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WALES **AUDIT** OFFICE  

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# Auditor General for Wales annual report and accounts - April 2006 to March 2007



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# Report of the Auditor General for Wales

## History and statutory background

The office of the Auditor General for Wales (Auditor General) is a Crown appointment originally established in 1999 and continuing in existence under Section 145 of the Government of Wales Act 2006. Until 31 March 2005, the Auditor General's primary functions were to audit the accounts prepared by the National Assembly for Wales (National Assembly) and its sponsored and related public bodies, and to undertake a programme of value for money examinations covering public sector bodies in Wales, excluding local government. Under the Public Audit (Wales) Act 2004, the Auditor General's functions were expanded with effect from 1 April 2005 to cover the audit and inspection functions relating to health and local government previously exercised by the Audit Commission in Wales. On the same date the staff of the National Audit Office based in Wales and the Audit Commission in Wales were transferred to the Auditor General's employment to form the Wales Audit Office. In addition to these staff the Auditor General contracts with private sector professional services firms to deliver audit, inspection and other services.

The Public Audit (Wales) Act 2004 requires the Auditor General to co-operate with the Welsh Assembly Government (Assembly Government), the Audit Commission and the Commission for Healthcare Audit and Inspection where it is appropriate to do so for the efficient and effective discharge of his function in relation to National Health Service bodies.

The Government of Wales Act 2006 provides for the continuation of the office of Auditor General with its existing functions and also establishes a Welsh Consolidated Fund giving rise to associated new functions for the Auditor General from 1 April 2007.

## Basis of Accounts

This Statement of Accounts has been prepared in accordance with Section 93(8) of the Government of Wales Act 1998 in a form directed by the Treasury.

## Appointment of Auditors

The accounts of the Auditor General are audited by KTS Owens Thomas Limited, a firm appointed by the National Assembly.

The Auditor General has established an Audit and Risk Management Committee, the three members of which are all external to the Wales Audit Office. The Committee is chaired by Peter Laing. The other two members are Professor David Hands and Rosamund Blomfield-Smith.

Further information about the work of the external auditors and of the Audit and Risk Management Committee is given in the Statement on Internal Control.

## **Pension scheme**

Details of the pension arrangements for the Auditor General's staff are given in the Remuneration Report.

**Jeremy Colman**

*Auditor General for Wales*

## Management Commentary

The functions of the Auditor General for Wales derive principally from the Government of Wales Acts 1998 and 2006 and from the Public Audit (Wales) Act 2004. Broadly speaking the functions combine those carried out by the Auditor General since 1999 for the audit of the National Assembly and related bodies with those carried out by the Audit Commission in Wales for the audit of Welsh NHS bodies, and the audit, inspection, and regulation of local government bodies in Wales. With the passing of the Government of Wales Act 2006, the Auditor General is the external auditor of the accounts of the Assembly Government, its sponsored public bodies, Welsh NHS bodies and certain other bodies not subject to ministerial control such as the National Assembly Commission. He appoints and regulates the auditors of local government bodies.

In addition to his responsibilities for audit, the Auditor General has various powers and duties relating to inspection of local government bodies and to carrying out studies on the use of resources by public bodies in Wales. He has the power to report on this work and to lay reports before the National Assembly.

### **Review of activities during 2006/2007**

Early in the year and following consultation with staff and stakeholders the Auditor General introduced a three year strategy. During 2006/2007 all of the work of the Wales Audit Office was driven by this strategy. The Wales Audit Office Strategy identifies five themes for particular attention in the period 2006-2009:

- promoting the adoption of good practice;
- fraud and corporate governance;
- partnership working;
- NHS financial management; and
- whole systems working.

For further details see our website at [www.wao.gov.uk](http://www.wao.gov.uk).

During the year the arrangements for the direction of projects and the overall management of the organisation took place in accordance with arrangements that had been introduced in February 2006. The senior staff responsible for directing projects together with the Auditor General make up the Partnership Board with responsibility collectively for Wales Audit Office Strategy. One of them, Anthony Snow, was appointed Chief Operating Officer. The day-to-day management of the Wales Audit Office, as distinct from the direction of projects, became the responsibility of a Management Committee, chaired by the Auditor General.

The Partners were:

Anthony Snow  
Anthony Barrett

Gillian Body  
 Paul Dimblebee  
 Simon Edge  
 Paul Griffiths - retired 30 April 2006  
 Jane Holownia  
 Chris Koehli - retired 30 April 2006  
 Gill Lewis  
 Ceri Stradling  
 Ian Summers  
 Mike Usher

### Service Provided

The work of the Wales Audit Office covers 119 principal audited bodies and 750 other bodies. These bodies are analysed by category below:

Sector	Category of body	Number of accounts
Devolved Government	National Assembly for Wales	5
	Assembly Government sponsored public bodies	11
	Independent Devolved Public Bodies	3
	Pension Funds	2
	Other	3
Welsh NHS Bodies	Trusts	14
	LHBs	22
	Other	1
Local Government Bodies	Unitary Authorities	22
	Police Authorities	4
	Fire Authorities	3
	Probation Boards	4
	National Park Authorities	3
	Town & Community Councils	750
	Other	22
<b>Total</b>		<b>869</b>

A list of reports published during the year is included as Appendix 1.

## **Professional support to the Audit Committee of the National Assembly for Wales and other outward facing work**

As in previous years, the Auditor General has provided professional advice to support the scrutiny role of the Audit Committee of the National Assembly for Wales. The Auditor General's reports formed the basis of the Audit Committee's evidence sessions. He also provided support to the Committee in the preparation of the Committee's own reports, which include recommendations for improvement in public services.

The Auditor General monitors the impact of his, and the Audit Committee's, work on an ongoing basis. He also provides substantive advice to the National Assembly's Audit Committee on an ad hoc basis.

Widespread awareness of the work of the Auditor General leads him to receive enquiries and expressions of concern regarding financial management, value for money and the proper conduct of public business. Such correspondence comes from a variety of sources, including Assembly Members, the public and businesses. All concerns raised are examined fully and objectively. As in previous years, this has provided additional information for the Auditor General's mainstream work and indicated topics of concern outside official channels.

