how GCSEs are assessed and reshaping the wider range of qualifications taken in schools.
- In Autumn 2021 we commenced the co-construction process for developing these new qualifications. This has involved convening 24 subject level working groups, 6 Area of Learning and Experience (AoLE) groups, a stakeholder reference group and several other internal and external groups. This work is ongoing and will continue into the 2022/2023 academic year.
- We conducted our review of the travel, tourism, hospitality and catering sector which we will be publishing in early 2023, once we have determined the actions that we will take to address the issues that we identified.

- We published our own research into GCSE non-examination assessment. We also commissioned and published research into the involvement of teachers in assessment in a selection of international jurisdictions.

Reform

- We have now approved all qualifications within the Construction and Building Services Engineering reform project. We continue to work with the Awarding bodies and the wider sector to support the introduction and initial delivery of the qualifications.
- We provided just over £160k of competitive grant funding to support awarding bodies to make more qualifications available through the medium of Welsh.
- We have provided grant funding of £260k to WJEC to contribute to their costs of preparing bilingual GCSE, AS and A level qualifications.
- We conducted a successful tender exercise that resulted in the commissioning of an awarding body (WJEC) to design, deliver and award the 'Advanced Skills Baccalaureate Wales (Level 3)', which will replace the Advanced Skills Challenge Certificate (often referred to as the Advanced Welsh Bacc).

Regulate

- We carried out a number of policy reviews, and developed new regulatory policies, including a thorough review of our Regulatory Framework and Approach.
- We published a series of guidance documents to support awarding bodies with their compliance with the Standard Conditions of Recognition.
- We continued to work closely with other UK regulators to put in place extraordinary regulatory frameworks for vocational qualifications that enabled awarding bodies to award qualifications under alternative arrangements during the pandemic. We also sought to understand their alternative approaches to the award of GCSE, AS and A level so that there was sufficient comparability.
- We monitored the award of new Approved vocational qualifications in Health and Social Care, Childcare and Construction and Building Services Engineering.
- We announced our intention to return to a summer 2022 exam series in March 2021 and worked with WJEC to enable them to confirm adaptations to Centres in July 2021. Given the ongoing disruption caused by COVID, we also confirmed that the contingency approach for summer 2022, should it be needed, would be based on the Centre Determined Grade approach taken in 2021. We published guidance on this approach in November 2021.
- We worked on options for grading in summer 2022 and in October 2021 we announced the Board's decision that outcomes in summer 2022 should reflect a broad midway position between outcomes in summer 2019 and 2021, in line with the decision in England.

Corporate Resources

- We continued to ensure the smooth running of the organisation despite the ongoing impact of the pandemic.
- We supported the well-being of our employees through virtual events and regular communication and initiatives.
- We completed an internal audit programme – four of the five audits achieved substantial assurance.
- We continued to listen and respond to employee views and concerns throughout the pandemic. We enabled employees to attend the office on a pilot voluntary basis from July 2021 and used this experience to develop plans for our future new ways of working.
- We successfully implemented a new core HR system and delivered bilingual employee self-service (managing personal information/annual leave booking) across the organisation.
- Following the appointment of five new members to our Board we provided an induction programme and briefings to enable a smooth transition.
- We achieved a gold award in Chwarae Teg's FairPlay employer assessment.

Reach

- We refreshed and effectively delivered our communications and engagement strategy for the period 2021-23.
- We continued to develop our use of social media and introduced an Instagram account to further engage with our learner audience.
- Alternative assessment arrangements in response to the impact of COVID-19 were communicated to stakeholders.
- We continued to deliver a range of informal and formal stakeholder engagement activity, with five established stakeholder groups meeting termly or more often when stakeholder feedback was required.

Throughout this work we continued to benefit from the strengthened involvement of stakeholders in our work and we are grateful for their input. This has been particularly important given the nature of strategic risk that we are managing.

Signed Philip Blaker	Philip Blaker Accounting Officer 14 July 2022
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2 Performance analysis

2.1 Progress against our operational priorities for 2021-22

The 2021-22 operational priorities built on the previous year's plan. Our Senior Leadership Group reported progress against these priorities monthly, using a Red/Amber/Green rating system. This enabled us to report progress at each Board meeting. The table below shows what we have achieved over the year:

Operational Priority 1 – Review
What we set out to achieve
<ul style="list-style-type: none"> • Project manage the Qualified for the Future project • Determine the future range of qualifications taken at 16 • Develop design principles for future GCSEs • Securing qualifications for learners aged 14-16 • Continue the Travel, Tourism, Hospitality and Catering Sector Review • Review the future availability of qualifications for Post-16 Learners • Develop the future strategy for Qualifications Review and Reform • Inform forward planning for qualifications and the qualification system in Wales • Develop an approach to support the expansion of the use of digital technologies in regulated qualifications in Wales
Progress
<ul style="list-style-type: none"> • In October 2021, except for Welsh language qualifications, we published our decisions around the future range of GCSEs and related made-for-Wales qualifications that will relate to and support the new curriculum. This was followed in March 2022 by the decisions about qualifications in Welsh. • In Autumn 2021 we commenced the co-construction process for developing these new qualifications, this has involved convening 24 subject level working groups, 6 AoLE groups, a stakeholder reference group and a number of other internal and external groups. This work is ongoing and will continue into the 2022/2023 academic year. • In Autumn 2022 we produced a set of GCSE design and assessment working papers that outlined some of the key principles and priorities for the design and assessment of new made-for-Wales GCSEs and shared these with these stakeholder groups to help shape and guide their thinking. Additionally, we have developed a set of working assumptions which outline our expectations

around key aspects of future GCSE design and assessment. These have been developed iteratively during the co-construction process and have been shared with WJEC.

- We made the decision to secure new GCSEs through an 'open-market' route. We also decided that we would introduce a requirement for any awarding body seeking to offer the new GCSEs in Wales to offer the full range of GCSE subjects.
- We have carried out a wide-ranging review to identify what qualifications should be available in Wales to support a coherent and inclusive qualification offer for 14–16-year-olds in Wales. This involved extensive desk-based review activity; two surveys, one aimed at learners and the other aimed at 'other' stakeholders; semi-structured interviews and focus groups with a wide range of stakeholders, including learners, school and college representatives, employers and employer bodies, etc.
- We conducted our review of travel, tourism, hospitality and catering sector review which we will be publishing in early 2023, once we have determined the actions that we will take to address the issues identified in that review.
- We met with awarding bodies to discuss the longer-term provision of post-16 qualifications in Wales in the context of changes to qualification policy and funding in England. Awarding bodies we spoke to have indicated a strong commitment to working with us to secure the qualifications offer in Wales and to increase the provision of Welsh-medium assessment.
- We published the first of our second phase of sector reviews in Sport and Public Services and conducted the review of Agriculture, Horticulture and Animal Care. We are liaising with awarding bodies to ensure a continued offer of qualifications in this area.
- We published our own research into GCSE non-examination assessment and we commissioned and published research into the involvement of teachers in assessment in a selection of international jurisdictions.
- We published the latest report on our annual public confidence survey and commissioned new suppliers for our research with stakeholders on their confidence in the qualifications system. The first report from the new supplier was published.
- We conducted work on the development of a future vision and strategy for our work which will be published later in 2022.
- We worked with centres, experts and suppliers to increase our understanding of the potential use of digital technology in assessment and identified how we might progress our work on modernising assessment as part of our future strategy.

Operational Priority 2 - Reform

What we set out to achieve

- Start to develop approval criteria for new made-for-Wales qualifications
- Commission the development of a new Advanced Skills Baccalaureate Wales qualification
- Continue the Delivery of the Digital Reform Project
- Conclude the Health and Social Care Reform Project
- Continue the Construction and Built Environment Reform Project
- Implement the Actions from the Engineering, Advanced Manufacturing and Energy Sector Review

- Reform Essential Skills Wales qualifications
- Continue to manage Grants effectively

Progress

- We are currently in the process of developing minimum qualification requirements for made-for-Wales qualifications via a process of co-construction with stakeholders. We will consult on these requirements in Autumn 2022 and use these documents and the feedback from consultation as the basis for developing approval criteria for individual qualifications.
- We conducted a successful tender exercise that resulted in the commissioning of WJEC to design, deliver and award the 'Advanced Skills Baccalaureate Wales (Level 3)'. Since then, we have monitored their progress against contractual requirements and the agreed implementation plan. We have worked closely with them, providing opportunities to discuss and where necessary refine the Approval Criteria. This has resulted in the smooth running of the project to date. The project remains on track for first teaching of the qualification in September 2023.
- We continued to oversee the delivery of change management activities to support the introduction of the new GCE AS/A level digital technology.
- We concluded and closed the Health and Social Care (including Childcare) project but continued to support colleges by funding the continuation of a support network. We responded to concerns about the delivery of certain qualifications within the suite by commissioning a rapid review of the implementation of the qualifications.
- We have now approved all qualifications within the Construction and Building Services Engineering reform project. We continue to work with the awarding bodies and the wider sector to support the introduction and initial delivery of these qualifications.
- We continued to take forward our actions from the Engineering and Advanced Manufacturing review, liaising with awarding bodies on the issues that arose from that review. As a consequence of the review, we were pleased to see the introduction of a new qualification specifically to be delivered in schools for learners aged 14-16.
- Having overseen amendments to the current suite of Essential Skills Wales qualifications we began work on a more substantial review of those qualifications.
- We provided just over £160k through competitive grant funding to support awarding bodies to make more qualifications available through the medium of Welsh.
- We have provided grant funding of £260k to WJEC to contribute to their costs of preparing bilingual qualifications. This is lower than previous years, reflecting the impact of the covid-19 Pandemic on the annual awarding process. In addition, we provided WJEC with over £194k to support the provision of the Welsh for Adults qualifications.

Operational Priority 3 – Regulate

What we set out to achieve

- Maintain and keep under review our Regulatory Framework, documents and approaches

- Regulate Awarding Bodies
- Designate Qualifications
- Monitor Qualifications
- Oversee the setting and maintenance of appropriate Standards for Qualifications
- Manage QiW
- Collect data and produce statistics
- Manage the impact of COVID-19 on qualifications
- Determine the approach to assessment and regulation of qualifications in 2022 and subsequent years

Progress

- We carried out a number of policy reviews, and developed new regulatory policies:
 - We completed a thorough review of our Regulatory Framework and Approach, embedding our regulatory outcomes and our well-being objectives, updating content around our regulatory powers (e.g. monetary penalties and transfer conditions introduced since the framework was first published), adding our revised communications strategy and publishing a storyboard animation on our website and social media channels.
 - In line with legislative changes, we developed and published a policy related to unacceptable behaviour by complainants and completed a review of our policies relating to consultations and conducting reviews of qualifications and the qualification system.
 - We reviewed and revised our Regulatory Welsh-medium qualifications policy to reflect the commitments made in our 'Choice for All' Strategy, and our aim for all publicly-funded qualifications to be made available in Welsh and English.
 - We also reviewed regulatory policies and procedures to support qualification reform programmes.
- We published a series of guidance documents to support awarding bodies with compliance with the Standard Conditions of Recognition. These included guidance on managing conflicts of interest, contingency planning, investigating, and dealing with malpractice and maladministration and the recognition of prior learning.
- We improved our internal approach to completing Integrated Impact Assessments and developed a new tool for cost-benefit analysis, which takes an integrated approach to assessing the effects of our regulatory decisions. We formulated a suite of tools and accompanying guidance and completed a series of training sessions for staff, tailored to their roles.
- Given the pandemic, we took a proportionate approach to our regulation of awarding bodies. We followed up lines of inquiry from 2020 Statements of Compliance related to the financial viability of awarding bodies. We continued to work with other regulators and for the second successive year ran a joint three-country process for submitting and reviewing Statements of Compliance. We requested and monitored information about their financial position and how awarding bodies were managing cyber-security threats.
- We continued to manage incidents, requests for recognition of awarding bodies or the surrender of recognition and complaints. We returned to holding regulatory update meetings with selected individual awarding bodies.

- Four awarding bodies surrendered recognition during the year, and we recognised one new awarding body.
- We designated 266 new qualifications, meeting our target response times.
- We collected data and published our suite of Official Statistics, adapting these activities as needed due to the impact of the pandemic on the qualifications system.
- We changed our approach to qualification end dates and developed the functionality on the QiW database so that we can manage the designation¹ of qualifications for different purposes. This database is used by awarding bodies to upload information and by centres to view publicly funded qualifications.
- We monitored the award of the Winter 21/22 GCSE examination series and the award of new approved vocational qualifications in Health and Social Care, including Childcare and Construction and Building Services Engineering.
- Following Welsh Government's decision in November 2020 to cancel exams for summer 2021, we continued to work with key stakeholders, including Welsh Government's Design and Delivery Advisory Group of school and college leaders, to put in place final details of the Centre Determined Grade (CDG) approach for summer 2021. The General Qualifications Alternative Assessment Framework for Wales (GQAAFW) was implemented to enable grades to be awarded to learners on general qualifications in Wales using centre determined grades.
- Working closely with Welsh Government, the Design and Delivery Advisory Group and WJEC, we confirmed the final details for the award of qualifications in summer 2021, including the exceptional appeals processes and atypical results discussions. We developed materials for schools, colleges and learners to help them and the wider public to understand the decisions and 2021 assessment arrangements. We worked closely with other qualifications regulators in the UK to understand their approaches and the implications for consistency in outcomes.
- We also worked closely with other UK regulators to put in place and oversee extraordinary regulatory frameworks for vocational qualifications. The key principles of these alternative arrangements were to ensure that as many learners as possible were able to progress to further learning or employment, and that learners studying for vocational qualifications were not disadvantaged compared to learners taking general qualifications.
- The Vocational Qualifications Contingency Regulatory Framework (VCRF) was introduced ahead of the summer 2022 examination and assessments and allowed assessments to be adapted or for Teacher Assessed Grades (TAGs) to be awarded. We co-ordinated the work to put in place adaptations for Wales only vocational qualifications, working closely with awarding bodies and sector bodies.
- In June 2021 we published [Managing the impact of the COVID 19 pandemic on the awarding of qualifications](#) to provide detail of our equalities related work for summer 2020 and summer 2021 arrangements.
- We monitored WJEC's processes for collection and checking of CDGs in summer 2021, including use of extraordinary data collections.
- We analysed results and published reports on 'Variation in GCSE, AS, and A level qualification results 2021 and Equalities Analysis of General Qualifications in Summer 2021' in October 2021.

¹ Designation of qualifications as eligible for public funding

- We announced our intention to return to a summer 2022 exam series in March 2021 and confirmed that adaptations would be made for GCSE, AS and A level and Skills Challenge Certificates for 2022. We agreed WJEC's publication of adaptations in July 2021, enabling teachers to have this information before the start of the 2021-22 academic year. We also confirmed that adaptations would apply to the November and January series.
- Given the ongoing disruption caused by COVID, we also planned the contingency approach for summer 2022. Having considered several options, our Board decided to retain a Centre Determined Grade approach, with minor adjustments, based on 2021. We published guidance on this approach in November 2021. We have since updated plans in the context of ongoing disruption and proximity of the exam series.
- We worked on options for grading and in October 2021 our Board decided that outcomes in summer 2022 should reflect a broad midway position between outcomes in summer 2019 and 2021, in line with the decision in England. Since then, we have worked with WJEC and other regulators to consider the technical details of the approach, focussing on approaches that would be as positive for learners as possible. We have planned how details will be shared with key stakeholders and the wider public.
- Engaging with stakeholders, such as teachers, Headteachers, unions, learners and parents, continued to be vitally important. We made use of our social media channels and website to share as much information as possible. We issued communications written specifically for learners, created resources for parents, learners and centres, and held regular media briefings on the detail.

Operational Priority 4 – Corporate Resources

What we set out to achieve

- Deliver Corporate Services that support and challenge the organisation to be efficient, effective and compliant
- Publish Corporate Reports on time and to a high standard
- Deliver our Equality and Future Generation Objectives
- Deliver the actions from the Welsh Language Scheme
- Support staff well-being and manage our environmental impact
- Work collaboratively with the Welsh Public Sector to improve efficiency and effectiveness
- Support Board and Workforce development
- Develop and embed new ways of working during and post COVID-19
- Implement the new Finance and HR System

Progress

- Our Finance, Governance, HR, IT, Research and Statistics, Procurement and Facilities corporate services have continued to deliver their role throughout the pandemic and remote working, being flexible to ensure that the organisation could continue to deliver its regulatory and reform work.
- We published our Equalities progress report giving an update on progress against our objectives. We published our Annual Report in November 2021, including an update on progress against our Future Generations Objectives. We monitored and reported our progress against our Welsh Language Scheme.

- We published unqualified accounts in August 2021 according to the timetable we are set.
- We completed five internal audits – with four having substantial assurance, and one having reasonable assurance.
- We achieved a gold award in Chwarae Teg's FairPlay employer assessment and were the first employer to achieve this on their first assessment.
- We re-opened our office in July 2021 for limited days per week, with clear guidance for employees, adopting lateral flow tests as a control and providing a safe space for employees to work together. Whilst working remotely we have continued to support the health and wellbeing of our employees through training, virtual events and regular communication sharing support links and promoting initiatives.
- We have engaged our employees in our plans to work on a hybrid basis to commence in the late Spring/Summer of 2022 and have developed a new policy which will launch early in the new financial year.
- We continued to deliver IT services to the National Academy of Education and Learning and to the Local Democratic Boundary Commission. Both organisations were also able to benefit from the flexible IT infrastructure enabling effective remote working.
- We continued to support Welsh Government Sponsored Body (WGSB) networks in Finance, HR and IT. Our Head of IT sits on the project board for the systems and processes workstream of the Commission for Tertiary Education and Research implementation programme. Together with colleagues from Sports Wales, Social Care Wales and HEFCW we successfully procured and developed Leadership and Management training programme for WGSBs. Several cohorts have now completed with positive feedback received and connections made between employees/peers and leaders across the sector.
- Following the appointment of five new members to our Board, we supported new members with induction and briefing enabling a smooth transition.
- We successfully implemented a new core HR system and delivered bilingual employee self-service (managing personal information/annual leave booking) across the organisation. We are also in the final stages of testing a bilingual recruitment module which will manage our external recruitment and deliver onboarding for new employees joining our organisation. The bilingual aspects of the project delivers an action from our Welsh language scheme.

