

Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2024

October 2022

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

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For each financial year, Section 20 of the Public Audit (Wales) Act 2013 requires the Auditor General and the Wales Audit Office jointly to prepare an estimate of the income and expenses of the Wales Audit Office and to lay that estimate before the Senedd at least five months before the beginning of the financial year to which it relates.

In accordance with Section 20 of the Act, each estimate must cover (amongst other things) the resources required by the Auditor General for the exercise of his statutory functions.

The Finance Committee of the Senedd may make any modifications to the estimate which it considers appropriate, but no modification can be made unless:

- The Auditor General and the Wales Audit Office have been consulted; and
- any representations that either may make have been taken into account.

The Welsh Ministers must each year move a motion in the Senedd under Section 125 of the Government of Wales Act 2006 that includes authorisation of the resources to be used (including accruing resources) and payments to be made by the Wales Audit Office. This Estimate sets out the amounts to be included in respect of the Wales Audit Office.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

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Foreword

Audit Wales exists to give the Senedd and the people of Wales confidence in a high-performing and accountable public sector.

Our Estimate for 2023-24 is the Budget Ambit contained in this document. We will provide separate supporting information on the Estimate for Finance Committee to understand how we will use the funding requested.

The Minister for Finance and Local Government set out the continuing uncertainty around future spending in her letter of 14 July 2022. We recognise this; but are also cognisant of inflationary pressures most notably on staffing costs and the need to respond to a new auditing standard – ISA315 – which we expect to have a significant impact on the cost of our audit work and consequently the fees that we will need to charge for that work. It was recently announced that audit fees in England for local government bodies could rise by as much as 150%.

For these reasons, our Estimate allows for an increase in our call on WCF for Audit Wales of just under 3% but a more significant increase in our audit of accounts fees associated with the implementation of ISA315. Taken together our total budget for the year will increase by 5.4%.

Our wide-ranging programme of value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts and Public Administration, Finance and other Committees. We audit the accounts and governance of over 800 public bodies across Wales, providing the principal means of assurance about how public money in Wales is being managed. From the Welsh Government itself to the smallest community council, through almost every area of public service delivery, the Auditor General can follow the public pound wherever it is spent.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Our supporting information sets out details of the savings we expect on our travel and accommodation costs which help to offset expected increases in staff costs.

For 2023-24 we have once again set challenging savings targets from both staff vacancy management and other areas of expenditure.

Our Annual Report and Accounts for 2021-22 sets out our record of achievement for the last financial year. In March this year we laid our Annual Plan for 2022-23 at the Senedd. This Estimate secures funding for our forward priorities for 2023-24 and provides indicative funding requirements to 2027-28. Our Annual Plan for 2023-24 will be laid before the Senedd before March 2023.

We look forward to discussing our Estimate with the Finance Committee in due course.



Lindsay Foyster

Chair, Wales Audit Office



Adrian Crompton

Auditor General for Wales

Budget Ambit 2023-24

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2024

- 1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.
- 2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2024, the Budget Motion will authorise:
 - the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
 - the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
 - the amount which may be paid out of the WCF to the Wales Audit Office.
- 3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.
- 4 Details of how we propose to use this funding to deliver public audit in Wales in 2023-24 are set out in our supporting information.

Exhibit 1: summary of the estimated 2023-24 budget requirements

	£'000
Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office:	
• Revenue	8,142
• Capital	310
Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office.	16,133
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	8,922

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2024.

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

	£'000
Net request for resources – revenue and capital	8,452
Non-cash adjustment – depreciation and interest charges	(360)
Lease rental payments	280
Non-cash adjustment – movements in working capital	550
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	8,922



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