Related to correspondence, the Auditor General has a specific statutory role as a 'prescribed person' under the Public Interest Disclosure Act 1998 to receive disclosures that relate to the proper conduct of public business, value for money, and fraud and corruption in relation to the provision of public services. The Public Interest Disclosure Act 1998 provides protection for employees making disclosures in the public interest regarding malpractice in the workplace - commonly known as 'whistleblowers'. As with other correspondence, such disclosures are investigated thoroughly.

The Auditor General is fully committed to compliance with the Freedom of Information Act 2000 and similar legislation. As well as providing information as requested where this does not lead to harm or is prohibited, the Auditor General has endeavoured to be helpful in responding to these enquiries.

## **Grants work**

The Auditor General arranges for the certification of grants where required. Currently, this service is provided for 60 grant schemes.

## **Risks and uncertainties**

The main financial risk to which the Auditor General is subject is the treatment of VAT on inspection work. This is dealt with in more detail in Note 25.

## Financial Review

The Auditor General has a duty, taking one year with another, to ensure that his income is not less than his expenditure.

The deficit for the year of £1,758,000 (7.3 per cent of operating income) includes the payment required of approximately £2,487,000 to fund the bulk transfer payment for those staff transferring from the Audit Commission Pension Scheme to the Principal Civil Service Pension Scheme. This is a one off payment that crystallises under the rules of the bulk transfer process. Excluding this payment, there would be a surplus for the year of £842,000 (3.5 per cent of operating income) that was generated from operating income of £24.1 million, which consists of both fees and grants. The income can be analysed as follows:-

Assembly Government and sponsored bodies	£5.3 million
Audit and inspection of local authorities	£13.6 million
NHS audit activity	£5.2 million

Staff costs, including the one-off payment of the pension deficit amount to £17.6 million. The yearly staff costs, which excluding the one-off payment of the pension deficit, is reduced to £15.05 million representing 65 per cent of the operating costs. To support the staff and ensure that they have the necessary technical and development skills £232,000 was spent on staff training during the year.

The accounts have been prepared on a going concern basis.

The Auditor General has contracted with Deloitte, KPMG and PricewaterhouseCoopers for the delivery of some 19 per cent of principal audit engagements at a cost of £3.8 million in the year. Of the smaller bodies 76 per cent of the engagements were awarded to UHY Hacker Young and BDO Stoy Hayward.

Accommodation costs in the year were £0.8 million. During the year the North Wales office was transferred from Deeside to Ewloe. A programme is underway to consolidate the headquarters and another main office in Cardiff, into one main office.

## Impact on the environment

The Wales Audit Office is committed to implementing principles under the government's sustainable development framework strategy.

The Wales Audit Office is developing its own Environmental Strategy in support of the Assembly Government's approach to sustainable development. This will include:

- attending 'sustainable development' related seminars and distribution of related documents to raise staff awareness;
- staff payslips and statutory employee returns to be online rather than printed;
- undertaking environmental assessments as part of our procurement processes;
- recycling at all offices wherever possible;

- using recyclable stationery and materials, such as paper goods and toner cartridges;
- taking measures to encourage use of video-conferencing;
- taking measures to encourage use of public transport;
- introducing a 'green scheme' for using bicycles and other incentives;
- using more environmentally friendly cleaning products;
- providing alternative solutions in place of leased vehicles;
- offering 'green incentives' for leased cars and limiting choice to cars to those of no more than two litres with low CO<sub>2</sub> emissions; and
- conducting environmental assessments in new property searches.

## People

At the year end the Auditor General directly employed 284 staff (full-time equivalents) at a cost, excluding the one-off pension deficit payment, of £15.05 million.

The quality, diversity and engagement of staff is fundamental to the success of the Wales Audit Office. The major initiatives identified in the Wales Audit Office strategy required staff to be developed to ensure that they have the range and level of skills required.

The Wales Audit Office is committed to:

- developing staff to give them the skills and credibility to deliver the work programmes and the long term aims of the organisation;
- ensuring that staff numbers match the structural and workload changes generated from the bringing together of the legacy organisations; and
- developing and creating the structure to enable staff to further their experience and careers.

The Auditor General is committed to promoting diversity, equal opportunities and human rights both as an employer and through his audit and inspection functions. In employment terms this means that the Auditor General seeks not only to fulfil his statutory obligations, but also to encourage good practice so that current and potential employees are treated positively and consistently irrespective of gender, marital status, ethnicity, age, sexual orientation, gender re-assignment, disability or religion. The Auditor General seeks to involve and consult with employees about a range of issues including terms and conditions via the trade unions.

Future developments include a coaching programme to develop staff and managers, a new performance management scheme, and a job evaluation scheme.

## **Future Developments**

A three year strategic plan covering the period 2006-2009 was published in May 2006. Further details are in the Management Commentary on Page 5.

New computer software solutions have been acquired and are due to be implemented early in the new financial year. These cover project programming and accounting and payroll services. This will provide significantly improved management information and deliver savings compared to existing products.

The implementation of the Government of Wales Act 2006 provides for the continuation of the office of Auditor General with its existing functions and also establishes a Welsh Consolidated Fund giving rise to associated new functions for the Auditor General from 1 April 2007.

## **Post-balance sheet events**

A block transfer from the Audit Commission Pension Scheme to the Principal Civil Service Pension Scheme will occur after the year end date in respect of Audit Commission staff who were transferred on 1 April 2005 to the employment of the Auditor General. The consultation exercise with staff to assess the number of staff that wished to transfer was completed on 18 January 2007. The final transfer payment to the Principal Civil Service Pension Scheme will be made in May 2007.

## **Payment Policy**

The Auditor General aims to observe the principles of the CBI Better Payment Practice Code and pay all undisputed invoices from his suppliers within 30 days. In the 12 month period, 95 per cent of undisputed invoices were paid within 30 days (2005/2006, 84 per cent).

## **Remuneration**

Details are disclosed in the remuneration report.