Operational Priority 5 – Reach - effectively, connecting engaging and communicating with all of our audiences

What we set out to achieve

- Build public confidence in Qualifications and the Qualifications System
- Focus continuous improvement to deliver effective Communications and Engagement activity
- Create a comprehensive Communications and Engagement Strategy to manage the Impact of COVID-19 on Qualifications
- Develop a targeted and human centric approach to Stakeholder Engagement
- Improve and develop the Social Media Strategy and Website
- Communicate and engage on Reform priorities

Progress

- We refreshed and effectively delivered our communications and engagement strategy 2021-23, with the revised narrative, tracking risks and reporting achievements. We created tailored communications on our review and reform activity.
- Alternative assessment arrangements in response to the impact of COVID-19 were communicated effectively to stakeholders working with Welsh Government, WJEC, centres, Higher Education institutions, Regional Consortia, ADEW, and others, to ensure there was an understanding of the decisions that had been made.
- We continued to deliver a range of informal and formal stakeholder engagement activity, with four established stakeholder groups meeting termly and more often when stakeholder feedback was required on specific matters, they are; School and College Leaders Group, Higher Education Stakeholder group, Vocational Qualifications Stakeholder group, Teaching Unions Representative Organisation stakeholder group and the Learner Advisory Group. Other groups we engage with include the Regional Consortia Heads and the Association of Directors of Education. We also engage individually with each of the Teaching Unions. We work in partnership with the Confederation of British Industry, the Institute of Welsh Affairs, Youth Cymru and Parentkind to reach wider audiences of key stakeholders.
- We continued to develop our use of social media and introduced an Instagram account to further engage our learner audience. The website refresh and rebuild is ongoing. We continue to monitor success of the communications through monthly reporting and evaluation.
- We promoted our second Qualified for the Future consultation and published our decision report which lays out future qualifications that will underpin the ambitions of the new Curriculum for Wales, reimagining how GCSEs are assessed and reshaping the wider range of qualifications taken in schools.
- We supported the introduction of new qualifications in Construction and Building Services Engineering, and raised awareness of the Travel, Tourism, Hospitality and Catering sector review.

Signed Philip Blaker	Philip Blaker Accounting Officer 14 July 2022
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2.2 Main risks

The main risks that we managed during the year are described below. They remain live, and we continue to monitor them closely.

Awarding in 2022

Planning for the award of qualifications in summer 2022 and considering the implications for standards are the areas of our work that currently carry the most immediate risk. 2022 will see the return of external examinations. While this approach has the benefit that each learner will undertake consistent well-designed assessments, there are still risks that the approach may not be seen as fair because of inconsistencies in educational experiences throughout the pandemic. If concern were widespread, public confidence in the system could be reduced, our reputation could be damaged, and we could be subject to legal challenge.

In 2020 and 2021 grades were awarded based on teachers' judgements. The results were significantly higher than in previous years. Significant changes have been made to the qualifications system in 2022 to reflect the impact of the pandemic. In recognition of the learning lost because of the COVID pandemic, qualifications were adapted (some had content or assessment reduced, others had prior information issued). In common with other jurisdictions, we have determined that, overall, the grade outcomes in summer 2022 should be broadly midway between 2019 and 2021. However, there are risks that these changes may not be understood by stakeholders. In particular, after higher than usual results in 2020 and 2021, individual learner expectations may have been raised. Learners may still consider their individual circumstances introduce additional unfairness compared to others.

Public reception of the outcomes from the summer 2022 awards may present further risks to the maintenance of standards, making it difficult for a return to established attainment standards in future years.

Infection rates are still high and contingency arrangements are in place if examinations cannot be taken or if learners miss units / components. However, it may be difficult to respond quickly to changes in other jurisdictions, or to make changes after examinations have started, and this may impact public confidence in the arrangements.

There is always a risk of examination delivery issues, but that risk is higher given the remaining uncertainties relating to the pandemic and the break in continuity, given that exams were cancelled for two years.

We have sought to mitigate all these risks by scenario planning, providing early information on adaptations to learners, teachers and parents, supported by an on-going communications campaign. We have continued to brief stakeholder groups throughout and we have also engaged with the Children's Commissioner and the Equality and Human Rights Commission. We maintain regular dialogue with regulators in other jurisdictions and with awarding bodies.

Curriculum reform

The Curriculum and Assessment (Wales) Bill gained Royal Assent in April 2021. We are continuing to deliver our project to reform qualifications to support the new Curriculum for Wales. We want to ensure that stakeholders are involved in every stage of development, but there are risks that we may not be able to facilitate sufficient engagement and input from stakeholders, which could impact either the timing of reforms or the scope for innovation. To mitigate this, we have established an extensive network of stakeholder forums at all levels, including practitioners, independent and awarding body subject and/or assessment experts, and policy advisors. We have also created a Learner Advisory Group and conducted a large-scale learner engagement exercise. There are risks that the capacity of stakeholders and awarding bodies are constrained, but this is being monitored.

With all reforms there are risks that centres are not sufficiently prepared for change and that this impacts the successful delivery of new qualifications, limiting the benefits realised. We are mitigating this by active change management activity, involving impact assessment and the consideration of resources required to support reform.

There are risks to the delivery of reforms if Welsh Government does not communicate its education policy expectations clearly or promptly. We are mitigating this by close working with Welsh Government and clear communication of our information needs.

We continue to monitor risks relating to resourcing this work. As we are now considering the wider offer of qualifications beyond GCSEs, we have increased the number of employees involved in the work. Our indicative budget for the coming year provides the additional funding needed, but the risk remains that future funding will be reduced. We are mitigating this by working closely with Welsh Government and by detailed resource planning.

Implementing reform for vocational qualifications

We have continued to work with awarding bodies to complete the development, introduction and monitoring of new qualifications in Construction and Building Services Engineering, Digital Technology and Health and Social Care, including Childcare. If difficulties are found with new qualifications this can impact stakeholder or public confidence. We are mitigating this by close monitoring during the first years of qualification awards and by continuing to support change management. Should difficulties arise with the implementation of new awards, we commission a rapid review to understand these and identify timely actions.

Communication

If we do not communicate effectively about our role and our work or, engage with stakeholders to listen and understand views, then we risk undermining our work and having a negative impact on public confidence. We are mitigating this by increased investment in our communications function, working closely with significant stakeholders, providing political briefings and

monitoring both how our messages are received and the overall levels of public confidence in qualifications and the qualifications system.

Education system risks

We look across the qualifications system and keep a close eye on what is happening around us. Apart from those qualifications that have been specifically developed for Wales, most other vocational qualifications are offered across the UK. Education and skills policies in England continue to evolve in different directions from those in Wales. Consequently, there is a risk that some qualifications may cease to be made available in Wales. To mitigate these risks, we meet regularly with those awarding bodies who offer qualifications to large numbers of learners in Wales and explore opportunities with them to secure the availability of qualifications in Wales.

While reductions in the offer of such qualifications can reduce choice for all learners, they can disproportionately affect Welsh-medium learners for whom a particular qualification may be the only one available. In line with our Welsh-medium strategy, 'Choice for All', we continue to engage with awarding bodies to identify qualifications that can be used to fill any potential gaps, and to identify how we can support them to offer more qualifications through the medium of Welsh.

We have focused our sector review work in its second phase on both the generic availability of qualifications post-16 and, specifically, those available through the medium of Welsh.

Awarding body viability

Awarding bodies have been impacted by the cancellation of exams in 2020 and 2021, and there is a risk that some awarding bodies may continue to experience financial difficulties. We work closely with Ofqual to share information and monitor the position, and discuss identified risks with individual awarding bodies.

Employee well-being

Throughout the year, there was a high risk that employee well-being, and the organisation's culture may be negatively impacted by remote working for such a long period.

For all employees, we continued to provide bi-weekly virtual 'town hall' events to keep them updated. We introduced social competitions and delivered a second session of an exercise/well-being team challenge. We took regular pulse surveys to monitor emotional well-being. We also met regularly with the union at our partnership meetings. We actively encouraged employees to take time away from the computer.

During 2021/22 we were able to close some significant risks from the previous year as a result of:

- successfully recruiting new Board members
- avoiding disruption due to employee COVID illness
- moving back to qualifications being awarded by awarding bodies – which removed the risk of malpractice specific to centre determined grades.

2.3 Financial review

Qualifications Wales receives an annual funding allocation from Welsh Government to cover its expenditure. We also generate a small amount of income annually, through the provision of IT support services to two smaller Welsh Government Sponsored Bodies, which we are permitted to reinvest in our activities. We started the financial year with the following funding available:

	£'m
Core Grant Funding from Welsh Government	8.067
Specific funding from Welsh Government for our 'Qualified for the Future' project	1.350
'Welsh for Adults' qualification funding from Welsh Government (this is ringfenced grant funding to be issued to WJEC to cover their costs for this initiative)	0.200
Income from the provision of IT Support	0.041
Total	9.658

On 1 April 2021, we also held a usable reserve totalling £234k, which was specifically earmarked to fund the costs of our replacement HR and Finance systems, to be fully used by 31 March 2022.

As in previous years, and in accordance with our Medium-Term Finance Plan, we initially set an expenditure budget, based on the £9.658m funding available, to deliver our planned activities, functionally split into the following broad areas:

- **Staff costs**
- **Grants to other bodies**, to support the qualifications system and learner needs, by ensuring the availability of Welsh-medium assessment and funding specific activities enabling qualification reform.
- **Programme budgets**, to commission the external support and expertise needed to deliver our programme of qualification review and reform, to regulate the awarding bodies that provide qualifications in Wales, and to undertake research.
- **Corporate running costs**, such as HR, IT, facilities, governance, legal advice, etc.

We increased our budget requirement to £9.853m once we became clearer that up to £195k of our usable reserve was required to enable the development and implementation of our replacement HR and Finance systems.

However, we also started the financial year acknowledging that up to £1m of our budget was at risk, largely due either to the potential ongoing impact of the COVID-19 pandemic, which was not known at the time, or where we recognised that our plans, and subsequently our spend needs, in relation to our 'Qualified for the Future' reforms, were still evolving.

At broadly the midway point in the financial year we adjusted the split in our budget between our core and QFF activities, reflecting the (then) latest thinking that our QFF funding needs were going to exceed the £1.35m funding available. By that time, we were also clearer that some of our planned core activities (and associated budgets) had been affected by the ongoing impact of the pandemic, so we were able to release £364k from our core budgets to cover the potential additional QFF costs.

The table below confirms our spend and funding position for the year, compared to previous years.

Area	2019-20 Outturn £'000	2020-21 Outturn £'000	2021-22 Budget £'000	2021-22 Outturn £'000	Outturn Variance £'000	Outturn Variance %
Core Budget Areas						
Pay	4,829	5,079	5,352	5,372	20	0%
Grants	660	538	640	476	-164	-26%
Programme Costs	936	414	535	374	-161	-30%
Running Costs	1,380	1,157	1,412	1,303	-109	-8%
Core QW Funding	7,806	7,188	7,939	7,525	-414	-5%
Welsh For Adults Grant	190	176	200	195	-5	-3%
Sub-Total	7,996	7,364	8,139	7,720	-419	-5%
Qualified for the Future Budgets						
Pay	196	567	814	774	-40	-5%
Programme Costs	119	115	830	351	-479	-58%
Running Costs	4	4	8	17	9	113%
Accounting Officer Programme	0	0	62	0	-62	-100%
	319	686	1,714	1,142	-572	-33%
Total Expenditure	8,315	8,050	9,853	8,862	-991	-10%
Funded By						
Core WG Grant	8,000	7,100	8,067	7,250		
Welsh for Adults Funding	190	176	200	195		
Qualified for the Future Funding		686	1,350	1,142		
Income		41	41	41		
Use of Reserve	125	47	195	234		
Total	8,315	8,050	9,853	8,862		

This confirms that, whilst our total spend in 2021-22 is the highest, we have incurred since our establishment in 2015, we have underspent by £991k compared to our budget. This is consistent with the nature and level of spend risk identified within our budget when set. Our outturn position was in line with our forecasts and was fully communicated to Welsh Government colleagues.

Further information on the types of spend variations we have experienced this year are shown in the table below.

Pay costs (Core and QFF)	<p>Our Core pay spend, which has increased from 2020-21 as anticipated in our Medium-Term Finance Plan, was in line with the budget, and confirms that we achieved the inbuilt £150k turnover saving target. The small £20k overspend is due to the pay award being slightly higher than budgeted.</p> <p>Our QFF pay spend increased significantly from 2019-20, reflecting the increase in headcount to deliver this reform. However, not all recruitment was made in line with the original assumptions, largely due to the timing of additional resource needs changing as workstreams were replanned, so this budget underspent by £40k.</p>
Grants to other bodies	<p>It was in this area that we experienced the largest underspend in our core budget (£163k). Much of this was an ongoing consequence of the pandemic. WJEC underclaimed their grant allocation by £100k, due to the decision taken to cancel exams for the second year, which reduced the costs that they reclaim. The majority of the remaining £63k variance, (£48k) was declared midway through the financial year, where an awarding body confirmed the difficulty, they were having delivering translated new qualifications in time to claim the funding in 2021-22, and there is learning here that we will take forward into the grant award process for 2022-23.</p> <p>The remaining (£15k) variance is the cumulative effect of applicants not always claiming the full award, due to their actual costs varying from their bid, a degree of which is inevitable. We experience this annually and recognise it by awarding grants in excess of the budget available, assuming that applicant's in-year variations will bring the spend back in line.</p>
Core Programme activities	<p>Of the £161k variance on Programme budgets, £52k was mainly linked to the impact of the cancelled exams on our monitoring activity, where we were consequently not required to commission the usual level of external support necessary to monitor the exam series.</p> <p>There were also instances during the year where we diverted staff to our QFF reforms, which had some effect on other planned activities, e.g. research.</p> <p>Some areas underspent as a result of plans changing and / or activities being undertaken differently, for example being carried out in-house thus avoiding the need for externally commissioned work.</p> <p>This has meant that, whilst we have successfully delivered against most of our planned priorities, some changes did reduce the level of funding required.</p>
Core Running costs	<p>We underspent by £109k against our £1.4m running costs budgets. Again, much of this was a consequence of the pandemic, where we prudently started the year planning for certain activities to continue at a level consistent with the previous year, for example Board and Legal costs, when actual activity in these areas reduced.</p> <p>We also experienced some issues implementing the replacement finance system, which has extended the implementation phase and meant that some costs have slipped into 2022-23.</p> <p>Slippage in these areas enabled us to divert funding to cost pressures that emerged during the year, allowing us to undertake additional development</p>

	work on our QIW database, and bring forward the commencement of our asset replacement programme.
QFF Non-pay budgets	<p>It is in this significant area of activity and major reform where we experienced the most budget variation in 2021-22. One of the main aims set for 2021-22 was to shape and then undertake the co-construction work aimed at producing proposed high-level design requirements for each of the 31 new made-for-Wales qualifications, which required the creation of 24 Subject Level Working Groups, each sitting within one of the six AOLE Network groups, and the commissioning of circa 50 subject advisers and 80 practitioners, to achieve five key outputs. Essentially, spends in this area are lower than anticipated due to:-</p> <ul style="list-style-type: none"> a) The phasing of these outputs (as thinking evolved) spanning financial years, with two of the five now being delivered in the first quarter of 2022-23, and b) A reduction in the number of available days of practitioners and advisers. Whilst lower than originally anticipated, we still believe we have secured sufficient involvement of practitioners and advisers to support the co-construction model, but we continue to recognise and mitigate the risk that ongoing competing pressures might impact on their availability, and we continue to manage and closely monitor their participation to ensure we receive the level of participation and input required to explore and test ideas effectively.

The table below illustrates how our outturn position reconciles to the 'Comprehensive Net Expenditure' figure quoted in the 'Statement of Comprehensive Net Expenditure' (SOCNE), once capital qualifying expenditure, non-cash resource transactions and depreciation/ amortisation charges have been accounted for.

Reconciliation of Outturn to SOCNE	£'000
Budget Outturn	8,862
Exclude expenditure treated as Non-current (capital)	(251)
Add depreciation / amortisation / impairment	220
Non-cash expenditure recognised (Annual Leave accrual and provision increases). Reduction from 2021-22)	(51)
Use of IT income generated	(41)
Comprehensive Net Expenditure for the year	8,739

The most notable non-cash movement in 2021-22 was the decrease in our annual leave accrual compared to 2020-21 (when it doubled from 2019-20). This represents the amount of annual leave 'owed' to staff on 31 March 2022. The significant increase at 31 March 2021 was due to the pandemic. i.e. staff holding a higher amount of untaken annual leave, either as a result of additional work commitments or their leave patterns changing, and this was common across our peers and Welsh Government. We are now seeing levels of untaken leave drop and expect this to reduce again during 2022-23.

We have experienced issues in the implementation of the replacement finance system during 2021-22 that have resulted in the work continuing into 2022-23. We were, however, required to fully utilise the usable reserve during 2021-22. We have secured additional funding from Welsh Government should we not be able to cover the costs that have slipped into 2022-23 from our existing funding.

The nature of our funding and activity will continue to present us with three intrinsic financial challenges each year:

- There is always a risk that our annual funding allocation from Welsh Government will not match our anticipated spend needs;
- We must ensure that any new recurring spend proposals/commitments are affordable over the medium term; and
- Due to the fact that our programme / reform activities don't neatly 'fit' into financial years, and as we must set aside provisional sums to cover potential commitments (such as legal costs, recruitment costs, etc), there will always be some uncertainty around the level and timing of some spends.