## **External Auditor**

This Financial Statement is audited by KTS Owens Thomas Limited who has been appointed by the National Assembly as the independent external auditor of the Auditor General. The firm also assisted in answering freedom of information requests and provided liaison with the internal audit function. The cost of the freedom of information requests work amounted to £1,665. The audit fee is disclosed in Note 7.

## Remuneration Report

During 2006/2007, the salary costs of the Auditor General were paid directly by the National Assembly, as required by Section 91 of the Government of Wales Act 1998. From 1 April 2007, the Auditor General's salary costs are a direct charge on the Welsh Consolidated Fund. For the year ended 31 March 2007 the amount paid in respect of the Auditor General's remuneration was £162,000 (2005/2006: £155,404) and the employer's pension costs of £27,693 (2005/2006: £25,978)

### Senior Management

The Wales Audit Office comprises the Auditor General and his staff. On 8 February 2006 he established a Management Committee and defined a new role of Chief Operating Officer of the Wales Audit Office. This Committee deals with the day-to-day management of the Wales Audit Office.

The Management Committee, which is chaired by the Auditor General, comprises in addition five senior staff as follows.

	Date of appointment to Wales Audit Office or precursor organisation	Date of appointment to post	Contract
Anthony Snow (Chief Operating Officer)	1/10/1990	8/2/2006	Permanent
Ceri Stradling	1/11/1984	8/2/2006	Permanent
Gillian Body	12/9/1981	8/2/2006	Permanent
Simon Edge	1/11/2005	8/2/2006	Permanent
Jane Holownia	24/10/1994	8/2/2006	Permanent

Each manager is subject to a performance review which is conducted on a half yearly basis with a pay review performed on a yearly basis.

## Senior managers' remuneration details

The following table covers the senior management remuneration for the year to 31 March 2007.

	Year to 31 March 2007			Year to 31 March 2007	Period from 8 February to 31 March 2006
	Salary	Benefits in kind	Total	Pension contribution	Total (excluding Pension contribution)
	Bands of £5,000	To nearest £100	Bands of £5,000	Bands of £2,500	Bands of £5,000
Anthony Snow	120-125	4,800	125-130	27.5-30	15-20
Ceri Stradling	95-100	4,500	100-105	22.5-25	10-15
Gillian Body	105-110	900	105-110	25-27.5	10-15
Simon Edge	90-95	4,000	95-100	22.5-25	10-15
Jane Holownia	85-90	3,800	90-95	20-22.5	10-15

The comparatives are from 8 February 2006 as this was the date the Management Committee was established.

Senior managers' pension entitlement details are:

	Real increase in pension at 60	Total accrued pension at 31 March 2007	Total accrued pension at 31 March 2006	Increase in transfer value	Cash equivalent transfer value at 31 March 2007	Cash equivalent transfer value at 31 March 2006
	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000	£000	£000
Anthony Snow	0-2.5	0-5	0-5	26	49	23
Ceri Stradling	0-2.5	0-5	0-5	26	50	24
Gillian Body <sup>1</sup>	0-2.5	30-35	30-35	40	548	508
Simon Edge <sup>2</sup>	0-2.5	40-45	35-40	24	547	523
Jane Holownia	0-2.5	0-5	0-5	28	42	14

<sup>1</sup> Gillian Body was a member of the PCSPS within the National Audit Office prior to transferring to the employment of the Auditor General for Wales on 1 April 2005.

<sup>2</sup> Simon Edge transferred to the scheme with effect from 1 November 2005.

All other members of the Management Committee are in the bulk transfer process from the Audit Commission Pension Scheme which has yet to be concluded.

### Audit Risk and Management Committee Member remuneration details

	Year to 31 March 2007	Period from 1 November 2005 to 31 March 2006
	£	£
Peter Laing - Chairman	6,000	2,500
Professor David Hands	4,000	1,667
Rosamund Blomfield-Smith	4,000	1,667

The contract is for three years from 1 November 2005 with the committee meeting at least four times a year.

None of the members receives performance related pay, nor are they members of the Pension Scheme.

### Pension Arrangements

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and the Auditor General is therefore unable to identify the share of the underlying assets and liabilities relating to Wales Audit Office staff. A full actuarial valuation was last carried out at 31 March 2003. The next valuation, which is carried out on a quadrennial basis, will be as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

The normal employer contributions of £2,180,000 (2005/2006: £2,005,000) were payable to PCSPS at one of four rates in the range of 17.1 per cent to 25.5 per cent of pensionable pay based on salary bands. The rates will remain static but the bands will increase in 2007/2008. Employer contributions are to be reviewed every four years following a scheme valuation by the Government Actuary.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

No contributions were due or prepaid to the partnership pension providers at the balance sheet date.

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Jeremy Colman

*Accounting Officer*

22 June 2007

## Statement of Accounting Officer's Responsibilities

In accordance with Treasury direction, the accounts are prepared on an accruals basis and must show a true and fair view of the Auditor General's state of affairs at the year end and of his income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Auditor General is required to comply with the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, 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 have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Auditor General's relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officer Memorandum issued by HM Treasury and published in Government Accounting.

# Statement on Internal Control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of my policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Government Accounting.

I am independent of the Assembly Government but am accountable to its Audit Committee for the use of resources made available to support my statutory functions. The Audit Committee also gives its views on my forward programme of economy, efficiency and effectiveness examinations and considers my annual estimate of income and expenditure.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been progressively developed during the 2006/2007 financial year and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

I have instituted robust internal control arrangements to ensure that the Wales Audit Office has the capacity to identify, assess and manage risks effectively.

### a The Management Committee

This committee, which I chair, has the responsibility for overseeing risk management within the organisation.

The culture of risk management within the organisation is determined at a strategic level. The Management Committee formally reviews on a quarterly basis all corporate risks and the adequacy of the measures in place to manage these risks. It also considers risk as an integral part of its decision-making processes and satisfies itself that the corporate and operational risks are being actively managed by designated risk owners, and that these arrangements are working effectively.

All issues in internal audit reports are discussed by the Management Committee and any resulting actions agreed prior to their implementation.