As we begin financial year 2022-23 we have assessed both how our spend behaviours could change more permanently as a result of the pandemic, and how our regulatory and reform plans and associated spend needs are evolving. This has enabled us to reshape / realign some of our budgets to better equip us for our challenging year ahead.

We will continue to maintain our Medium-Term Finance Plan, ensure open dialogue with Welsh Government, and have strong 'in-year' financial management arrangements.

We processed 1078 invoices for payment in 2021-22, 340 (46%) more than in 2020-21 (738), returning to our pre-pandemic activity levels. Ninety-eight per cent of the invoices continued to be paid within 30 days (98% in 2020-21), and 68% of our invoices were paid within 10 days (72% in 2020-21) ⁽¹⁾. We continue to seek explanations for any payments taking longer than our targets and make process improvements where necessary.

Our cash balance on 31 March 2022 was £35k, which is well within the £190k carry-over limit permitted by Welsh Government.

Due regard has been given to the regularity and propriety of the organisation's expenditure, and appropriate internal processes and controls are deemed to be in place.

Qualifications Wales is expected to remain in existence and funded by Welsh Government for the foreseeable future, meaning it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.

(1) In the absence of a statutory definition for the '10 day' target, we measure the time between a legitimate invoice being received by Qualifications Wales, and when the payment is made into the supplier's bank account.

2.4 Sustainability

Qualifications Wales occupies an area of 11,329 square feet within the Q2 Building, in a single shared office located to the west of Newport. Owing to Covid-19 pandemic the office closed in March 2020 and remained closed from April 2021 – June 2021, included in this reporting period. In July 2021 we began a phased approach to reopening, where staff were given the option to attend the office.

Through our modern and flexible approach to IT, using the latest technologies allowed a seamless transition to homeworking for all QW staff. All our core business systems are cloud-based, meaning that we do not require large on-site servers. Our employees are all provided with 'two-in one' detachable tablets allowing them access to the cloud services from any location with Wi-Fi availability.

The building is easily accessible by car, but less accessible by public transport, therefore in April 2020 we undertook a travel to work survey to understand the environmental impact our staffs commute has on the environment. The pandemic and office closure has allowed us to review our approach and going forward we will adopt a hybrid working approach as a business-as-usual model, where generally we will expect staff to be in the office for 2 days a week. This approach will help to further reduce the travel impact our staff have on the environment.

During 2021 we submitted our first carbon reporting figures to Welsh Government in line with their route map for decarbonisation across the Welsh public sector by 2030. The figures for 2019-20 were submitted and will provide a benchmark going forward where we will work to improve on these figures annually. The table below now includes our staff commute data, in line with the data collated for Welsh Government reporting.

Electricity

Due to the closure of the office our typical electricity consumption will not be reflected in the 2021-22 figures. The office reopened in July 2021 for two days a week, increasing to three days a week from September. The office has been open on other days for key maintenance contractors and a regular cleaning service. We have continued to run building maintenance and security systems within the building. Our IT server room operates a stand-alone air-conditioning unit 24/7 to support these systems along with our internet connectivity, Wi-Fi and local area networks. We have also continued to run our HVAC (heating, cooling and ventilation) system for short, timed periods daily to ensure fresh air intake in line with COVID-19 guidance.

The table below shows our carbon footprint. Owing to the pandemic there has been minimal business travel for the period of 2021-22. This year has demonstrated that all work has been able to continue virtually, therefore, going forward, we will ensure that all staff consider the need for

business travel, to reduce unnecessary travel and promote responsible and sustainable travel in the performance of our duties.

The waste we create has reduced owing to the building being closed for part of 2021-22 and partial reopening. We saw a dramatic increase in our water consumption at the start of 2021-22, this was due to a leaking valve resulting in a constant flow of water in the system. Due to the building being closed there was a delay in finding this issue. Therefore, going forward we expect to see a more consistent figure for water consumption in line with previous years.

We have an Environmental Policy Statement in place supported by the Chief Executive and senior management. We set out to achieve a Green Dragon Environmental accreditation in 2020-21 but were unable to achieve this with the closure of the office. We will therefore continue with this objective when we reopen our offices and establish a regular pattern of working.

Scope	Non-financial information	Financial information	Greenhouse gas emissions
Scope 1 -Direct emissions:	N/A	N/A	N/A
Scope 2 (Energy indirect):	Electricity 49,786 kwh	£11,582.45	10,571 kg CO2e
Scope 3:	Water 395 units (*) Sewerage 376 units Total 771 units	£591.98 £835.55 Total £1427.53	59 kg CO2e 102 kg CO2e Total 161 kg CO2e
	Waste General – 285kg waste Mixed – 208kg Recycling Food – 178.5kg waste Total 671.5 kg	Waste General Waste - £341.45 Mixed Recycling - £1133.04 Food waste - £1045.52 Total £2520.01	Waste General – 131kg CO2e waste Mixed – 4kg CO2e recycling Food – 1.5kg CO2e waste Total 136.5 kg CO2e
	Business travel		
	Car/Taxi Staff - 1985 miles Board - 1213 miles Members Total Miles - 3198	Car/Taxi Staff - £902 Board - £546 Members Total - £1448	Car/Taxi (**) Staff - 539kg CO2e Board - 330kg CO2e Members Total - 869 kg CO2e
	Rail Staff - 291 miles Board - 238 miles Members Total Miles – 529 miles	Rail Staff - £142 Board - £107 Members Total - £249	Rail Staff 17kg CO2e Board 14kg CO2e Members Total - 31 kg CO2e

	Air n/a	Air n/a	Air n/a
	Estimated Staff Commute***		
	Car 34,768 miles		Car 9,456 kg CO ₂ e
	Bus 18 miles		Bus 2kg CO ₂ e

Table explanatory notes

Scope 1: Direct emissions arise directly from sources that are owned or controlled by Qualifications Wales, for example from fuels used in our boilers, or the vehicles that departments and estate management own.

Scope 2: Emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling.

Scope 3: These emissions are a consequence of the activities of an organisation, but occur from sources not owned or controlled by the organisation. This includes emissions associated with waste, water, business travel, commuting and procurement.

(*) Figures for water usage and costs for Quarter 4 have been estimated based on run rate as this utility is billed on a six-month basis.

(**) Figures for car CO₂ calculated using UK Government GHG Conversion Factors for Company Reporting – based on an 'upper-medium' car type.

(***) Staff commuting figures calculated using staff home postcodes cross referenced with the desk booking system to confirm attendance. The emissions are based on an upper medium car type.

Operational and Supply chain emissions

In September 2021, we were asked by Welsh Government to report on our supply chain emissions as part of their 'net zero carbon status by 2030' policy. This was to provide a benchmark relating to the financial year 2019-2020. The model covers operational emissions plus a supply chain emission that is calculated by the value of consumption of purchased goods and services multiplied by an emission factor drawn from the industry average for a given SIC industry code. The benchmark can be used to highlight areas in which to target carbon reduction activities, and against which future carbon reduction initiatives can be measured.

Our total kg CO₂e emissions for 2019-2020 were 727,469kg.

This comprised operational emissions of 339,562kg and supply chain emissions of 387,906kg.

Our total kg CO₂e emissions for 2021-2022 were 388,613kg.

This comprised operational emissions of 86,921kg and supply chain emissions of 301,692kg.

These figures are lower than in 2019-20 due to staff working predominantly at home and the majority of stakeholder engagement being carried out through virtual meetings. These figures will increase as Wales moves out of the pandemic and we establish a regular pattern of office working. We will be looking at an action plan to reduce carbon emissions in the coming year.

Accountability report

3 Corporate Governance report

3.1 Directors' report

The Qualifications Wales Board is constituted of the Chair, Chief Executive and between eight and 10 members. Its role is to:

- provide effective leadership for Qualifications Wales - defining and developing strategic direction, and setting objectives;
- provide effective leadership for the operation of the organisation - holding the Chief Executive to account for ensuring that Qualifications Wales's activities are conducted efficiently and effectively;
- monitor performance to ensure that Qualifications Wales fully meets its aims, objectives and performance targets; and
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money.

There was a significant turnover of Board members in 2021-2022, with 5 members leaving the Board and 7 taking up their positions during the accounting period. During 2021-22, the Board was made up of the following members:



David Jones
OBE DL
(Chair)



Philip Blaker
Chief Executive



Douglas Blackstock
Started 15/06/21



Julie Brannan
Started 01/09/21



Hannah Burch
Started 01/04/21



Dr Caroline Burt
Left 14/06/21



Ellen Donovan
Left 09/06/21



Anne-Marie Duffy
OBE



Michael Griffiths
OBE
Started 15/06/21



Graham Hudson
Started 15/06/21



David Jones



Professor John Latham
CBE
Started 07/12/21



Robert Lloyd Griffiths
OBE
Left 06/12/21



Sharron Lusher
MBE DL
Started 01/04/21



Claire Morgan
Left 14/06/21



Isabel Nisbet
Left 14/06/21



Jayne Woods

The Term of Office of Ellen Donovan ended on 9 June 2021. Terms of Office of Dr Caroline Burt, Isabel Nisbet and Claire Morgan ended on 14 June 2021. The Term of Office of Robert Lloyd Griffiths ended on 6 December 2021.

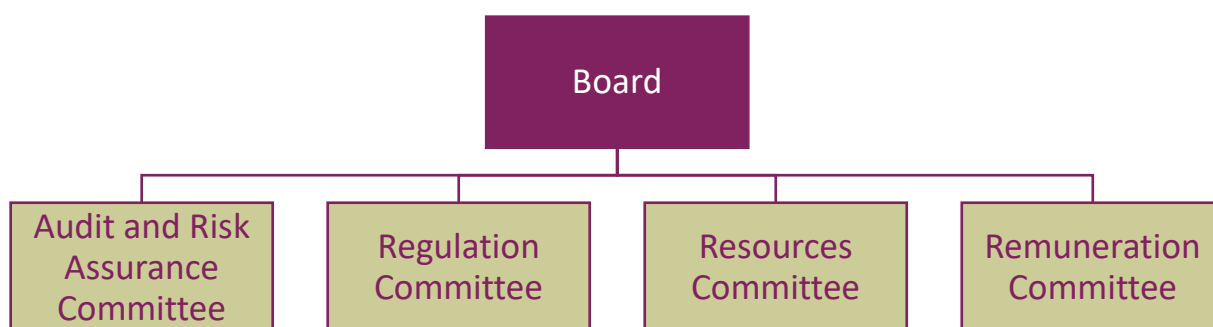
The Terms of Office of Hannah Burch and Sharron Lusher started on 1 April 2021. Douglas Blackstock, Graham Hudson and Michael Griffiths started on 15 June 2021. The Terms of Office of Julie Brannan and John Latham started on 1st September 2021 and 7 December 2021 respectively.

The Chair of Qualifications Wales

The Chair of Qualifications Wales, David Jones, answers to the Senedd for our activity and conduct, and the exercise of our statutory functions as set out in the Qualifications Wales Act.

Board committees

The Board has designated four committees charged with supporting the Board in the delivery of its duties. The committees are as follows:



The role of each committee, together with attendance, can be seen within the Governance Statement section.

The Board and its committees and the Management Board are supported by the Head of Corporate Governance.

Board member conflicts of interest

All members of staff and Board members have completed a conflicts/declarations of interest form. Qualifications Wales publishes an active register of Board interests, which can be viewed [here](#).

All related party transactions have been noted and can be seen in Note 14 of this document, on page 91.

The Chief Executive Officer and Accounting Officer

As Accounting Officer of Qualifications Wales, the Chief Executive, Philip Blaker, is personally responsible for:

- the proper stewardship of the public funds;
- day-to-day operations and management of Qualifications Wales; and
- ensuring compliance with the requirements of *Managing Welsh Public Money*.

The Chief Executive Officer has several direct accountabilities to the Board of Qualifications Wales, as well as acting as Principal Officer for ombudsman cases. More detail about these aspects of the role can be viewed in the Qualifications Wales Framework Document, which can be viewed [here](#).

The Qualifications Wales **Executive** team comprises:



Philip Blaker
Chief Executive



Alison Standfast,
Executive Director,
Corporate
Resources



Jo Richards,
Executive Director,
Regulation

The **Management Board**, including the Directors for Qualifications Policy and Reform, the Director for Communications and Stakeholder Engagement, the Head of Corporate Governance and the Head of Finance, support the Chief Executive and the wider Executive team in the exercise of their responsibilities.

Management Board is the principal collective decision-making group for the organisation, providing direction on operational activity and corporate matters. The role and purpose of the Management Board is to:

- be the principal decision-making group for matters delegated from the Board, with a focus on operational matters;

- ensure compliance with legislation and relevant public-sector policy;
- establish all operational decision-making groups and delegate responsibilities to them, as appropriate;
- where appropriate, make recommendations to the Board on matters reserved for the Board;
- propose strategy and relevant policies to the Board;
- approve strategies and policies where not reserved by the Board;
- manage corporate risk within the Board's risk appetite;
- deliver the Operational Priorities;
- manage corporate resources; and
- coordinate activity across the organisation.

3.2 Statement of Accounting Officer's responsibilities

Under Schedule 1, Part 1, paragraphs 32 and 33 of the Qualifications Wales Act 2015, Welsh Ministers, with the consent of the Treasury, have directed Qualifications Wales to prepare for each financial year our statement of account in the form and basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of Qualifications Wales and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM), and in particular to:

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to assume Qualifications Wales will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has designated me, as Chief Executive, to be the Accounting Officer for Qualifications Wales. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Qualifications Wales's assets, and are set out in the Accounting Officer's Memorandum, Framework Document and *Managing Welsh Public Money*.

In producing these accounts, I have taken into account comment and assurance from the Qualifications Wales Management Board, Audit and Risk Assurance Committee, internal auditors and members of the wider staff team.

As the Accounting Officer for Qualifications Wales, I confirm that:

- the annual report and accounts as a whole for the period 1 April 2021 to 31 March 2022 are fair, balanced and reasonable;
- I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and reasonable;
- as far as I am aware, there is no relevant audit information of which our auditors are unaware; and
- I have taken all reasonable steps to make myself aware of any relevant audit information, and to establish that our auditors are aware of that information.

Signed Philip Blaker	Philip Blaker Accounting Officer 14 July 2022
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3.3 Governance Statement

Introduction and scope of responsibility

This Governance Statement sets out an account of the corporate governance structure for Qualifications Wales, together with an overview of the risk management arrangements and a description of the principal risks the organisation faces.

As the Accounting Officer, I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Qualifications Wales during the period.

My designation as the Accounting Officer is set out in the designation letter sent on behalf of the Principal Accounting Officer from the Welsh Government. My full responsibilities as the Accounting Officer are set out in the Qualifications Wales Framework Document.

Corporate governance

Corporate governance is the system within which the organisation's work is directed and controlled. Equally important, governance concerns itself with 'how' business is done, and the way in which decisions are made. The Chief Executive is responsible for ensuring that a sound system of internal control is maintained to support the achievement of policies, aims and objectives and for regularly reviewing the effectiveness of the system.

The Board of Qualifications Wales provides leadership and direction to the organisation. It has a key role in ensuring that the organisation has a sound and appropriate governance structure in place that allows the Board to scrutinise the performance of the Executive team, and therefore the organisation's delivery of its principal aims and business plan.

The Board is made up of a Chair, the Chief Executive and a minimum of eight and maximum of 10 other members, all of whom (except for the Chief Executive) are appointed by the Welsh Ministers.

Governance framework

We use *Corporate Governance in Central Government Departments (2017)* as our principal reference point for good practice in governance. As the Accounting Officer, I have reviewed the Code and have provided an overview, within the governance statement, of how I believe we comply with this code.

Overview of the Qualifications Wales governance framework

The Board and its four committees have operated since Qualifications Wales was established. The committees have key roles in relation to the system of governance and assurance, scrutiny, development discussions, assessment of current risks and also performance monitoring. All committees are chaired by a Board member, are attended by relevant members of the Executive team and serviced by the Head of Corporate Governance. All committees report directly to the

Board, with all minutes available to all Board members. Below is an overview of the activity of the Board and its committees during the year.

The Board

The Board had six regular meetings during the period (May, July, September, November, January and March) plus one extraordinary Board meeting in early March 2022. Minutes of Board meetings are made available through the Qualifications Wales website once they have been approved. During 2021-22 five new members joined the Board, for whom extensive induction was provided. A number of briefing sessions for Board members were also held throughout the year in addition to the formal meetings of the Board.

The key decisions taken by the Board during the period included the following:

- approving the 2021-22 Business Plan, budget allocation and staffing resource levels;
- approving publication of the Annual Equalities Progress report, the Welsh Language Scheme Progress Report and the Future Generations Progress Report;
- approving an increase of six to the permanent headcount;
- approving the annual accounts for the period 1 April 2020 to 31 March 2021;
- approving the annual report for the period 1 September 2020 to 31 August 2021;
- approving the organisation's decisions in respect of the reforms to qualifications arising from the Qualified for the Future project, following the consultation process undertaken the previous year;
- approving the Strategic Equality Plan Objectives for the period 2022 – 2024;
- approving Qualification Wales' Organisational Narrative;
- considering the options for addressing differential loss in learning in the summer 2022 award of qualifications, and concluding that there were no fair options that could be pursued to address this;
- agreeing the Board's participation in the 'Pathway to Board Membership' project.
- reviewing and approving the Board's risk appetite and associated narrative summary.

At some of its meetings (where appropriate), the Board also received or considered:

- updates from the Chief Executive and Chair;
- updates on the progress of the Qualified for the Future project;
- updates on arrangements for awarding qualifications in 2021 and 2022;
- updates on staff well-being during the COVID-19 pandemic and remote working;
- risk management reports and risk registers;
- monitoring of operational plan delivery and financial activity;
- updates from each of its committees;
- a report on the 2021 staff survey outcomes;
- a presentation on the Tertiary Education and Research Bill from Welsh Government officials.

Any ex-committee discussions and decisions are recorded in Board papers and the relevant minutes.

The Board held two development days in April 2021 and March 2022, which included external speakers from WJEC and Welsh Government and provided the Board the opportunity to reflect on recent events and opportunities for learning, as well consider its future strategy.

Members of the Welsh Government sponsor team were given the opportunity to observe meetings of the Board.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the Board and Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, the integrity of financial statements and the annual accounts. It is for the Board to define and communicate the organisation's risk appetite.

Accountability for risk management and internal control lies with the Board. However, responsibility for oversight of these areas has been delegated to the Audit and Risk Assurance Committee.

The terms of reference for the Audit and Risk Committee can be seen on our [website](#).

The Audit and Risk Committee met four times in the period (May, July, November and February). Minutes of these meetings have been provided to the Board. Our internal and external auditors also attend this committee.

During this period, the committee has:

- reviewed the draft annual accounts for 2020-21 and provided an assurance report to the Board and Accounting Officer;
- reviewed all the internal audit reports carried out in the period;
- overseen the monitoring of all internal audit recommendations;
- received technical updates from officials, internal and external auditors;
- considered Welsh Government 'Dear Accounting Officer' (DAO) letters;
- reviewed reports in relation to fraud, bribery, gifts and hospitality management;
- received risk management reports, reviewed relevant aspects of the corporate risk register and conducted a deep dive into Qualified for the Future;
- received information security updates throughout the year;
- received financial update reports throughout the year and scrutinised the processes used for budget management and forecasting;
- received updates on the implementation of the new finance system;
- received a report on work undertaken to integrate Welsh language preferences;
- received reports on any departures from the procurement procedures; and
- considered its schedule of future meetings.

No issues of concern were raised to the Board.

Resources Committee

This committee provides an environment for detailed discussion on financial and business planning matters, and several human resource areas. The committee has also been delegated the

authority to approve HR policies on behalf of the Board. A summary of its terms of reference is available on our [website](#).

Accountability for the financial strategy and policies of the organisation lies with the Board; the Chief Executive and Executive team have responsibility for managing finances within these parameters.

The Resources Committee met three times in the period (July, October and March) and reports from these meetings were provided to the Board.

During this period, the Resources Committee:

- reviewed the 2021-22 quarterly progress report on the operational plan and financial position;
- reviewed the draft 2022-23 operational plan and budget;
- reviewed the Medium-Term Financial Plan;
- received HR updates covering resourcing, learning and development, absence statistics, and well-being;
- conducted risk deep dives into the resourcing implications of the Qualified for the Future project and future ways of working arising from the experiences of the pandemic;
- reviewed and approved the revised Hybrid and Homeworking Policy;
- received details of the proposed office reconfiguration to allow for new ways of working post pandemic.

Regulation Committee

The purpose of this committee is to consider and provide recommendations to the Board on issues arising from Qualifications Wales's regulatory approach. The Committee has delegation from the Board to approve Regulatory Policies. The committee's terms of reference are available on our [website](#).

The Regulation Committee met once during 2021-22, in January 2022. Due to the significant impact of the COVID-19 pandemic during 2021-22 and the nature of the decisions being taken, the Board took oversight of regulatory activity during this period, as a result of which the Committee was not required to meet on a regular basis. During this period, the committee considered:

- Summer 22 GQ – risks to delivery and awarding;
- Summer 22 GQ/VQ regulatory frameworks and monitoring approaches;
- Summer 22 GQ awarding approach;
- Priority and Non-Priority Qualifications;
- The Regulatory Risk Management Report.

Remuneration Committee

The purpose of this committee is to consider and provide recommendations on the remuneration of staff and Board members. The Committee has delegation from the Board to approve the Pay

Policy. Any substantial changes to terms and conditions must be agreed by the Welsh Ministers. A summary of the Committee's terms of reference is available on our [website](#).

The committee met once during 2021-22, during which the committee considered:

- CEO Succession Planning;
- An update on the Executive pay award;
- An update to the Pay Policy.

Board performance and effectiveness review

A Board effectiveness review was carried out in 2018-19 by Carter Corson, and the conclusions and an action plan were considered by the Board in May 2019.

The next formal review of Board effectiveness is due to be carried out during the summer of 2022, which will enable the new Board members appointed during 2021-22 to have sufficient experience as Board members to effectively contribute to the review.

During 2021-22 the Chair met separately with each Board member regularly during the year to conduct performance reviews and listen to feedback. This feedback was collated by the Chair into a report with suggested improvements to the way Board meetings were organised and the support provided to Board members. These included:

- The protocols and practice around hybrid meetings of the Board needed to be defined to ensure all members felt able to contribute effectively;
- Reports were sometimes too long for the purposes of the Board;
- Shorter presentation of papers at Board meetings would allow more time for greater discussion and reflection;
- Reduce the number of decisions made ex-committee which had been necessary during the pandemic, particularly in respect of regulation issues;
- Consider improvements to the documentation used by Board members to carry out the annual review of the Chair's performance.

In response to these points a guidance note was issued to Board members setting out how hybrid meetings would be conducted and efforts were made to ensure those joining remotely felt equally part of the meeting; reports were made more concise, and presentation of papers shortened, which allowed for greater time in meetings for wider discussion and reflection; the number of decisions made ex-committee was reduced and meetings of the Regulation Committee recommenced. The documentation used by Board members for the annual review of the Chair's performance will be reviewed during summer 2022.

Chair's review – During the course of a demanding year due to the pandemic, many additional meetings took place with the Minister for Education, attended by the Chair, CEO and relevant senior management. The Minister conducted a review of the Chair's performance in January 2022. Two Board members also led the Board's performance review of the Chair, covering the period

December 2020 to November 2021. This drew on feedback from all Board members and the Executive.

Learning and development – Board members have the opportunity to identify and request individual or group training. Training received by Board members included:

- Information Security;
- Becoming an effective Non Executive Director (for new members of the Board)
- Creating Practical Change in the Workplace (run by Stonewall);
- Equalities refresher training;
- Legal Awareness for Regulators;
- Fairness in assessment.

Attendance at Board and Committee meetings (1 April 2021 to 31 March 2022)

	Board	EBM	ARAC	Regulation Committee	Resources Committee	Remuneration Committee
Number of Meetings held	6	1	4	1	3	1
Board Member Name	Attendance					
David Jones OBE DL (Chair)	6	1	(2)	1	1	1
Philip Blaker (Chief Executive)	6	1	(4)	1	3	0
Douglas Blackstock ²	3 (1)	1	3	1	0	0
Julie Brannan ³	4	1	0	1	0	0
Hannah Burch	6	1	0	0	3	0
Caroline Burt ⁴	1	0	1	0	0	0
Ellen Donovan ⁵	1	0	0	0	0	0
Anne-Marie Duffy OBE	5	1	0	1	0	1
Michael Griffiths OBE ⁶	6	1	0	0	3	1
Graham Hudson ⁷	5 (1)	1	0	1	1	0
David W Jones	4	1	3	0	0	0
Professor John Latham CBE ⁸	2	0	1	0	0	0
Robert Lloyd Griffiths OBE ⁹	4	0	0	0	2	0
Sharron Lusher MBE DL	6	1	0	0	3	0
Claire Morgan ¹⁰	1	0	0	0	0	0
Isabel Nisbet ¹¹	1	0	1	0	0	0
Jayne Woods	6	1	4	0	(1)	1

() indicates attendance, but not as a member

² Term of Office began 15 June 2021

³ Term of Office began 1 September 2021

⁴ Term of Office ended 14 June 2021

⁵ Term of Office ended 9 June 2021

⁶ Term of Office began 15 June 2021

⁷ Term of Office began 15 June 2021

⁸ Term of Office began 7 December 2021

⁹ Term of Office ended 6 December 2021

¹⁰ Term of Office ended 14 June 2021

¹¹ Term of Office ended 14 June 2021

The system of internal control

Our system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risks; it can therefore only provide reasonable, and not absolute, assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period ending 31 March 2022 and up to the date of approval of the annual accounts. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. In doing so, I am informed by the work of the internal auditors, Audit Wales and the Directors within the organisation, who have responsibility for the development and maintenance of the internal control framework.

Internal Audit

We outsource our internal audit services and have appointed TIAA, through a competitive tender, as our internal auditors.

During 2021-22, five internal audits have been completed plus an annual Follow-up Review which establishes the management action that has been taken in respect of the recommendations arising from the internal audit reviews.

The Audits for 2021-22 were as follows:

Audit name	Assurance rating	Number of recommendations
Management of Regulatory Policies	Substantial	2
Compliance Review of Key Financial Controls - General Ledger, Creditor Payments and Fixed Assets and Inventories	Substantial	0
Risk Management – Return to On Site Working Part 1	Reasonable	7
Regulatory Impact Assessments	Substantial	1
Management of Appeals and Complaints	Substantial	1
Follow-up Review of Actions	N/A	N/A

The Audit and Risk Assurance Committee has given oversight to the Internal Audit Plan and the audit reports and will continue to monitor the implementation of recommendations raised during the year. The table below provides a summary of the recommendations raised:

Recommendations raised	Priority			
	High	Medium	Low	Total
Recommendations raised in 2017-18	0	3	13	16
Recommendations raised in 2018-19	0	4	18	22
Recommendations raised in 2019-20	5	1	19	25
Recommendations raised in 2020-21	0	2	5	7
Recommendations raised in 2021-22	0	3	8	11
Total	5	13	63	81

A monitoring and tracking system is used to report to the Audit and Risk Committee. TIAA, our internal auditors, also reviewed the recommendations at the end of the financial year to ensure compliance and provide assurance to the Accounting Officer and Audit and Risk Assurance Committee. The table below provides an overview on the status of recommendations at the end of the accounting year:

Priority	Recommendations			Status				
	Brought forward from 2020-21	Raised in 2021-22	Total	Implemented in 2021/22	Overdue	Not yet due	Not implemented	Carried forward
Urgent	0	0	0	0	0	0	0	0
Important	2	3	5	5	0	0	0	0
Routine	5	8	13	12	0	1	0	1
Total	7	11	18	17	0	1	0	1

As at 31 March 2022, 1 recommendation was carried forward, relating to completing a lessons learned exercise on the appeals process for 2021.

All internal audit recommendations are tracked and reported at each Audit and Risk Assurance Committee meeting.

The purpose of the Head of Internal Audit opinion is to contribute to the assurances available to the Accounting Officer and the Board, which underpin the Board's own assessment of the effectiveness of the system on internal control. The report below is provided by our Head of Internal Audit from TIAA.

Head of Internal Audit Opinion

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, the Qualification Wales has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Qualification Wales from its various sources of assurance.

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	1	6
Risk Mitigation	0	0	0
Compliance	0	2	1
Delivery			
Performance Monitoring	0	0	0
Financial Constraint	0	0	0
Resilience	0	0	1

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
4

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

TIAA – May 2022

Risk management and control framework

The Board has overall accountability for the organisation's risk management and has risk as a standing agenda item at each Board. This includes all risks on the strategic risk register with a residual risk score of 12 or above. The Board is supported by the Audit and Risk Committee (ARAC), which has responsibility for providing advice and assurance on the organisation's approach to risk management and satisfying itself of the way that risk is managed within the organisation. ARAC also has risk management as a standing agenda item as part of its core business.

The Board formally reviewed its risk appetite in November 2021. It considered the potential impact (were the risks to be realised) on learners, the organisation, its reputation, and its relationship with Welsh Government, as well as risk of litigation and potential cost of remedial action when setting its risk appetite. The Board's risk appetite reflects different facets of the organisation and is stated to provide a framework to guide the Executive and employees in how they should develop options, consider risk mitigation or take delegated decisions. It does not mean any compromise to taking decisions properly through the appropriate governance with full consideration of the options and impact assessments or risks involved, nor does it imply any assumption on the decisions that will be taken. Given the nature of our work the Board generally has a low appetite for risk but accepts that in specific areas some risk needs to be tolerated and managed. The included:

- as part of qualification reform, a high-risk appetite for the use of digital technology to enhance or improve assessment or awarding processes;
- a moderate risk appetite in respect of resourcing, relationships / public perception and the operation of the qualifications market as a whole,

The Board also developed a risk appetite narrative to provide greater clarity to the Executive for the management of risk.

The Executive team, via the Management Board and its underlying governance structures are responsible for maintaining the risk registers and supporting team/project risk registers. Risk reports and registers were presented to meetings of these boards for discussion, revision and/or information.

The Board committees actively discuss risk and review relevant risk registers as follows:

- ARAC reviews the corporate and communications risks;
- Regulation Committee reviews the regulatory risks.

The role of the committees is to provide both support and challenge to the Executive team. Committees also have a role to provide assurance to the Board that risk is being actively considered within committee discussions and managed appropriately.

As a result of the Covid-19 pandemic, during 2021-22 most Board meetings, Committee meetings and management meetings have been run virtually, with electronic papers. There has been no compromise to the established governance and controls, and the organisation has continued to operate effectively. As restrictions have been lifted, we have slowly begun to reopen our office with staff being asked to attend on a voluntary basis, and a small number of hybrid meetings have been held where the relevant guidance in respect of social distancing has been observed.

Risk Register

During 2021-22 Qualifications Wales created a new process for managing risk, and a new strategic risk register was created with risks being categorised under the following headings:

- Reform
- Regulation
- Corporate
- Communications

In addition to the above there was also a separate Summer 2021 (S21) Management Board which had its own risk register. This was a temporary governance structure that ceased once Summer 2021 awards had been made, with any outstanding risks being incorporated into the main strategic risk register.

Overall, the risk profile has decreased slightly from 2020-21, although is at a higher level than it was pre-pandemic. This level of risk is likely to continue as we navigate through the delicate and uncertain education climate to secure effective award of qualifications for Summer 2022 and beyond. There are also longer-term risks to consider, as we better understand the impact of the measures put in place during the pandemic on public perceptions and confidence. Risks relating to the delivery of qualifications reforms may increase in future years as the impact of the time pressures become clearer.

All risks are actively considered on a regular basis and reviewed in line with the Board's current risk appetite. All risks with a residual rating of 12 or above are reported to the Board, and as at 31 March 2022 there were 27 such risks: 7 reform risks; 10 regulation risks; 6 corporate risks; and 4 communications risks.

Procurement and departures from procurement procedures

Our published Procurement Policy aligns to the Wales Procurement Policy Statement, and we therefore openly advertise opportunities over £30k (including VAT) on Sell2Wales.gov and consider how to make our opportunities available for Small and Medium Sized Enterprises (SMEs) to successfully tender.

Our Procurement Policy is delivered via our Procurement Strategy and supported by tendering and quotation procedures, in which all new staff have been given training as part of their induction.

Our procedures require that (unless we are using existing contracts or collaborative framework agreements such as those let by the Welsh Government Commercial Delivery Team):

- three quotes are obtained for goods and services between £6,000 and £29,999;
- an invitation to tender is published on Sell2Wales for goods and services over £30,000 and below the GPA threshold; and
- a notice is published on 'Find a Tender' for tenders over the GPA threshold.

A departure process is in place to allow the effective management of any deviation from these procurement procedures. In most cases, goods and services are purchased only after competitive tenders/quotations have been sought, following advice from the Procurement Team. In certain circumstances, this may not be possible. When such a circumstance arises, the approval of the Chief Executive must be given.

In order that appropriate justification is provided, the template 'Request for approval for a departure from procurement procedures' is completed. The request is logged on the quotation/tender register.

The Head of Procurement reviews the request and if the request is justified, will forward it to the Chief Executive for approval. For all contracts, including those resulting from a departure, where the value is above the World Trade Organisation Government Procurement Agreement (WTO GPA) threshold, prior approval for the expenditure must have been sought from the Board prior to commencing procurement activity.

Any departures are reported to both the internal Management Board and the Audit and Risk Assurance Committee. During the period 1 April 2021 to 31 March 2022, two departures were approved, with a combined value of £8,120.40. These related to additional services from a supplier providing 'quick read' versions of reports relating to our Qualified for the Future project, and an interim contract (whilst we re-tender) for keyholding and security services where we received no appointable bids following an open tender process.

Information governance

We have an Information Security Policy that sets out the roles and responsibilities of all employees in relation to IT and information security. The policy is supported by several guidance documents, including Information Classification and Handling Guidelines.

The Executive Director for Corporate Resources is the Senior Information Risk Officer (SIRO) and is accountable to the Accounting Officer and the Board for information and data governance. The Head of IT is responsible for developing, maintaining and implementing relevant IT policies, whilst the Head of Corporate Governance is responsible for data management policies and Freedom of Information requests. The Information Governance Manager is the Data Protection Officer and is responsible for compliance with the General Data Protection Regulations.

We are committed to openness and transparency in the way we do business. Our Publications Scheme commits us to making certain relevant information routinely available to the public and is available on our [website](#).