## **b The Audit and Risk Management Committee**

The Audit and Risk Management Committee is due to meet at least four times in a standard 12 month period. The Committee was established in November 2005 and met four times in the year under review. Its responsibilities in summary are:

- To review the draft annual accounts and advise on any amendments or improvements before they are submitted to me for final approval and signature.
- To scrutinise and review:
  - the financial and accounting policies, practices and processes of the Wales Audit Office;
  - the internal control systems including reviewing and advising on the internal audit work plans, reviewing internal audit reports and the adequacy of management responses;
  - the annual report from the Head of Internal Audit summarising the work done in the period, including a review of the ongoing work implementing audit recommendations;
  - the Management Committee's assessment and management of risk including a formal review of the corporate risks that have been identified on a quarterly basis; and
  - the results of the external audit by KTS Owens Thomas Limited including their management letter and the response by management.

As Accounting Officer, I attend all meetings of the Audit and Risk Management Committee.

## **c Internal Audit**

A member of the Management Committee has been appointed as the Head of Internal Audit. He reports to the Management Committee and submits reports for review to the Audit and Risk Management Committee regularly to standards defined in the Government Internal Audit Standards. Those reports include the internal auditor's independent opinion on the adequacy and effectiveness of the organisation's system of internal control together with the recommendations for improvement. I also encourage liaison between internal and external audit to achieve a more efficient and cost effective audit, based on a clear understanding of respective roles and requirements.

## **d External Audit**

The external auditor, KTS Owens Thomas Limited, is invited to attend all Audit and Risk Management Committee meetings and has direct access to me and the Chairman of the Committee.

## **The risk and control framework**

I fully subscribe to the seven principles of conduct underpinning public life as set out by the Committee on Standards in Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership).

The principal features and key high level controls that have operated throughout the year are:

- an organisational structure that supports clear lines of communication and accountability;
- the implementation of a three year business strategy that was agreed with senior managers and subject to consultation with stakeholders; and
- clear processes so that the risks identified fit into an overall structure.

The high level controls enable me to encourage innovative solutions that, whilst sometimes involving risk, can be implemented with an awareness and active management of the risks that they carry.

The organisation's risk management processes have been designed to:

- Establish a policy framework approved by the Management Committee, within which strategic risks are identified, managed and kept under review.
- Embed risk management and compliance by making it part of the day to day management processes. Although the Management Committee collectively owns the risks, each corporate risk is also allocated to an appropriate Partner or Head of Service. This ensures that risk management is an essential part of all operational management arrangements. In addition, each risk is managed by a named manager, who actively reviews and reports on that risk.
- Adopt a consistent approach throughout the organisation. I have done this by appointing a member of the Management Committee, part of whose function is to ensure that all risk is managed in a consistent approach.

At the financial year end I identified four generic risk areas which I am actively managing:

- risks associated with the continuing development of what is still a relatively new organisation;
- risks associated with introducing matrix management;
- operational and financial risks; and
- legal risks.

### **Review of audit suppliers' work**

I set the standards for the auditors I engage or appoint, including the staff of the Wales Audit Office, and monitor their performance. Central to my audit quality control procedures is the requirement for auditors to comply with professional and ethical standards and the application of appropriately skilled staff who are subject to effective management direction and review at all stages of the audit process.

I ensure that standards are monitored and evaluate the quality of audit suppliers' (Wales Audit Office and audit suppliers) work through an annual risk-based review. The review is designed to confirm whether auditors are complying with my Code of Audit and Inspection Practice, are meeting other specific requirements, and are promoting improvement so that the people in Wales benefit from accountable,

well-managed public services that offer the best possible value for money. Review results are reported within the Wales Audit Office and to audit suppliers. I take quality into account when contracting with audit suppliers and when making audit appointments.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and my senior managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process that I have maintained to ensure internal control during the year includes both risk management and other sources of assurance, including internal audit. The Head of Internal Audit has regular and unfettered access to myself and to the Chairman of the Audit and Risk Management Committee, and attends every Audit and Risk Management Committee meeting.

A member of my Management Committee is responsible for risk management and maintains a corporate risk register. This is regularly reviewed and updated as appropriate. Risk issues are assessed not only within the Management Committee meetings but also by the Audit and Risk Management Committee. Sector or function risk registers have also been established which underpin the corporate register and which are owned and updated by Partners and Heads of Services.

### **Significant internal control problems**

I have not experienced any significant control problems, as defined by the Financial Reporting Manual in the year.

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Jeremy Colman

*Accounting Officer*

22 June 2007

# Auditor's Certificate and Report

## **The certificate and report of KTS Owens Thomas Limited to the members of the National Assembly for Wales**

We certify that we have audited the financial statements on pages 21 to 40 under Paragraph 15 of Schedule 8 to the Government of Wales Act 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 24 and 25.

This report is made solely to the members of the National Assembly for Wales. Our audit work has been undertaken so that we might state to the members of the National Assembly for Wales those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the National Assembly for Wales, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Auditor General for Wales and KTS Owens Thomas Limited**

As described on Page 14 the Auditor General is responsible for the preparation of the financial statements in accordance with the Government of Wales Act 1998 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Auditor General is also responsible for the preparation of the other contents of the Annual Report. Our responsibilities, as independent auditors, are established by statute and we have regard to the standards and guidance issued by the Auditing Practices Board and International Standards in Auditing (UK and Ireland) and the ethical guidance applicable to the auditing profession.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government of Wales Act 1998 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly and the financial transactions conform to the authorities which govern them. We also report if, in our opinion, the Management Commentary is not consistent with the financial statements, if the Auditor General has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by Law regarding senior management team members' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our certificate if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 15 to 18 reflects the Auditor General's compliance with Treasury's guidance, 'Corporate Governance: Statement on Internal Control'. We report if it does not meet the requirements for disclosure specified by Treasury or if the statement is misleading or inconsistent with

other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered whether the Statement on Internal Control covers all risks and controls. We are also not required to form an opinion in the effectiveness of the Auditor General's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Auditor General in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Auditor General's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- The financial statements give a true and fair view of the state of affairs of the Auditor General at 31 March 2007 and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended and have been properly prepared in accordance with the Government of Wales Act 1998 and directions made thereunder by the Treasury;
- In all material respects the income and expenditure have been applied to the purposes intended by the National Assembly and the financial transactions conform to the authorities which govern them; and
- The information given in the Management Commentary is consistent with the financial statements.