We have established an Information Risk Appetite statement, categorising data into the following areas, applying a risk ranking, stating our risk appetite and setting associated management actions:

- public information;
- internal corporate;
- sensitive personal information about staff and third parties;

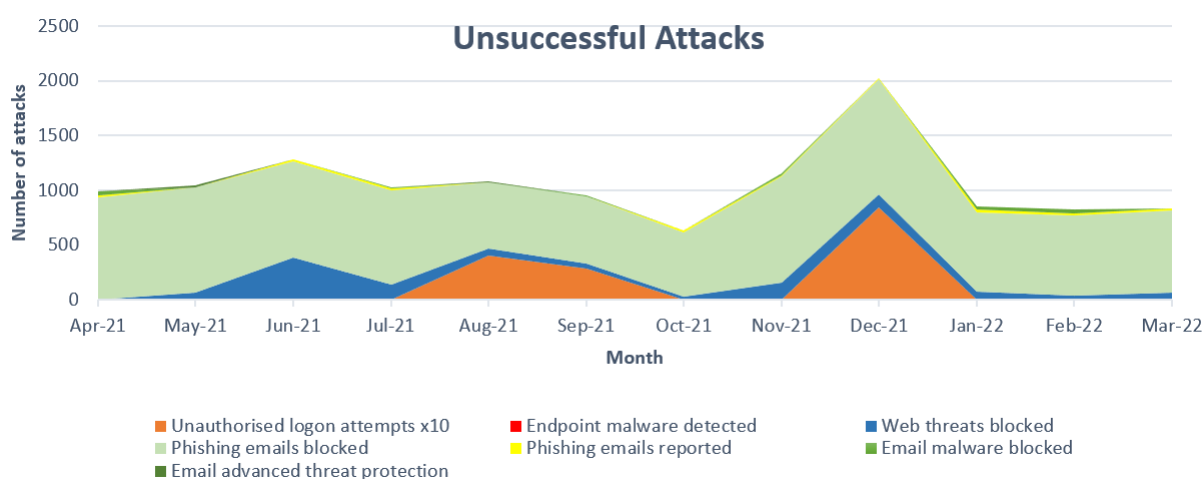
- QiW (our regulatory database); and
- social media.

The Head of IT is responsible for regularly reviewing our risk appetite statement and proposing updates to the Management Board.

Cyber security

In this financial year, there were no data breaches or losses. We refreshed our Cyber Essentials Plus accreditation in April 2021.

The chart below summarises the unsuccessful attacks experienced over the year.

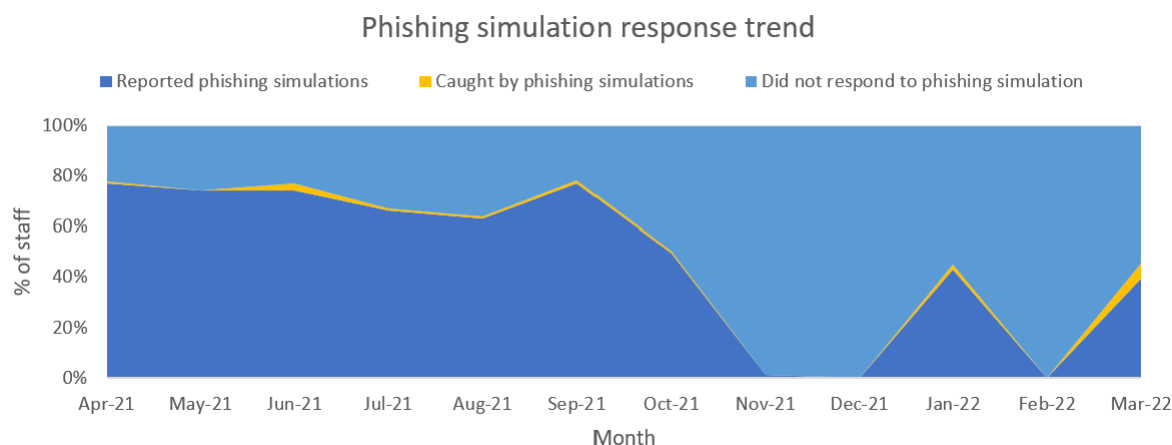


Attempts to compromise user accounts using unauthorised logons (password guessing) are now the most prevalent form of attack. However, the overall risk of account compromise remains low due to the additional protection provided by multi-factor authentication. Phishing emails continue to pose the most significant cyber risk. Our email filters with advanced threat protection provide the first line of defence against phishing. We also recognise the important role our staff play in further mitigating the risk from phishing. We share our data regularly with the Welsh Government SIRO (Senior Information Risk Owner).

Other activities we have undertaken during the year to counter the cyber threat include:

- monitoring changes to the threat landscape as a result of global events such as the war in Ukraine;
- implementing additional controls to further protect end user devices and applications;
- running monthly simulated phishing attacks on our staff to test their response and alert them to the dangers of phishing; and
- requiring all staff to complete ongoing interactive online information security awareness training.

The results of simulated phishing attacks are shown in the chart below:



The increased number of staff not responding is due to some simulations being filtered out by more sophisticated anti-phishing controls that have been introduced by Microsoft. We have subsequently updated the bypass rules to ensure more of our simulations get delivered to the end user mailbox.

Freedom of Information requests

We received 10 requests for information during the year, 9 of which were responded to in accordance with the appropriate timescales. One request was sent to the incorrect email address and went into a staff member's junk folder, as a result of which the response was two days late in being sent.

Complaints

We received and investigated three corporate complaints. We received a complaint in relation to our Annual Accounts for 2020-21 not being made available in Welsh when laid before Senedd Cymru. This complaint was not upheld as we are not required to do so and the laying of documents before the Senedd is not a matter covered by our Welsh Language Scheme. However, we decided that in the future we will aim to lay both English and Welsh versions of the Annual Accounts before the Senedd. The second complaint related to the social media activity of an individual who had been contracted to work for Qualifications Wales via an agency. This complaint was not upheld. A third complaint in respect of the outcome of an application made under the Exam Procedures Review Service 2021 was withdrawn after discussion but the questions posed were reviewed and responded to.

We received 9 complaints about awarding bodies. Of these, 1 was within our remit to investigate. We partially upheld this complaint.

We received 18 applications under the Exam Procedures Review Service, 17 of which were within our remit. We partially upheld 3 applications.

Whistleblowing

Qualifications Wales has a Whistleblowing Policy, which provides details to our staff about the policy purpose and process for raising any concerns. We did not receive any corporate whistleblowing disclosures in this financial year.

We also have a Regulatory Whistleblowing Procedure. We did not receive any regulatory whistleblowing disclosures in this financial year.

Well-being of Future Generations (Wales) Act 2015 (FGA)

Qualifications Wales is committed to sustainable development. Although we are not currently subject to the Well-being of Future Generations (Wales) Act 2015 (FGA), we consider that our role supports its purpose and that its requirements are compatible with how we work.

We have, therefore, adopted the FGA Act provisions to underpin how we deliver our functions. It is natural for us to work in this way, as education necessarily requires a long-term view.

We developed well-being objectives, which were published in April 2018, and can be seen on our [website](#). We produce an annual progress report which can also be viewed on our [website](#).

Our work particularly supports long-term economic prosperity by ensuring that qualifications are fit for purpose, and by considering how well they meet the needs of employers and further and higher education establishments. This supports academic progression and employability, and, therefore, prosperity and economic growth. Good education makes a difference to long-term life chances, and it is important to be able to demonstrate achievement through robust and meaningful qualifications.

Welsh Language Standards

We communicate with our stakeholders bilingually, as appropriate. Although we are not yet subject to the Welsh Language Standards, we have chosen to voluntarily publish a corporate Welsh Language Scheme, which can be viewed on our [website](#). We have an action plan, and our focus has been on embedding the Scheme throughout the organisation. Our progress report can also be viewed on our [website](#).

Promoting and supporting Welsh-medium and bilingual qualifications

We published a revised 'Regulatory Welsh-medium qualifications Policy' to reflect the commitments made in our 'Choice for All Strategy', and our aim for all publicly-funded qualifications for 14-16-year-olds to be made available in Welsh and English from September 2027.

We developed and published a comprehensive guide for all recognised awarding bodies on the development, delivery and award of Welsh-medium qualifications. This guidance aims to stimulate, encourage and exemplify good practice in the system. We are working on the

development of an active offer resource pack for awarding bodies that will sit alongside this guidance.

To further support our 'Choice for All' commitments, we have also been working with awarding bodies to strengthen their recording of the language preference of learners at the point of registration, to enable them to forward plan for the delivery of the qualification. We met with awarding bodies to explore and better understand approaches that are currently in place to identify, record and respond to learners' language preferences and are currently collecting further information on the capabilities of registration systems to capture language preference data, any costs in doing so and any other potential impacts.

We have created a page on our website to provide information to centres about Welsh medium qualifications. This is in response to our commitment to provide regular information to schools, colleges and apprenticeship providers about the qualifications that are available through the medium of Welsh, and those that will soon be made available.

We provided just over £160k through competitive grant funding to support awarding bodies to make more qualifications available through the medium of Welsh. We have provided grant funding of £260k to WJEC to contribute to their costs of preparing bilingual qualifications.

Equality Act

We comply with the general duties under the Equality Act 2010, and we have taken care to consider equality issues in all our activities. Examples of our approach include our recruitment practices, our website design standards, and the design of our office. We regularly partner with other organisations to support and embed our equality policies and practices. We are also committed to a programme of corporate social responsibility which is included as an operational activity in our annual operational plan.

Equality considerations are built into the design of our policies and the delivery of our services, and they are kept under review.

As a regulator, we also support awarding bodies in meeting their equalities duties by publishing our Fair Access by Design guidance. This document provides guidance on how good qualification and assessment design can give all learners the fairest possible opportunities to show what they know, understand and can do. The document is intended to support and complement the best practice of awarding organisations in the design of qualifications and assessment, and provide guidance on complying with regulatory requirements. Our Conditions of Recognition require awarding bodies to have in place clear arrangements for making reasonable adjustments in relation to its qualifications, and we monitor awarding body compliance. We also undertake Regulatory Impact Assessments. Our External Relations team also provide guidance to examination officers to support them in implementing access arrangements.

We have published an annual progress report against our 2019-22 objectives, which highlights progress against each of the five objectives. During the year we have reviewed and revised our Equalities Objectives for a two-year period 2022-24 (both these documents can be found on our [website](#)). This will enable us to undertake a full evaluation in 2023 before setting new objectives

in line with the four-year reporting cycle of Welsh Government and other sponsored bodies. This will mean that new objectives will run from 2024 to 2028.

Supporting equality has been a core consideration for our approach to awarding in summer 2020 and 2021, fairness to all learners being one of the awarding principles that we set in dealing with the exam series during the COVID-19 pandemic. In June 2021 we published a [report](#) outlining how we considered equalities issues as part of our response to managing the impact of the COVID-19 pandemic on awarding qualifications.

For summer 2021, we completed several Equalities Impact Assessments, to support decision-making at different stages. As part of the final arrangements, WJEC provided a comprehensive programme of training for centres in assessment to support the provision of Centre Determined Grades, including training on avoiding unconscious bias, in collaboration with Diverse Cymru. We also worked with the Equalities and Human Rights Commission to support their publication on guidance for centres on complying with the Public Sector Equality Duty in the arrangements for summer 2021. We have worked with Welsh Government to ensure that all private candidates had the opportunity to secure a qualification award in 2021.

Following on from results day, we published a [statistical release](#) analysing how the grades awarded in 2021 related to teacher assessed year 9 prior attainment data and pupil characteristics between 2017 and 2021. For GCSEs the model-based gender attainment gap in 2021 was narrower than in previous years relative to teacher assessment outcomes in Year 9, that is it is closer to the attainment gap implied from the Year 9 outcomes than what is usually seen in exam years. The SEN and ethnicity attainment gaps were stable, and the free school meal (FSM) attainment gap was wider than in previous years.

Conclusion

As the Accounting Officer for Qualifications Wales, I confirm that the statements made in this report are correct for the period from 1 April 2021 to 31 March 2022. There have been no significant internal control or governance issues, and I confirm that there were sound systems of internal control in place to support the delivery of the organisation's policy aims and objectives.

Signed Philip Blaker	Philip Blaker Accounting Officer 14 July 2022
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4 Remuneration and staff report

Remuneration policy

Qualifications Wales employees are employed on terms and conditions agreed by the Board. Remuneration is aligned with Welsh Government pay bands and scales. Progression through the pay scales is on an annual increment basis, subject to satisfactory performance. Changes to salary structure for all employees (including the Executive) are reviewed annually by the Remuneration Committee, and any changes to our approach to pay must be approved by the Minister for Education.

The remuneration package includes membership of the Civil Service Pension Scheme. Upon appointment, employees are offered a choice of two types of pension: 'Alpha' (a career-average scheme) and 'Partnership', which is a defined contribution arrangement. Details of the Civil Service Pension Scheme can be found at <http://www.civilservicepensionscheme.org.uk>.

Board fees and travel costs are paid in accordance with Welsh Government rates for public appointments.

Remuneration (including salary) and pension entitlements – senior officials and Board members

The following tables provide details of the remuneration and pensions interests, for the period from 1 April 2021 to 31 March 2022, of the senior officials and Board Members who have authority or responsibility for directing or controlling our major activities.

Single total figure of remuneration						
	2021-22			2020-21		
Non-executive Board Members	Fees (banded)	Pension Benefits	Total	Fees (banded)	Pension Benefits	Total
	£'000	£	£'000	£'000	£	£'000
Chair						
David B Jones OBE DL (Joined QW Board 01/10/2019)	20-25	-	20-25	30-35	-	30-35
Caroline Burt (Left QW Board 15/06/2021)	0-5	-	0-5	5-10	-	5-10
Claire Morgan (Left QW Board 15/06/2021)	0-5	-	0-5	5-10	-	5-10
Isabel Nisbet (Left QW Board 15/06/2021)	0-5	-	0-5	5-10	-	5-10
Ellen Donovan (Left QW Board 12/06/2021)	0-5	-	0-5	5-10	-	5-10
Robert Lloyd Griffiths OBE (Left QW Board 06/12/2021)	0-5	-	0-5	5-10	-	5-10
David W Jones	5-10	-	5-10	10-15	-	10-15
Jayne Woods	5-10	-	5-10	5-10	-	5-10
Anne-Marie Duffy OBE	5-10	-	5-10	5-10	-	5-10
Douglas Blackstock* (Joined QW Board 14/06/2021)	5-10	-	5-10	0-5	-	0-5
Graham Hudson* (Joined QW Board 14/06/2021)	0-5	-	0-5	0-5	-	0-5
Hannah Burch* (Joined QW Board 01/04/2021)	0-5	-	0-5	0-5	-	0-5
Michael Griffiths OBE* (Joined QW Board 14/06/2021)	5-10	-	5-10	0-5	-	0-5
Sharron Lusher MBE DL (Joined QW Board 01/04/2021)	0-5	-	0-5	0	-	0
Julie Brannan (Joined QW Board 01/09/2021)	0-5	-	0-5	0	-	0
Professor John Latham CBE (Joined QW Board 07/12/2021)	0-5	-	0-5	0	-	0

This table is subject to audit

* As reported in 2020-21, these Board members joined during 2021-22, but attended a QW Board meeting on 25 March 2021 in a shadow capacity, for which they were remunerated.

'Fees' include the reimbursement of travel expenses to and from Qualifications Wales as these, in accordance with HMRC requirements, are treated as taxable benefits.

Single total figure of remuneration						
	2021-22			2020-21		
Executive Officials	Salary (banded) £'000	Pension Benefits (to the nearest £1000) £'000	Total £'000	Salary (banded) £'000	Pension Benefits (to the nearest £1000) £'000	Total £'000
Chief Executive Philip Blaker	130-135	47,000	175-180	130-135	48,000	180-185
Executive Director - Regulation Jo Richards	85-90	30,000	115-120	85-90	34,000	115-120
Executive Director - Corporate Resources Alison Standfast	85-90	25,000	110-115	85-90	43,000	125-130
Director - Qualification Policy and Reform Cassy Taylor	80-85	16,000	95-100	85-90	43,000	130-135
Director - Qualification Policy and Reform Emyr George	75-80	29,000	100-105	70-75	29,000	100-105
Director of Communications & External Relations Leonie White ** (Left QW 04/02/2022)	65-70	-	65-70	30-35	13,000	45-50
Director of Communications & Engagement Ashok Ahir* (Joined QW permanently 01/03/2022)	5-10	2,000	5-10	-	-	-

*Ashok Ahir was temporarily appointed on 13 December 2021 via an agency to initially shadow and then cover for the outgoing Director of Communications and External Relations, Leonie White. He temporarily assumed the role of Director of Communications and External Relations, still via the agency, on 4 February 2022, and was then appointed permanently to this position on 1 March 2022. The Agency costs for the period prior to his permanent appointment were £26,319. The Full Time Salary Band for this role is 75-80.

** Leonie White left the Civil Service Pension Scheme with less than two years of qualifying service, therefore there is no pension liability to disclose.

This table is subject to audit.

Salary includes gross salary and any other allowances subject to UK taxation. The report is based on accrued payments made and thus recorded in these accounts.

There were no benefits in kind or bonus payments made in 2021-22.

The 'pensions benefits' figures above are calculated for disclosure purposes, by our pensions administrators. These figures are calculated as the 'real increase in pension' (see 'Senior Employees' Pension Benefits' table below) multiplied by 20, plus the real increase in any lump sum, less contributions made by the employee during the period

Senior Employees Pensions Benefits					
Officials	Total accrued pension at pension age as at 31 March 2022 £'000	Real increase in pension at pension age £'000	CETV at 31 March 2022 £'000	CETV at 31 March 2021 £'000	Real increase in CETV £'000
Chief Executive Philip Blaker	20-25	2.5-5	282	239	28
Executive Director - Regulation Jo Richards	15-20	0-2.5	223	196	14
Executive Director - Corporate Resources Alison Standfast	30-35	0-2.5	536	491	9
Director - Qualification Policy and Reform Cassy Taylor	35-40	0-2.5	655	615	4
Director - Qualification Policy and Reform Emyr George	15-20	0-2.5	162	143	10
Director of Communications & External Relations Leonie White** (Left QW 04/02/2022)	0	0	0	0	0
Director of Communications & Engagement Ashok Ahir (Joined QW permanently)	5-10	0-2.5	76	74	1

** Leonie White left the Civil Service Pension Scheme with less than two years of qualifying service, therefore there is no pension liability to disclose.