We have no observations to make on these financial statements.

KTS OWENS THOMAS LIMITED  
Registered Auditors

The Counting House  
Celtic Gateway  
Cardiff  
CF11 0SN

22 June 2007

## Financial Statements and Notes

### Income and Expenditure Account for the year ended 31 March 2007

	Note	Year to 31 March 2007 £000	Year to 31 March 2006 £000
<b>Operating income</b>			
Audit fee income		16,638	15,421
Inspection income	3	3,069	2,532
Grant in Aid		4,078	4,515
Other operating income	4	287	404
		<b>24,072</b>	<b>22,872</b>
<b>Operating costs</b>			
Staff and associated costs	5	17,648	14,785
Bought-in services	6	4,002	3,742
Other operating costs	7	4,220	4,412
Notional cost/(credit)	1 (viii)	33	38
		<b>25,903</b>	<b>22,977</b>
<b>Operating (deficit)/surplus including notional cost</b>		<b>(1,831)</b>	<b>(105)</b>
<i>Financing income</i>			
Add back notional costs/(credit)	1(viii)	33	38
Net interest receivable	8	40	101
<b>(Deficit)/Surplus for year</b>		<b>(1,758)</b>	<b>34</b>

The notes that follow form part of these financial statements.  
There are no recognised gains or losses for the year.  
The movement on reserves is set out at note 18.

## Balance Sheet at 31 March 2007

	Note	31 March 2007 £000	31 March 2006 £000
<b>Fixed assets</b>	11	695	610
<b>Current assets</b>			
Fee debtors and work in progress	12	3,052	3,249
Other debtors	13	766	1,553
Cash at bank and in hand	14	889	2,533
		<b>4,707</b>	<b>7,335</b>
<i>Creditors: amounts falling due within one year</i>			
Creditors and accrued charges	15	2,129	2,787
Deferred income	16	2,986	3,127
		<b>5,115</b>	<b>5,914</b>
Net current assets		(408)	1,421
Provisions for liabilities and charges	17	201	187
<b>Total net assets</b>		<b>86</b>	<b>1,844</b>
<i>Financed by</i>			
Revenue reserves	18	86	1,844
<b>Total financing</b>		<b>86</b>	<b>1,844</b>

The notes that follow form part of these financial statements.

..... Jeremy Colman *Accounting Officer*

22 June 2007

Date

## Cash Flow Statement for the year ended 31 March 2007

	Note	Year to 31 March 2007 £000	Year to 31 March 2006 £000
<b>Net cash inflow from operating activities</b>	19	(1,456)	1,775
<b>Returns on investments and servicing of finance</b>			
Interest received		40	101
Net cash inflow from returns on investments and servicing of finance		40	101
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(228)	(118)
Interest payable		0	0
Net cash (outflow)/inflow from investing activities		(228)	(118)
<b>Management of liquid resources</b>			
Receipts from short-term investments		0	0
Payments to acquire short-term investments		0	0
Short-term investments		0	0
<b>(Decrease)/Increase in cash</b>	20	<b>(1,644)</b>	<b>1,758</b>

# Notes to the Financial Statements

## Note 1 - Accounting Conventions and Policies Statement of Accounting Policies

The financial statements have been prepared in accordance with the Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Auditor General are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

- i** The accounts are prepared under the historical cost convention, modified to account for the revaluation of fixed assets where material, to their value to the business by reference to their current costs, in a form directed by HM Treasury, under section 93(8) of the Government of Wales Act 1998.
- ii** The accounts meet the requirements of the Companies Act 1985, without limiting the information given, and applicable accounting standards so far as those requirements are appropriate.
- iii** Costs incurred on the audits of National Assembly (as constituted by the Government of Wales Act 1998) and related bodies, Local Government and NHS bodies have been directly attributed where possible to the relevant activity; where this has not been possible, common expenditure has been attributed to each activity on an hours worked or other appropriate basis.
- iv** Operating lease rentals are charged on a straight line basis over the lease term.
- v** Gross fee income and other operating income are recognised on the value of chargeable work exclusive of VAT.
- vi** Operating Income, whether generated by direct government grant, fees to authorities or otherwise, is credited to the year of account in which the work is done. Income received in advance of the work being done is classed as deferred income.
- vii** Depreciation is provided on all fixed assets calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life as follows:

Furniture and Fittings	10 years
Computer Equipment	3 years
Computer Software	5 years
Office Equipment	5 years
- viii** The National Cost of Capital calculation is based on net assets other than with the Office of the Paymaster General at 3.5 per cent, (2005/2006, 3.5 per cent) and charged to Operating Costs.

This cost is added back to the Operating Surplus and attributed to Devolved Government, Local Government and NHS expenditure on the basis of reserves within each activity.

- ix The Auditor General provides for dilapidation costs under his property leases, discounted to current value.
- x It is, and has been throughout the period under review, the Auditor General's policy that no trading in financial instruments shall be undertaken, and that all deposits will be made in Sterling.
- xi Debtors and work in progress are valued at estimated realisable value.
- xii The Auditor General actively pursues all debt, and provides only for that element where recovery is in doubt. Any debt written off that is subsequently collected is netted against the additional provision made in the period.

## Note 2 - Income and Expenditure Analysis

### i Analysis by sector:

		Year to 31 March 2007 £000	Year to 31 March 2006 £000
<b>Devolved Government</b>			
Fee income (see ii)	Fee income	917	1,127
	Grant income	288	147
	Other income	4,136	4,329
		<u>5,341</u>	<u>5,603</u>
Expenditure	Direct and indirect costs	5,842	5,585
<b>Net results</b>		<b>(501)</b>	<b>18</b>
<b>Local Government, Police, Probation and Housing</b>			
Fee income (see ii)	Fee income	10,154	10,054
	Grant income	3,085	2,863
	Other income	317	520
		<u>13,556</u>	<u>13,437</u>
Expenditure	Direct and indirect costs	14,550	13,435
<b>Net results</b>		<b>(994)</b>	<b>2</b>

i Analysis by sector continued:

		Year to 31 March 2007 £000	Year to 31 March 2006 £000
Health			
Income (see ii)	Fee income	5,170	3,771
	Grant income	0	10
	Other income	45	152
		5,215	3,933
Expenditure	Direct and indirect costs	5,478	3,919
<b>Net results</b>		<b>(263)</b>	<b>14</b>

ii Analysis of Income: Work undertaken by the Auditor General directly, and work outsourced:

**Devolved Government**

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Undertaken by the Auditor General for Wales	917	1,127
- fees		
- grants	288	147
Other income	4,136	4,329
	<b>5,341</b>	<b>5,603</b>

**Local Government, Police, Probation and Housing**

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Undertaken by auditors appointed by the Auditor General for Wales	7,948	7,801
- fees		
- grants	2,038	1,936
Audits undertaken by private accountancy firms	3,253	3,180
Other income	317	520
	<b>13,556</b>	<b>13,437</b>

## National Health Service

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Undertaken by the Auditor General for Wales	5,170	3,771
- fees		
- grants	0	10
Other income	45	152
	<b>5,215</b>	<b>3,933</b>

These sections reflect the work for which the Auditor General is required to charge fees that will cover the full cost of providing the service.

## Note 3 - Inspection Income

Under the Local Government Act 1999 the Auditor General is responsible for the inspection of local authorities' compliance with the requirements of the Act.

Grants are available to the Auditor General for inspection work in local authorities, and in the period a number of grants were received from the Assembly Government.

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Fee income	1,348	1,126
Grant income		
Welsh Assembly Government	1,721	1,406
	<b>3,069</b>	<b>2,532</b>

## Note 4 - Other Operating Income

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Legal costs reimbursed	26	241
Publications and conferences	0	36
Secondments	243	122
Sundry income	18	5
	<b>287</b>	<b>404</b>

## Note 5 - Staff and Associated Costs

i		Year to 31 March 2007 £000	Year to 31 March 2006 £000
	<b>Staff costs</b>		
	Staff salaries	10,445	9,687
	Audit and Risk Management Committee Member salaries	14	6
	Social Security costs	963	898
	Pension costs <sup>1</sup>	4,667	2,248
		<b>16,089</b>	<b>12,839</b>
	Car scheme	552	457
	Subscriptions and other benefits	115	65
		<b>16,756</b>	<b>13,361</b>
	Audit and inspection contractors	892	953
		<b>17,648</b>	<b>14,314</b>
	Redundancy, early retirement and severance costs	0	471
		<b>17,648</b>	<b>14,785</b>
	Included in salaries are costs of staff seconded to other organisations	<b>227</b>	<b>115</b>

<sup>1</sup> Pension costs include the bulk transfer order costs. Further details are in the financial review section of the management commentary on Page 6.

More detailed information in respect of the remuneration and pension entitlements of the senior management is shown in the remuneration report on pages 11 to 13.

ii		Year to 31 March 2007	Year to 31 March 2006
	<b>The average number of staff employed during the period</b>		
	Staff employed		
	Operational - audit and inspection	227	182
	Central Departments	57	48
	Secondees	2	0
		<b>286</b>	<b>230</b>
	In post at year end	<b>284</b>	<b>248</b>
	Contractors (Average in year)	<b>35</b>	<b>59</b>
	Contractors (In post at year end)	<b>10</b>	<b>46</b>

## Note 6 - Bought-in Services

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Payments to private accounting firms	3,786	3,520
Research and other consultancy costs	216	222
	<b>4,002</b>	<b>3,742</b>

These costs relate to services bought in by the Auditor General that directly relate to his audit, inspection or research functions.

## Note 7 - Other Operating Costs

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Accommodation		
-rent lease costs	380	379
-other costs	379	384
Supplies and services	2,210	2,308
Recruitment and transfers	72	195
Depreciation <sup>1</sup>	143	140
Audit fee	9	8
Wales Audit Office establishment costs	0	181
Professional fees	174	102
Travel and subsistence	487	479
Training	232	178
Debts provided for	134	58
	<b>4,220</b>	<b>4,412</b>

<sup>1</sup> This includes depreciation on assets acquired for establishment of Wales Audit Office.

## Note 8 - Net Interest Receivable

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Interest receivable	40	101
Interest payable	0	0
	<b>40</b>	<b>101</b>

## Note 9 - Taxation

The Auditor General as a Crown body is exempt from income and corporation tax by virtue of Section 829 of the Income and Corporation Taxes Act 1988, and therefore from capital gains tax under the Taxation of Chargeable Gains Act 1992.

## Note 10 - Reconciliation of Transitional Grant to Actual Expenditure

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Receipt of grant	0	296
Costs brought forward	0	(96)
<b>Total</b>	<b>0</b>	<b>200</b>
Staff costs	0	0
Information technology	0	145
Consultancy	0	36
Communications and other costs	0	19
<b>Total cost</b>	<b>0</b>	<b>200</b>
<b>Total</b>	<b>0</b>	<b>0</b>

In order to establish the Wales Audit Office a transitional grant of £987,000 was approved by the Assembly Government.

## Note 11 - Fixed Assets

	Furniture and Fittings £000	Computer Equipment and Software £000	Office Equipment £000	Total £000
<b>Cost</b>				
At 31 March 2006	613	91	31	735
Purchases	0	225	3	228
Disposals	0	0	0	0
At 31 March 2007	<b>613</b>	<b>316</b>	<b>34</b>	<b>963</b>
<b>Depreciation</b>				
At 31 March 2006	86	38	1	125
Provided in period	95	40	8	143
Disposals	0	0	0	0
At 31 March 2007	<b>181</b>	<b>78</b>	<b>9</b>	<b>268</b>
<b>Net book value</b>				
At 31 March 2007	<b>432</b>	<b>238</b>	<b>25</b>	<b>695</b>
At 31 March 2006	<b>527</b>	<b>53</b>	<b>30</b>	<b>610</b>

In the opinion of the Auditor General, there is no material difference between the net book value of assets at current values and at their historic cost.