This table is subject to audit.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of

3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair pay disclosures

We are also required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce. This is shown below.

The median remuneration remains within our Band 4 staff pay grade, but is slightly higher than last year, resulting in this ratio slightly decreasing from 3.00 in 2020-21.

This 1% increase is primarily due to the 2021-22 pay award which applied across all pay bands.

2021-22 is the first year the Lower quartile and Upper quartile figures have been required to be disclosed in the Financial Statements. Although not required, the comparative figures have been included in the disclosures to help with understanding. The reason behind the small increase in these figures is primarily due to the 2021-22 pay award.

Remuneration		
	2021-22	2020-21
Band of highest earners remuneration (£'000)	130-135	130-135
% change from the previous financial year for the highest paid director	0%	2%
Average Total Remuneration £	43,858	43,113
% change from the previous financial year for the employees as a whole	2%	-1%
Lower quartile remuneration £	35,180	33,028
Lower quartile remuneration pay ratio	3.77	4.01
Median percentile pay £	44,200	43,760
Median pay ratio	3.00	3.03
Upper quartile remuneration £	47,470	47,000
Upper quartile remuneration pay ratio	2.79	2.82
Range of staff remuneration:		
Highest paid employee (£'000)	130-135	130-135
Lowest paid employee (£'000)	20-25	20-25

This table is subject to audit.

Staff report

Our structure saw no significant changes during 2021-2022, we recruited two new roles to support communication provision across the organisation, but in the main our structure remained unchanged, or we utilised the roles we had to respond in an agile way to emerging need. Our headcount at 31 March 2022 was 97, compared to a figure of 95 in the previous year; full-time equivalent (FTE) has increased marginally from 94.24 in 2021 to 94.73 in 2022. Headcount and FTE fluctuate during the year, as we respond to turnover and recruit accordingly. Our average number of employees during the last 12 months, along with a comparison to previous years is outlined in the table below:

Year	Average headcount	Average Full Time Equivalent (FTE)
2021-2022	95.5	94.3
2020-2021	90.1	89.1
2019-2020	81.6	80.2
2018-2019	77.3	76.61
2017-2018	78.5	76.14
2016-2017	72	-

This table is subject to audit.

We have had 17 new employees join our organisation at range of levels from Director through to Office Assistant, nine of these appointments were on a fixed-term basis either to backfill maternity gaps or as a result of fixed-term funding to deliver the qualifications reform agenda. Our turnover has increased from 11.1% to 14.7% (14.8% FTE). We regularly review turnover and the rates fluctuate during the year. In the last year, 14 employees have left the organisation. There have been different reasons driving these changes, some turnover has been attributable to employees leaving who have been with our organisation since establishment in 2015, and two were fixed-term employees who left prior to their contract ending. We have also experienced employees joining and leaving during the pandemic and part of their rationale for moving on was linked to the challenge of connecting and being part of an organisation when working solely at home. Exit interviews are conducted with all leavers. During the last 12 months, we have run 17 individual recruitment exercises. We have also had internal movement due to internally advertised temporary development opportunities.

We usually advertise permanent and long-term fixed-term opportunities externally, and internal candidates can apply via that route. We operate an approach of a guaranteed interview for applicants who meet the minimum score for consideration at interview and indicate that they are disabled. We run internal exercises for short-term development opportunities, which cover maternity leave or specific project work. The decision to recruit is taken by our Management Board. At this point, we consider whether we have sufficient internal candidates to warrant a competitive internal exercise; we did not take this approach within the last financial year. Recruitment exercises in the last 12 months have been across all four Directorates within the organisation: Regulation, Qualifications Policy and Reform, Communications and Engagement and Corporate Resources.

Our workforce comprises 88% of employees on permanent contracts (compared to 91% at 31 March 2021), 12% on fixed-term. We have not had any internal secondments in the last year. We remain open to secondments and these arrangements will continue to be used where they offer the opportunity to interchange with other organisations and to make the best use of skills, particularly in areas of professional expertise. During 2021 we did engage with Academi Wales and we are taking part in their All-Wales Public Service Graduate programme. Our allocated graduate will join us in January 2023 on secondment from Welsh Government following a placement with Social Care Wales.

During the year, we have used agency staff to fill vacancies or short-term work for which a secondment or fixed-term appointment was not suitable. During the last 12 months, we have appointed five people on agency contracts to undertake defined roles. As at 31 March, three agency contracts were engaged. These temporary contracts are not included in calculations for headcount or FTE calculations.

	Female	Male	
Apprenticeship	0	1	
Fixed term	9	1	
Permanent	56	30	
	64	33	97

Headcount at 31 March 2022

We review all appointments with those contracted to ensure compliance with IR35 (intermediaries' legislation).

Learning and development

We are committed to employee development. Specific needs are either identified through our business planning, our senior managers or through individual performance discussions. Individual requirements might be met with formal training, through access to different opportunities or through working across teams within our organisation.

Some of our training meets a corporate or statutory need and is delivered across the organisation. This year, we ran mandatory online manual handling, fire safety and risk training for staff. We also delivered First Aid training for a cohort of employees who will take on formal First Aider roles. To ensure compliance when we have small numbers of employees in the office, we also require all employees to complete online training in the basic principles of First Aid. In terms of IT, employees undertook an online Security Awareness training which they complete annually.

In the spring and summer of 2020, Qualifications Wales led a core group of four sponsored bodies (Sport Wales, Social Care Wales and HEFCW) to procure, develop and deliver a Leadership and Management programme that would meet the needs of our organisations and the wider sponsored body network. In 2021-2022 four cohorts were launched, two Strategic Leaders and two Line Management Essentials with planning for two more sessions to commence in April 2022. Both programmes cover practical elements of management, which will ensure that managers are

aware of their role and their statutory responsibilities. The training is still being delivered online, but we hope that newer cohorts will have the opportunity to meet their peers for at least one session in the next 12 months. Feedback about the collaborative training is good and the closing sessions, which incorporate a presentation of impact, evidence that peer groups have been built even remotely and that the employees attending have valued their experience.

During the last twelve months we have offered opportunities to employees across the organisation to take part in legal awareness training for regulators, and training in minute taking, effective report writing as well as giving and receiving feedback. Employees have also attended sessions on mental health at work, LGBTQ+ allyship and religion and belief and promoting racial equality in education.

We support personal development, and in the last year have supported three employees in higher education learning, including a 'Masters' in Education and a Professional Doctorate in Education. We are committed to employee professional development and have supported an employee to achieve her NEBOSH accreditation.

Employees have also attended external training and conferences to develop and enhance their professional skills and maintain their CPD in fields such as assessment, procurement, corporate governance, HR, finance, research and communications. Sessions attended include principles of assessment, survey and questionnaire design, social media and accessibility and safeguarding training as well as conferences delivered by Association for Educational Assessment (AEA) or Westminster Forum.

Employees also run internal 'Lite Bite' sessions to inform the wider organisation about pieces of work that teams or individuals are working on, to explain organisational policies and to share learning they have experienced.

Trade union members have also been supported to attend courses to ensure that they have the knowledge and ability to undertake their union roles.

Pay band and gender

The following tables outline our employee composition as of 31 March 2022, by their substantive band, gender, age and contract type (full-time hours are 37 hours per week, part-time contracts are those agreed with fewer than 37 hours).¹² We have seven employees on a contract of fewer than 37 hours as at 31 March 2022, which is an increase of 1 compared to the previous year but is still less than 2020 when we had 10 part-time employees. We continue to have just one male part-time employee with six female part-time employees. The greatest number of part-time employees are in pay band 4 in the middle of our organisation with the remaining two in lower pay bands. We promote our flexible working approach with all employees so it may be the case that some employees do not feel they need to formally request to reduce hours and may still

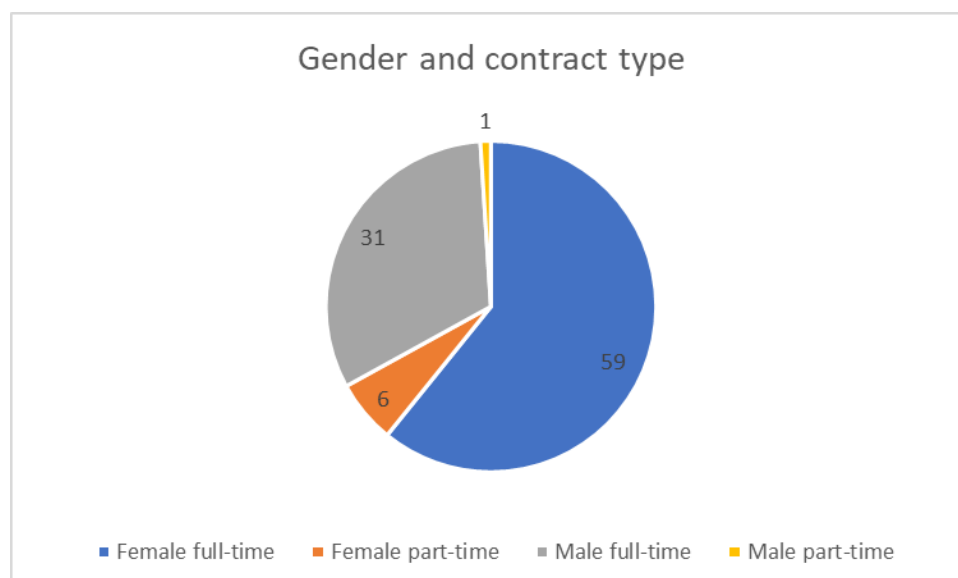
¹² The table indicates an employee's substantive (contracted) band. It does not reflect when an employee may be temporarily working at a higher band, and therefore conflicts with the table on p58, which is based on an employee's actual pay in this year.

achieve a work-life balance on full-time hours. In our 2021 employee survey 85% of employees agreed that they were able to achieve a good balance between their work and private life.

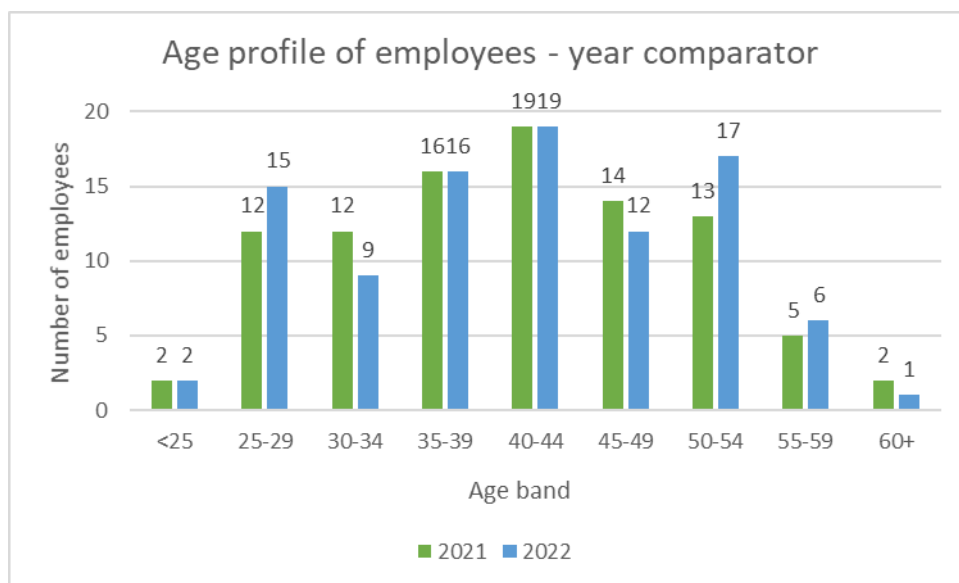
We continue to have a greater proportion of female to male employees, which is representative of the education sector more generally. In terms of recruitment statistics, we tend to receive a greater number of applications from female candidates at all bands. We review this information regularly and consider our advertisement approach to broaden our diversity more generally.

Gender and contract type

Band	Female full-time	Female part-time	Male full-time	Male part-time	Total
1	4	1	2	0	7
2	7	0	1	0	8
3	15	1	6	0	22
4	23	4	10	1	38
5	6	0	7	0	13
6	2	0	4	0	6
7	2	0	0	0	2
8	0	0	1	0	1
Total	59	6	31	1	97



Age



There has been some movement in our age profile in the last 12 months which will be due to employees crossing age bandings as well as turnover and recruitment we have seen having an impact. The numbers of staff in the mid-range, 35-39 and 40-44 appear static although there will have been movement, there is also limited impact at either end, <25 and 60+, with upward movement in ages 25-29 and 50-54 with declines in other areas.

Sickness absence

Our sickness absence rates have increased over the last 12 months, and in total, 545.5 working days were lost, compared to 423.5 working days lost in 2020-2021, an increase of 122 days, 96 days of this is attributable to Covid related absence. Our annual average level of absence has increased from 4.7 days per employee to 5.7. This figure is calculated using the annual average number of employees, which in 2021-22 was 95.5. Our annual average FTE is 94.3, which adjusts our average to 5.8 which is an increase of 1 full day on last year's figure of 4.8 days. Both figures are slightly below the 2019-2020 figures which were 5.98 and 6.1 respectively.

The [Office for National Statistics reports the 2021](#) average days lost per employee to be 4.6 days per employee, although exercises caution with this statistic because of the impact of furloughed workers and policy during 2020 and 2021. The public sector absence rate is 3%, our rate calculates at 2.6%. So whilst our average days lost is one day higher than the published average of 4.6, our percentage rate compared to the public sector figure is 0.4% less. The private sector figure is 1.9%.

We have seen a slight increase in long-term absence (up by 29.5 days to 261.5) in the past 12 months. Our short-term absence has increased by 92.5 days during the year. Covid-19 has undoubtedly had an impact this year with days lost to feeling unwell post vaccine as well as a number of employees contracting Covid itself. Our peak for Covid related absence was in January 2022 with a total of 28 days lost, at this point all employees were working from home. October 2021 also saw a significant number reporting absence due to Covid (20 days lost). In

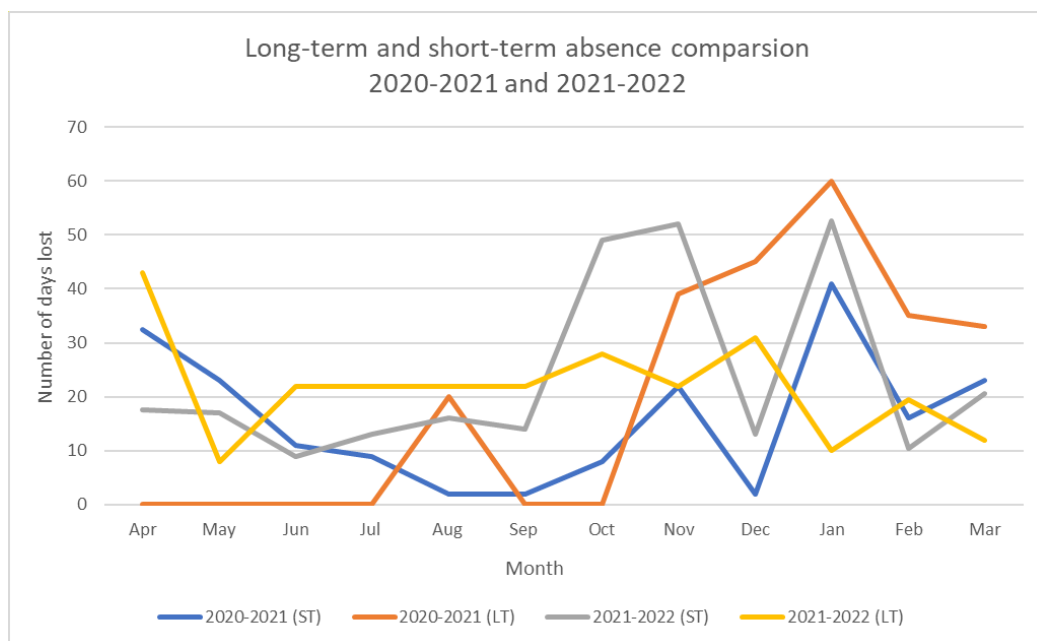
total 96 working days were lost to Covid in the 2021-2022 financial year with 27 employees affected. This is compared to just 13 days for two employees in the previous year. Our office has been open for employees to access and work from three days a week since July 2021. We adopted lateral flow tests as one of our control measures and this has been beneficial with no instances of employees contracting Covid from each other in work.

In terms of other absence reasons there are no trends in absence that indicate specific issues. Long-term absences are managed using Occupational Health and HR support to facilitate successful returns to work.

The tables below outline our sickness absence statistics in more detail.

Sickness absence totals by month

Month	2018- 2019 (ST)	2018 - 2019 (LT)	2019- 2020 (ST)	2019- 2020 (LT)	2020- 2021 (ST)	2020- 2021 (LT)	2021- 2022 (ST)	2021- 2022 (LT)
Apr	14	20	14	0	32.5	0	17.5	43
May	7.5	21	8	0	23	0	17	8
Jun	0	21	6	20	11	0	9	22
Jul	12.5	22	6	22	9	0	13	22
Aug	15.5	22	11.5	21	2	20	16	22
Sep	8.5	20	28	37	2	0	14	22
Oct	10	15	9	42	8	0	49	28
Nov	3	0	6	40	22	39	52	22
Dec	11.5	0	18.5	40	2	45	13	31
Jan	9.5	0	26	50	41	60	52.5	10
Feb	10.5	0	21	35	16	35	10.5	19.5
Mar	19	0	12	15	23	33	20.5	12
Total	121.5	141	166	322	191.5	232	284	261.5



We are committed to encouraging a healthy lifestyle and a good work/life balance. We contract an occupational health provider to help us, and to:

- offer assistance and advice to employees;
- support an employee's ability to work; and
- facilitate successful return to work after a long-term absence;

All employees have access to an Employee Assistance Programme that can offer advice and support on a range of issues. This is available initially via a telephone service or via the internet at any time of day or night and is completely confidential. Employees can also access free counselling via this programme.