All assets are owned and none are subject to lease agreements.

## Note 12 - Debtors and Work in Progress

	31 March 2007 £000	31 March 2006 £000
Fee debtors		
- National Assembly and related public bodies	1,039	368
- Local Government	582	607
- National Health Service	552	38
Work in progress		
- National Assembly and related public bodies	383	441
- Local Government	429	879
- National Health Service	67	916
	<b>3,052</b>	<b>3,249</b>

Bad and doubtful debt general provision (netted against appropriate debtor):

	31 March 2007 £000	31 March 2006 £000
Opening provision	58	0
Provision made in the period	134	58
Closing provision	<b>192</b>	<b>58</b>

## Note 13 - Other Debtors

	31 March 2007 £000	31 March 2006 £000
Other debtors and prepayments	737	1,539
Loans to employees	29	14
	<b>766</b>	<b>1,553</b>

Debts falling due after one year included in the above figures:

	31 March 2007 £000	31 March 2006 £000
Included in other debtors:		
- housing relocation scheme: advances to staff	24	30

The debtor balances in Notes 12 and 13 can be analysed into the following categories:-

	31 March 2007 £000	31 March 2006 £000
Central government bodies	1,784	786
Local government bodies	973	1,436
NHS trusts	181	952
Public Corporations	0	0
Balances with bodies external to government	880	1,628
<b>Total</b>	<b>3,818</b>	<b>4,802</b>

## Note 14 - Cash at bank and in hand

	31 March 2007 £000	31 March 2006 £000
Current account	889	2,524
Office of the Paymaster General	0	9
	<b>889</b>	<b>2,533</b>

## Note 15 - Creditors and Accrued Charges

	31 March 2007 £000	31 March 2006 £000
Trade creditors	208	392
Other creditors including Taxation and Social Security	568	614
Accrual for holiday entitlement not yet taken	273	323
Accruals	1,080	1,458
	<b>2,129</b>	<b>2,787</b>

The accrual for holiday pay represents the liability for holiday entitlement carried over at the year end.

## Note 16 - Deferred Income

	31 March 2007 £000	31 March 2006 £000
Deferred Income	2,986	3,127
	<b>2,986</b>	<b>3,127</b>

The deferred income represents the monies received in advance for audit and inspection work.

The creditor balances in Notes 15 and 16 can be analysed into the following categories:-

	31 March 2007 £000	31 March 2006 £000
Central government bodies	1,601	1,105
Local government bodies	1,831	1,781
NHS trusts	1,000	856
Public Corporations	25	0
Balances with bodies external to government	658	2,172
Total	<b>5,115</b>	<b>5,914</b>

## Note 17 - Provisions for Liabilities and Charges

These provisions apply to future accommodation costs consisting of dilapidations which may be payable at the end of the leases.

	31 March 2007 £000	31 March 2006 £000
Opening balance	187	0
Acquired on 1 April 2005	0	147
Provision in year	31	40
Released in year	(17)	0
Closing balance	<b>201</b>	<b>187</b>

These provisions are released at the cessation of the leases.

## Note 18 - Reserves

### Revenue Reserves

Reserves reflect funding provided to the Auditor General to fund working capital. The reserve of £1,352,000 was received in year at the inception of the newly merged organisation from the Audit Commission in Wales and the National Audit Office in Wales in compliance with the statutory instrument giving effect to the Public Audit (Wales) Act 2004.

		31 March 2007 £000	31 March 2006 £000
<b>Revenue reserves</b>	<b>Central Government</b>		
	Brought forward	503	419
	Acquired on 1 April 2005	0	66
	(Deficit)/Surplus for year	(501)	18
	<b>Central Government reserves</b>	<b>2</b>	<b>503</b>
	<b>Local Government</b>		
	Brought forward	1,027	0
	Acquired on 1 April 2005	0	1,025
	(Deficit)/Surplus for year	(994)	2
	<b>Local Government reserves</b>	<b>33</b>	<b>1,027</b>
	<b>Health</b>		
	Brought forward	314	0
	Acquired on 1 April 2005	0	300
	(Deficit)/Surplus for year	(263)	14
	<b>Health reserves</b>	<b>51</b>	<b>314</b>
<b>Total reserves</b>		<b>86</b>	<b>1,844</b>

## Note 19 - Reconciliation of Operating Deficit for year to Net Inflow from Operating Activities

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Operating (deficit)/surplus	(1,831)	(105)
Notional cost/(credit)	33	38
Transfer of cash reserves on 1 April 2005	0	797
Net depreciation	143	140
Reduction/(Increase) in debtors and work in progress	984	(4,494)
(Decrease)/Increase in creditors and provisions	(785)	5,399
Net cash (outflow)/inflow from operating activities	<b>(1,456)</b>	<b>1,775</b>

## Note 20 - Reconciliation of Net Cash Inflow to movement in Net Funds

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
(Decrease)/Increase in cash	(1,644)	1,758
Cash used to increase short term investments	0	0
Change in net funds	<b>(1,644)</b>	<b>1,758</b>
Net funds at 1 April 2006	2,533	775
Net funds at 31 March 2007	<b>889</b>	<b>2,533</b>

## Note 21 - Analysis of changes in Net Funds

	At 1 April 2006 £000	Cash Flows £000	At 31 March 2007 £000
Short term investments and cash at bank and in hand	2,533	(1,644)	889

## Note 22 - Financial Commitments

There are revenue commitments at 31 March 2007 in respect of non-cancellable car leases which expire:

	31 March 2007 £000	31 March 2006 £000
within one year	67	24
within one to five years	581	804
	<b>648</b>	<b>828</b>

There were annual commitments as at 31 March 2007 to pay rentals under lease agreements which expire:

	2007 £000	2007 Number of Properties	2006 £000	2006 Number of Properties
within one year	102	3	0	0
from one to five years	548	5	703	7
over five years	1,275	1	1,677	2
	<b>1,925</b>	<b>9</b>	<b>2,380</b>	<b>9</b>

Office accommodation leases are subject to rent reviews.