In recent years we have provided access to free flu vaccinations for employees who wanted to take up this opportunity. Whilst we were unable to provide flu vaccinations on site this year, we did offer to reimburse employees who wished to claim for a flu vaccination that they sourced privately. Only 7% of the organisation claimed their costs back.

During the pandemic, we have strived to support our employees in terms of their physical and mental well-being. We have done this through promoting mental wellbeing and through physical activity. In January we engaged with We+ to promote team-based physical activity with an on-line social aspect. We had previously done this in November 2020 and it was popular. Our approach for 2020-2021 was to use it to engage employees in the post-Christmas slump and given the regulations in Wales meant employees were not able to work from the office it had the added benefit of connecting employees when they could not physically meet. We promote positive working practices through our internal communications.

We promote and encourage a healthy work/life balance through the support services provided and organisational policies. In our 2021 People Survey, 94% of employees agreed that the

organisation supports their health and well-being, and 96% agreed that we promote health and well-being messages and information to staff. Our Well-being and Equalities group work together to promote a range of initiatives across the organisation to reinforce positive behaviours and the support available to employees. We achieved the Bronze Corporate Health Standard in March 2019 and are hoping to achieve our Silver accreditation when submissions can be made. This has been delayed due to the pandemic, although actions and objectives are being worked on in readiness for an assessment.

Last year, we signed the [TUC Dying to Work Charter](#), in support of the TUC initiative, which means that if an employee receives a terminal diagnosis, they will not be dismissed. This gives the employee choice and financial security.

Summary of 2021-22 staff costs

	2021-22				2020-21			
	Permanently Employed Staff	Others Temporary Staff	Agency Staff	Total	Permanently Employed Staff	Others Temporary Staff	Agency Staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and Salaries	3899	361	-	4260	3946	177	-	4,123
Social Security Costs	438	37	-	475	442	18	-	460
Other Pension Costs	1068	98	-	1166	1078	47	-	1,125
Agency Costs	-	-	157	157	-	-	25	25
Total	5,405	496	157	6,058	5,466	242	25	5,733

This section is subject to audit.

There were no 'off payroll' engagements made in 2021-2022.

There were no exit packages in 2021-22.

There were no seconded staff costs in 2021-22

Qualifications Wales incurred the following consultancy costs during 2021-22:

Consultancy - 2021-22		
Consultant	Consultancy Work Undertaken	Total £
3Chillies Ltd	3Chillies were commissioned to carry out an audit of Qualifications Wales' website to identify recommendations for modernisation and opportunities for improvement	12,495
Lloyd PR Ltd	Lloyd PR Ltd were commissioned to create an organisational narrative that helps drive public understanding of Qualifications Wales, and illustrate how it contributes to society. Work included identifying key narrative themes, and recommending the strategic approach to take to effectively communicate with our key audiences	9,750
Four Communications	Four Communications were commissioned to provide social media analysis and insight to understand key QW audiences. This piece of work enabled QW to become more effective in targeting specific teaching groups involved in our Qualified for the Future reforms.	9,408

Equalities

Our [Strategic Equality plan](#) outlines the objectives that we have set ourselves to underpin our commitment to equality. The plan covers all aspects of our operations, including staff, facilities, expenditure, qualifications development and regulation, stakeholder engagement and monitoring. This includes monitoring our performance on equal pay between genders.

The median salary at 31 March 2022 (which excludes the CEO's salary) is £44,200, compared to £43,760 in 2021. The ratio of CEO salary (at the mid-point of the pay band) to the median is 3:00 in 2022, compared to 3:03 in 2021.

The table below outlines our position on equal pay at the end of March 2022.¹³

³ The table reflects an employee's actual pay in this financial year; it therefore takes account of additional remuneration received for temporarily working up to a higher band. Numbers are therefore different from those in the table on page 65.

	Pay Band	Women	Men	2021/2022 remuneration gap (-ve if women paid less)	2020/2021 remuneration gap (-ve if women paid less)	Difference	2021/2022 remuneration gap as a % of the male (-ve if women paid less)	2020/2021 remuneration gap as a % of the male (-ve if women paid less)	Change
mean	1	£23,962	£24,630	-£668	£1,248	-£1,916	-3%	6%	↓
median		£24,630	£24,630	£0	£830	-£830	no gap	4%	↑
mean	2	£28,835	£28,125	£710		£710	3%		
median		£29,430	£28,125	£1,305		£1,305	no gap		
mean	3	£35,925	£36,570	-£645	-£905	£260	-2%	-3%	↓
median		£36,670	£38,160	-£1,490	-£2,920	£1,430	-4%	-8%	↑
mean	4	£45,335	£45,827	-£491	-£1,459	£968	-1%	-3%	↑
median		£47,470	£47,470	£0	equal		no gap	no gap	-
mean	5	£60,273	£59,665	£609	-£1,897	£2,506	1%	-3%	↑
median		£61,440	£61,440	£0	-£2,105	£2,105	no gap	-3%	↓
mean	6	£75,480	£75,480	£0	£6,662	-£6,662	no gap	9%	↓
median		£75,480	£75,480	£0	equal		no gap	no gap	-
mean	Exec	£85,522							
median		£85,522							
mean	CEO		£132,938						
median			£132,938						

Bands 1-6 have scale points within them that employees move up annually, subject to satisfactory performance, on an incremental basis. Consequently, all employees can expect to be at the maximum of their current band within two years (Bands 1 and 2) or within three years (Bands 3-6). Bands 7 and 8 are our Executive (our equivalent to the Welsh Government Senior Civil Service). Figures in this table are based on gross salary, and include allowances paid. Where employees are working at a higher band temporarily, our report is based on that higher salary.

We have a gender pay gap this year in our Band 1, Band 3 and Band 4. These are all bands in which we have a greater number of women employed, with more women spread out across the scale points. Interestingly our median pay is equal in Band 1, 4, 5 and 6, and where this occurs the median salary is the target rate/top of the pay band. In Band 2 women earn more than men in the equivalent band but they do outnumber them 6:2 here.

Fourteen of our new employees this year have been women, joining us in Bands 1, 3 and 4 which is where we see the pay differences. When new employees are recruited they tend to be appointed at, or near, the minimum of the pay band and they will then progress on an annual basis. This clearly has an impact on our figures.

At the end of March 2022, our gender pay gap was 16.3% (this compared to 12.8% in 2021).

This can be attributed to some changes to pay for women in the higher pay bands, there have been changes to allowances paid as a result of a change to homeworking and two female employees in pay band 5 left the organisation and new appointees were male.

In Pay Bands 1-6, 66% of men are at the maximum of the band (last year this figure was 67%), the percentage of women at the maximum of the pay band has increased from 47% of last year to 66% this year, which is more comparable with the male figure. We also recognise that we have a greater proportion of female employees in Bands 1-4, compared to men.

We monitor our gender pay information alongside our recruitment data and have an objective to improve our workforce diversity with a view to positively impact all protected characteristics, including gender. In the last year we had six internal promotions, four were female and two male.

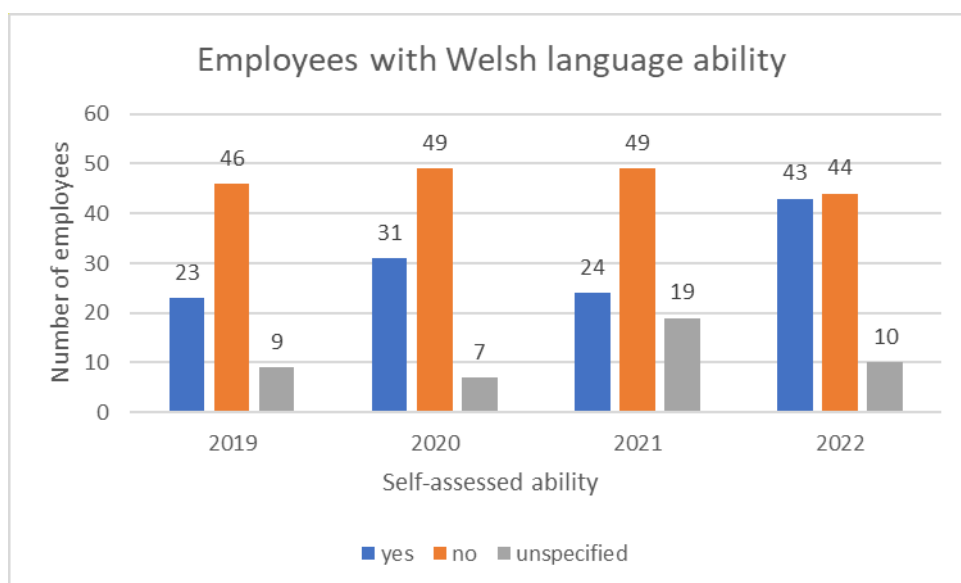
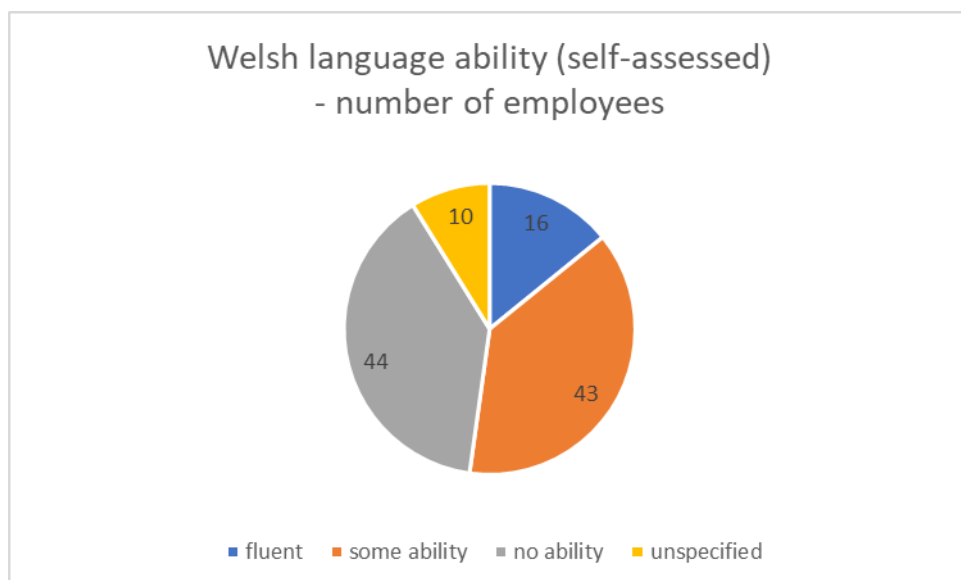
Our objective relating to gender focuses on recruitment and, in particular, ensuring that the roles we advertise are attractive to either gender and to people with other protected characteristics, so as to encourage a diverse workforce. We publish our public sector equality data in an open format on our website. During the year, we have engaged with Chwarae Teg and were awarded a gold standard following their FairPlay employer assessment in March 2021. This was a significant achievement and at the time we were the first employer to be awarded a gold on their first assessment.

Welsh language

We review the level of our employees' Welsh-language ability as part of our approach to the Welsh language and our development of skills. Employees self-assess their ability and rate themselves on a scale of 1 (Fluent) – 5 (No ability) against reading, speaking, understanding and writing.

At 31 March 2022, our records indicate 43 employees (44%) rated themselves as having Welsh-language skills (an increase of 19 employees on last year), of this group 16 consider themselves fluent. 44 employees identify as not having any Welsh language skills and 10 employees have not self-assessed their skills. It is interesting to note however that of those who identify as not having any Welsh language skills eight indicate that they have some understanding across all four areas (reading, writing, speaking and understanding). 16 employees who rated themselves as having Welsh language skills have the same level of ability. We have recently transitioned to a new HR system and have worked with employees to get them to review and record their skills as part of the transfer of information.

When recruiting we evaluate the need for Welsh language ability and this will be specified in the published job description. New employees are asked to review and confirm their skills upon joining.



In respect of our Board members, 4 self-assess themselves as being fluent in the Welsh language, 3 as having basic ability and 5 as having no ability.

We continue to support employees who wish to learn Welsh by funding training and providing access to e-learning modules, as well as informal, practical support within the office environment from fluent speakers, who encourage and unofficially mentor those who are learning. We have explored opportunities to work with other similarly sized public bodies to provide on-site Welsh-language training, and we keep this under review.

Signed

Philip Blaker

Philip Blaker

Accounting Officer
14 July 2022

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Qualifications Wales for the year ended 31 March 2022 under paragraph 33(2) of Schedule 1 of the Qualifications Wales Act 2015. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of Qualifications Wales' affairs as at 31 March 2022 and of its net expenditure, for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Qualifications Wales Act 2015.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and parts of the remuneration report that are audited and my auditor's report thereon. Legislation and directions issued to Qualifications Wales do not specify the content and form of the other information to be presented with the financial statements. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

As legislation and directions issued to Qualifications Wales do not specify the content and form of the other information to be presented with the financial statements, I am not able to confirm that the other information in the Annual Accounts (outside of the financial statements) has been prepared in accordance with guidance.

In my opinion, based on the work undertaken in the course of my audit, the other information in the Annual Accounts (outside of the financial statements) is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, Qualifications Wales has prepared such a report and, in my opinion, that part ordinarily required to be audited has been properly prepared in accordance with HM Treasury guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or Accountability Report which includes the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Qualifications Wales Act 2015 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Qualifications Wales' policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and management over-ride of controls;
- Obtaining an understanding of Qualifications Wales' framework of authority as well as other legal and regulatory frameworks that Qualifications Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Qualifications Wales.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Audit and Risk Assurance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of the Board, Audit and Risk Assurance Committee and Management Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Qualifications Wales' controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales

19 July 2022

24 Cathedral Road

Cardiff

CF11 9LJ

Financial Statements

5 Statement of comprehensive net expenditure

Statement of Comprehensive Net Expenditure			
	Notes	2021-22	2020-21
		£'000	£'000
Revenue from contracts with customers	2	(41)	(41)
Other operating income		-	-
Total Operating Income		(41)	(41)
Expenditure			
Staff Costs	**	6,058	5,733
Programme Costs		-	-
Grants	3	671	714
Other	4	726	524
Other operating expenditure	5	1,105	1,060
Provision expense	11	-	-
Depreciation, Amortisation and Impairment	6&7	220	211
Total Operating Expenditure for year ended 31 March 2022		8,780	8,242
Net Operating Expenditure		8,739	8,201
Net Expenditure for the year		8,739	8,201
Comprehensive net expenditure for the year		8,739	8,201

** See remuneration report on page 66 for a breakdown of staff costs.

All activities are continuing.

There are no recognised gains or losses for the period to 31 March 2022.

The notes on pages 79-94 form part of these accounts.

6 Statement of financial position

Statement of Financial Position			
		2021-22	2020-21
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	6	196	224
Intangible assets	7	567	508
Trade and Other Receivables	8	16	13
Total non-current assets		779	745
Current assets			
Cash and cash equivalents	9	35	241
Trade and Other Receivables	8	187	149
Total current assets		222	390
Total assets		1,001	1,135
Current liabilities			
Trade and other payables	10	(537)	(464)
Provisions within one year	11	(11)	(10)
Total current liabilities		(548)	(474)
Total assets less current liabilities		453	661
Non-current liabilities			
Provisions	11	(153)	(165)
Total assets less total liabilities		300	496
Taxpayers' equity and other reserves			
General Fund		300	262
Usable Reserve		0	234
		300	496

The notes on pages 79-94 form part of these accounts.

Signed	Philip Blaker
Philip Blaker	Accounting Officer 14 July 2022

7 Statement of cash flows

Statement of Cash Flows			
		2021-22	2020-21
	Notes	£'000	£'000
Cash flows from operating activities			
Net operating cost		(8,739)	(8,201)
Adjustments for non-cash transactions			
Depreciation	6&7	220	211
(Increase) / Decrease in trade and other receivables	8	(41)	(60)
Increase / (Decrease) in trade and other payables	10	73	149
Movement in provisions	11	(11)	(10)
Net cash outflow from operating activities		(8,498)	(7,911)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(69)	(21)
Purchase / Enhancement of intangible assets	7	(182)	(122)
Net cash outflow from investing activities		(251)	(143)
Cash flow from financing activities			
Funding from Welsh Government		8,543	7,994
Net decrease in cash and cash equivalents		(206)	(60)
Cash and cash equivalents at the beginning of the period	9	241	301
Cash and cash equivalents at the end of the period	9	35	241

The notes on pages 79-94 form part of these accounts.

8 Statement of changes in taxpayers' equity

Statement of Changes in Taxpayers' Equity			
	General Fund £'000	Usable Reserve £'000	Total £'000
Balance as at 31 March 2020	421	282	703
Grant in aid from Welsh Government	7,994	-	7,994
Comprehensive net expenditure for the year	(8,201)	-	(8,201)
Transfers between reserves	48	(48)	-
Balance as at 31 March 2021	262	234	496
Grant in aid from Welsh Government	8,543	-	8,543
Comprehensive net expenditure for the year	(8,739)	-	(8,739)
Transfers between reserves	234	(234)	-
Balance as at 31 March 2022	300	0	300

The notes on pages 79-94 form part of these accounts.

Welsh Government had previously given their approval for a usable reserve to be held and used for the implementation of the replacement HR and Finance systems. This has been fully utilised by 31 March 2022.

Notes to the Accounts for the year ended 31 March 2022

1. Statement of accounting policies

(a) Basis of accounting

These accounts are prepared in accordance with a direction issued by Welsh Ministers, in exercise of the powers conferred by paragraph 32(2) of schedule 1 of the Qualifications Wales Act 2015.

The Direction requires compliance with the Government Financial Reporting Manual (FReM). The accounting policies contained within the FReM apply International Financial Reporting Standards (IFRS) for the public-sector context and are issued by HM Treasury.

Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. They have been applied consistently in dealing with items that are considered material to the accounts.

(b) Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of certain assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of the Financial Reporting Manual standards.

(c) Funding

Qualifications Wales receives funding from Welsh Government (known as the grant allocation) to finance its revenue and capital activities. In accordance with the FReM, these amounts are regarded as financing, rather than income, and are credited to the General Fund. The FReM also confirms that this financing is to be accounted for on a cash basis unless an alternative agreement has been agreed with the sponsoring department.

(d) Going concern

The fact that Qualifications Wales receives its funding from Welsh Government and is expected to remain in existence and funded by Welsh Government for the foreseeable future, means it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.

(e) Property, plant and equipment

Property, plant and equipment are carried at fair value. Depreciated historic cost is used as a proxy for fair value for all classes of assets, as all have either short useful lives, low value, or both. All property plant and equipment are essentially grouped into one of three classes: Property, IT assets or Fixtures, Furniture and Equipment (F+E).

During the initial set-up phase, IT and F+E assets were purchased by Welsh Government on behalf of Qualifications Wales, totalling £378,800. These assets were all transferred over to Qualifications Wales, and an invoice was raised by Welsh Government in 2015-16 to recover these costs. All these initial costs have been capitalised.

Thereafter, IT assets costing £500 or more, and F+E assets costing £1,000 or more, are capitalised.

The premises are leased, but it is possible for internal or external adaptations to be carried out following discussion with the landlord. Any such works over £10,000 will be capitalised.

Depreciation is provided for on all these assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, shown below. A full year's depreciation is charged in the year the asset is brought into use.

Surface Pros / Notebooks, and associated equipment	Three years
Room Screens, video conferencing facilities, and associated peripherals	Four years
LAN / Servers and associated peripherals	Five years
Fittings, Furniture and equipment	Up to 10 years
Property	The shorter of the remaining life of the lease or the life of the work

Assets are assessed each year for any indications of impairment. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

(f) Intangible fixed assets

An intangible asset is an identifiable non-monetary asset without physical substance. Qualifications Wales will capitalise intangible assets in excess of £10,000, including software licences of a duration in excess of one year, and software developments. They are valued at historic cost less accumulated amortisation and impairment losses as a proxy for depreciated replacement cost.

Where intangible assets have a finite useful life, they are amortised in equal instalments over their anticipated useful economic life. A full year's amortisation is charged in the year the asset is brought into use. The amortisation period is reviewed annually.

Where intangible assets are assessed as having an indefinite useful life, they are not amortised. This position will also be reviewed annually.

(g) VAT

Qualifications Wales is not VAT registered. Consequently, all transactions in the accounts are stated inclusive of any attributable VAT.

(h) Operating leases

Operating lease rentals are charged to the statement of comprehensive net expenditure in the year to which they relate. Annual operating lease charges could vary in accordance with the lease agreement, whereas the annual economic benefit derived from the lease remains constant. This applies to the lease in place for the building. In these circumstances, IAS 17 allows the charge to the statement of comprehensive net expenditure to be adjusted to 'equalise' the annual lease charges, through the creation of, or utilisation of, a provision.

(i) Cash and cash equivalents

Cash and cash equivalents solely comprise the balances Qualifications Wales holds with the Government Banking Service.

(j) Income

Income will be recognised in the statement of comprehensive net expenditure in accordance with IFRS 15 – Revenue from contracts with customers, as adapted for the public sector by the FReM, and will be categorised as either 'operating' – generated in pursuit of its activities, or 'non-operating' – generated from the sale of non-current assets. Whilst Qualifications Wales is not established as a trading entity, it did generate some operating income during 2021-22 through the provision of some services. Further information, demonstrating the application of IFRS 15 to our 2021-22 income, is shown in Note 2.

(k) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 7 requires an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk exposure. Given the nature of Qualifications Wales's funding arrangements, i.e. funded entirely by Welsh Government grant, and its contract arrangements, i.e. for the supply of non-financial items in line with expected purchasing and usage requirements, it is not considered to be exposed to any significant level of credit, liquidity or interest rate risk.

(l) Segmental reporting

IFRS 8 requires entities to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information. Qualifications Wales is not deemed to have operating segments as defined, but provides supplementary spend information in support of the statement of comprehensive net expenditure.

(m) Provisions

A provision is recognised in the financial statements when Qualifications Wales considers it has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

As noted above in (h) Operating leases, Qualifications Wales utilises a provision for the building lease, where annual operating lease costs vary, but where the economic benefit derived is constant. This will equalise the annual charge to the statement of comprehensive net expenditure.

Where a general provision is created, and cash flows are expressed at current prices, costs are discounted in accordance with HM Treasury Guidance. A general provision has been created to meet the dilapidation provision contained within the building lease.

(n) Grants payable

Qualifications Wales has the power to make grants to external bodies where this is consistent with its principal aims.

Grant claim reimbursements are charged to the statement of comprehensive net expenditure in the period in which the expenditure is incurred.

(o) Employee benefits

Salaries and National Insurance contributions for current employees are recognised in the statement of comprehensive net expenditure as the employee's services are rendered. Qualifications Wales accounts for short-term compensated absences (paid annual leave) as a liability (accrued expenses), where the compensation for absence is due to be settled within 12 months after the end of the period.

(p) Pension costs

Employers' pension costs are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) arrangements. In accordance with the FReM, Qualifications Wales has treated this scheme as a defined contribution plan, and has accordingly recognised the employer's contributions due in 2021-22. A summary of the total employer's pension contributions is shown in the table on page 65.

(q) Inventories

IAS 2 defines inventories as assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials). IAS 2 also prescribes the accounting treatment for inventories. Qualifications Wales does not have any inventory items as defined by this standard.

(r) Contingent liabilities

A contingent liability arises where an event has taken place that gives an entity a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the body.

Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

In accordance with IAS 37, contingent liabilities are not recognised in the balance sheet, but disclosed in a note to the Accounts.

2. Income

Revenue from contracts with customers

Whilst not established as a trading entity, Qualifications Wales has entered into agreements to provide services to other bodies. *Managing Welsh Public Money* confirms the approach public sector bodies should take to determine the charges that apply to such service provision, namely 'to set charges to recover full costs', which 'should be calculated on an accruals basis, including overheads, depreciation and the cost of capital'. The table below summarises the income received during 2021-22, and how IFRS 15 has been applied to its treatment.

Services Provided and nature of arrangements	Key IFRS15 Judgements	Income 2021-22 £'000	Income 2020-21 £'000
Revenue Provided and nature with Customers			
The provider of an agreed number of days per month of ongoing ICT support via 'shared services agreements', to two other Welsh Government Sponsored Bodies, Invoices are raised in arrears, based on agreed daily rates.	Each of these arrangements has been treated as a single, distinct performance obligation, on the basis that the components are highly independent, and the inputs are substantially the same each month following the set up period. Revenue will be recognised over time for each agreement, on the basis that the customer receives and consumes the benefits at the same time. Charges are based on inputs, calculated in accordance with the principles of 'Managing Welsh Public Money', which requires all costs to be recovered.	41	41
Total revenue from contracts with customers		41	41

The nature of the service provided, and the content of the agreements in place means that there is not considered to be any risk to this outstanding income, or any risk of returns, refunds, or other similar obligations.

As at 31 March 2022, there were no contract assets or contract liabilities (£nil 2020-21).

As all the current IT agreements extend into 2022-23, there will continue to be income generated in 2022-23 of circa £41k.

Both IT support service agreements are reviewed annually and are expected to be renewed.

3. Summary of grant expenditure

Summary of Grant Expenditure	2021-22	2020-21
	£'000	£'000
Support for Welsh medium assessment		
WJEC	293	356
Pearson	36	91
Agored Cymru	25	9
City and Guilds of London Institute	43	35
Chartered Institute of Housing	4	-
Excellence, Achievement & Learning Ltd	12	-
UK Coaching Solutions Ltd	9	-
sub-total	422	491
Support for Qualification Reform		
Colegau Cymru	7	23
City and Guilds of London Institute	46	24
Swansea University	1	-
sub-total	54	47
Welsh for Adults Qualifications Support		
WJEC	195	176
Overall Total	671	714

4. Summary of other programme expenditure

Summary of Other Programme Expenditure	2021-22	2020-21
	£'000	£'000
Use of subject experts / stakeholder engagement	379	274
Research Costs	165	114
Communications & External Relations Activities	158	133
Transcription	24	3
Overall Total	726	524

5. Summary of other operating costs

Summary of 'Other Operating Expenditure	2021-22	2020-21
	£'000	£'000
Facilities related costs	338	298
HR Related Costs	126	132
ICT Related Costs	327	237
Board Costs	84	114
Legal Support Costs	47	92
External Audit Fees	20	19
Other professional support *	98	114
Travel and Subsistence	13	10
Admin and Office costs	52	44
Overall total	1,105	1,060

* Other professional support includes internal audit fees, translation costs, etc.

6. PPE analysis

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Buildings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	235	425	66	726
Additions in the period	1	68	-	69
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	(1)	-	(1)
Impairments in the period	-	-	-	-
At 31 March 2022	236	492	66	794
Depreciation				
At 1 April 2021	118	350	34	502
Charged in the year	24	65	8	97
Disposals for the period	-	(1)	-	(1)
Impairments in the period	-	-	-	-
At 31 March 2022	142	414	42	598
Carrying Value at 31 March 2021	117	75	32	224
Carrying Value at 31 March 2022	94	78	24	196

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Buildings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	222	417	66	705
Additions in the period	13	8	-	21
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	-	-	-
Impairments in the period	-	-	-	-
At 31 March 2021	235	425	66	726
Depreciation				
At 1 April 2020	94	289	25	408
Charged in the year	24	62	8	94
Disposals for the period	-	-	-	-
Impairments in the period	-	-	-	-
At 31 March 2021	118	351	33	502
Carrying Value at 31 March 2020	128	128	41	297
Carrying Value at 31 March 2021	117	74	33	224

7. Intangible assets

Intangible Assets	Licences for systems under development	Software Licences	Information Technology	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	42	-	1,056	1,098
Additions in the period	56	37	89	182
Transfers from 'under development'	(22)	22	-	-
Disposals in the period	-	-	-	-
At 31 March 2022	76	59	1,145	1,280
Amortisation				
At 1 April 2021	-	-	590	590
Charged in the year	-	12	111	123
Disposals for the period	-	-	-	-
At 31 March 2022	-	12	701	713
Carrying Value at 1 April 2021	42	-	466	508
Carrying Value at 31 March 2022	76	47	444	567

Intangible Assets	Licences for systems under development	Software Licences	Information Technology	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	-	-	976	976
Additions in the period	42	-	80	122
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	-	-	-
At 31 March 2021	42	-	1,056	1,098
Amortisation				
At 1 April 2020	-	-	473	473
Charged in the year	-	-	117	117
Disposals for the period	-	-	-	-
At 31 March 2021	-	-	590	590
Carrying Value at 1 April 2020	-	-	503	503
Carrying Value at 31 March 2021	42	-	466	508

During 2021-22, a number of enhancements were made to the QiW database and, in accordance with IAS 38, the associated costs have been treated as 'additions'. Also, an obsolescence review has concluded that this database will remain technologically viable for a further five years, and an amortisation charge has been calculated based on this revised useful life. Had the remaining useful life not been changed, the amortisation charge in 2021-22 would have been circa £139k.

8. Trade and other receivables

Trade and other receivables	2021-22 £'000	2020-21 £'000
<u>Amounts falling due within one year</u>		
Trade Receivables	-	-
Other Receivables		
Prepayments	187	149
<u>Amounts falling due after more than one year</u>		
Other Receivables		
Prepayments	16	13
Total	203	162

9. Cash and cash equivalents

Cash and cash equivalents	2021-22 £'000	2020-21 £'000
Balance at start of period	241	301
Net change in cash and cash equivalent balances	(206)	(60)
Balance as at 31 March	35	241

This is all held with the Government Banking Service.

The balance held at 31 March 2022 is within the level approved by Welsh Government.

10. Trade payables and other current liabilities

Trade payables and other current liabilities	2021-22 £'000	2020-21 £'000
Amounts falling due within one year		
Trade Payables	41	149
Accruals	496	315
Total	537	464

11. Provisions for liabilities and charges

Provision for liabilities and charges	Dilapidation condition within Building Lease £'000	Annualised Building Lease Costs £'000	Total £'000
Balance as at 1 April 2021	131	44	175
Provided in the year	-	-	-
Utilised / released in the year	-	(11)	(11)
Balance as at 31 March 2022	131	33	164
Analysis of the expected timings of the future liabilities			
Not later than one year	-	11	11
Later than one year and not later than five years	131	22	153
Later than 5 years	-	-	-
Total	131	33	164

The 'dilapidation' provision has been set up to recognise the condition within the building lease to restore the premises to their original state upon termination of the lease. The current lease term ends on 17 May 2025. An approximate 'cost per square foot' was obtained, from an independent source, on which to base this calculation. The annualised building lease costs provision has been set up in recognition that the actual (fluctuating) annual lease costs do not match the annual economic benefit, which remains constant. Consequently, a provision has been set up to allow the 'equalising' of charges to the Statement of comprehensive net expenditure. This has created a provision that will now be utilised over the remaining life of the lease.

12. Capital commitments

Contracted capital commitments at 31 March 2022 not otherwise included in these financial statements	2021-22 £'000	2020-21 £'000
Intangible Assets		
HR System - Implementation	-	37
Finance System - Licences and Implementation	24	80
QiW Development	19	-
Total	43	117

13. Commitments under leases

Obligations under operating lease comprise:	2021-22			2020-21		
	Lease Costs	Service Charges	Total	Lease Costs	Service Charges	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Buildings						
Not later than one year	163	30	193	163	64	227
Later than one year and not later than five years	346	68	414	509	107	616
Later than 5 years	-	-	-	-	-	-
Total	509	98	607	672	171	843
Multi Functional Devices						
Not later than one year	2	3	5	4	2	6
Later than one year and not later than five years	-	-	-	2	3	5
Later than 5 years	-	-	-	-	-	-
Total	2	3	5	6	5	11

14. Related party transactions

The FReM confirms that IAS 24 (Related Party Transactions) applies. The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position may have been affected by the existence of related parties and by transactions with such parties. A related party is a person or entity that is 'related' to the entity that is preparing its financial statements (Qualifications Wales), i.e., has control, significant influence, or is a key member of management.

A related party transaction is a transfer of resources, services, or obligations between a reporting entity, i.e., Qualifications Wales, and a related party.

As Qualifications Wales is a Welsh Government Sponsored Body, the Welsh Government is regarded as a related party. In addition, Board Member Ellen Donovan (left 09/06/21) is a non-executive director on the Welsh Government Board. During the year, we had a number of material transactions with Welsh Government, which is regarded as the parent department.

- We recognised grant funding of £8.544m from Welsh Government (£7.994m in 2020-21).
- We made payments to Welsh Government, mainly to reimburse them for our payroll costs, including board costs, and payments for payroll services. Actual payments of £6.116m were made (£5.817m in 2020-21), and further costs of £8k were accrued (£20k in 2020-21).

The FReM also confirms that related parties include 'the composition of the management board (including advisory and non-executive members). This means those who have influence upon the decisions of the entity as a whole.'

Paragraph 11 of IAS 24 confirms that two entities are not related simply because they have a director or other member of key management personnel in common. We have therefore listed below the transactions that have taken place with entities with whom we share Board members, or members of their immediate family, for completeness only. It is highly unlikely that Board members would have been aware of these financial transactions, as they would not have been involved in the operational decisions to incur these costs.

Amount	Organisation	Nature of Transaction	Nature of Related Party
£3,280 (20/21 £5,484)	Cardiff University	Payment for Academic Fees	Claire Morgan (Left 15/06/21) Employed as pro vice chancellor
£1,200 (20/21 £1,200)	e-Assessment Association	Payment for Annual Subscription	Graham Hudson (Joined 14/06/21) Secretary

In addition to the above we also made payments of £3,888 to the Quality Assurance Agency for Higher Education in 2021-22, to reimburse them for the release of Qualifications Wales Board

member Douglas Blackstock. He joined Qualifications Wales in June 2021 but also remained in his position as their Chief Executive prior to leaving the role on the 31 October 2021.

Qualifications Wales has a 'Conflicts of Interest' Policy and maintains a register of other interests (as defined) relating to staff and directors. This policy prevents Board members/ senior management from participating in decisions involving organisations with whom they also have an interest.

Finally, in delivering its principal aims, Qualifications Wales has made grant payments during the year to third party organisations (see disclosure Note 3), but again does not regard these as being related parties.

15. Contingent liabilities

None

16. Events after the reporting period

There were no events since the date of the statement of financial position that affect the understanding of these financial accounts.

17. Impact of standards not yet effective

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases and is effective for periods beginning on or after 1 April 2022. IFRS 16 provides a single lease accounting model and requires a lessee to recognise assets and liabilities for leases which last over 12 months, largely eliminating the current "off-balance sheet" treatment of operating leases under IAS 17.

Impact of the new standard

We have assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2022 and on the statement of financial position at that date. The figures below are for existing leases as at 31 March 2022.

The standard is expected to increase total expenditure in 2022-23 by approximately £41,613 The right of use asset is expected to be increased by approximately £436,015 whilst the associated

lease liability will increase by approximately £436,015.

SoCNE impacts IFRS 16	£'000
Depreciation expected - 2022/23	139
Interest expenses expected - 2022/23	20
Irrecoverable VAT expenses expected - 2022/23	23
IAS 17 basis Rental payments expected - 2022/23	(141)
Increased Expenditure	41
SoFP Impacts IFRS 16	
Increase to Right Of Use Asset - 1 April 2022	436
Increase to Lease Liability - 1 April 2022	(436)

Signed	Philip Blaker
Philip Blaker	Accounting Officer 14 July 2022