## Note 23 - Losses and Special Payments

There are no material losses or special payments in 2006/2007 which require disclosure in accordance with the Financial Reporting Manual.

## Note 24 - Derivatives and Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the nature of the Auditor General's activities and the way in which his operations are financed, his office is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Although the Auditor General can borrow funds he has not required to do so in this financial year. He can invest surplus funds but this is in an overnight interest bearing account and does not change the risks faced in undertaking his activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

### **Liquidity Risk**

The Auditor General's net revenue and capital resource requirements are financed by the National Assembly. His office is not therefore exposed to significant liquidity risks.

### **Interest Rate Risk**

The Auditor General's financial assets and liabilities are not exposed to interest rate risk.

### **Foreign Currency Risk**

The Auditor General's exposure to foreign currency risk is negligible as he only makes very small forward purchases of foreign currency in connection with foreign travel.

### **Fair Values**

There is no difference between the book values and fair values of the Auditor General's financial assets and liabilities as at 31 March 2007.

## **Note 25 - Contingent Liabilities**

The Auditor General has received an initial ruling from HM Revenue and Customs that his VAT status continues from previous legacy arrangements under the Audit Commission in Wales and the National Audit Office in Wales. This means that the inspection work is not a business activity for VAT purposes. The Auditor General is in discussion with HM Revenue and Customs to establish with them the correct treatment for this function and continues to charge and recover VAT on this activity.

## **Note 26 - Related Party Transactions**

During the year, no members of the Audit and Risk Management Committee, members of the key staff or their related parties has undertaken any material transaction with the Auditor General.

The Auditor General is a corporation sole established under statute and has had a number of material transactions with the National Assembly.

The following disclosure relates to staff who are in a position of influence resulting from being elected to, receiving remuneration from, or being appointed to any organisation:

- where the Auditor General appoints the auditor or inspects the body;
- where there are specific statutory responsibilities to co-operate - eg, Healthcare Commission;
- that is a central government department; and
- that is a provider or receiver of significant services to or from the Auditor General.

Audit Risk and Management Committee Member	Position held in Year ending 31 March 2007
Peter Laing - Chairman	Chair of United Welsh Housing Association. Magistrate with the Cardiff bench. Trustee and Director of St John of Jerusalem. Member of Financial Services & Markets Tribunal. Member of the Pensions Regulator Tribunal. Member of the HM Revenue and Customs Tribunal. Member of the Claims Management Tribunal. Technical advisor to the Audit Committee of the Pontypridd & Rhondda NHS Trust.
Professor David Hands	Visiting professor in the Welsh Institute for Health and Social Care at the University of Glamorgan. Senior fellow in the Institute of Medical and Social Care Research in the University of Wales, Bangor.

Staff Member	Position held in Year ending 31 March 2007
Carol Kay	Trustee of Shelter Cymru.
Ian Summers	Seconded part-time to the Assembly Parliamentary Service.
Nicholas Selwyn	Wife is Chief Executive of Taff Housing Association.
Mike Usher	Member of the Institute of Cancer Research and serves on its Audit Committee. Wife was Director of Finance for the Wales European Funding Office until February 2007.

# Appendix 1

## List of Reports, Publications and Leaflets published in 2006/2007

### Reports

Report in the Public Interest: Members' Allowances and Officers' Remuneration: The County Council of the City and County of Cardiff

Is the NHS in Wales managing within its available financial resources?

Wales Programme for Improvement Annual Report 2004/2005

Financial Audit of Central Government and NHS Bodies in Wales

Crime Recording 2005

NHS Waiting Times follow-up report

Making better use of NHS day surgery in Wales

Pontypridd and District Housing Association Inspection

Valleys to Coast Housing Association Inspection

Swansea Housing Association Inspection

Pennaf Housing Group Inspection

National Fraud Initiative in Wales 2004/2005: Summary of Findings

Good Practice in Special Educational Needs Funding: Welsh Assembly Government

Public access to the countryside

Countryside access good practice guide: Self assessment checklist for countryside managers

Ambulance Services in Wales

Mid-Wales Housing Association Inspection

Cardiff Community Housing Association Inspection

Tackling Homelessness in Wales: A Review of the Effectiveness of the National Homelessness Strategy

Merthyr Tydfil Housing Association Inspection

Pembrokeshire Housing Association Inspection

North Wales Housing Association Inspection

The management of energy and water in Welsh local government

Wales Programme for Improvement Annual Report 2005/2006

Protecting public money in the LG Projects, Newport

Progress in the further education sector: estates management and procurement

The management of sickness absence in the National Assembly for Wales

Follow-up report on collections management at Amgueddfa Cymru - National Museum Wales

### **Joint Reports**

During the year, both the Wales Audit Office and the Social Services Inspectorate for Wales published joint reviews for Carmarthenshire, Rhondda Cynon Taf and Vale of Glamorgan Social Services. The reports are available at [www.joint-reviews.gov.uk](http://www.joint-reviews.gov.uk).

The Wales Audit Office contributed to a number of inspections of local education services conducted by Estyn, the education inspectorate in Wales. The reports are available at [www.estyn.gov.uk](http://www.estyn.gov.uk).

We also published two joint reports with the Audit Commission, namely, Crime Data and the National Fraud Initiative.

### **Other Publications**

Making Public Money Count - Wales Audit Office Strategy 2006-2009

A Review of the first year of the Wales Audit Office

Auditor General for Wales Annual Report and Accounts 2005/2006

Impact of value for money work over the past year and proposals for examinations in 2007/2008 and beyond

Estimate of income and expenditure of the Wales Audit Office for the year ending 31 March 2008

The Princess Elizabeth Clinical Block - consideration of the circumstances which led to the withdrawal of the preferred tender in August 2006 (report for the States of Guernsey Public Accounts Committee)

Connect and Deliver a review of progress in relation to Making the Connections

The documents can be found on the Wales Audit Office website at [www.wao.gov.uk](http://www.wao.gov.uk).

All our reports and publications are sent to the relevant bodies. Reports are also sent to our stakeholders and other interested parties, and placed on our website.