

Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2025

October 2023

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. It provides transparency and accountability for taxpayers and their elected representatives. It provides public bodies with accurate and reliable financial information with which to plan and manage their services and finances effectively.

Our value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts & 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.

Public audit provides the Senedd, public bodies and the public with independent assessment of the use and management of public money and early warning of problems. When the quality or timeliness of audit reduces, the risks of waste, fraud, and mismanagement increase.

The Minister for Finance and Local Government set out the challenges for public sector spending in Wales in her letter of 12 July 2023 – noting that for 2024-25 Main Expenditure Group allocations are just 1.4% higher in cash terms than for 2023-24.

We recognise this pressure on the public finances. Indeed, it is that pressure that makes the work of Audit Wales all the more essential. The need for value for money from every pound of public spending, and for trusted, timely assessment of the state of financial management and governance in the Welsh public sector, has never been greater. It is the responsibility of the Auditor General and the Wales Audit Office Board to make clear to the Senedd what is needed to provide that through a strong, sustainable, independent public audit office. Without such an office, the risk of failing to make best use of those scarce resources is greatly increased. And the cost to the public purse of the weaknesses that quickly arise as a result, far outweigh the cost of maintaining a properly resourced, high quality public audit regime. The total cost of delivering the independent assurance and insight of Audit Wales represents a little over 1 penny for every £10 spent on devolved public services in Wales.

This Estimate reflects the need for investment in recruitment, training and development of the professionally qualified staff needed for the long-term sustainability of Audit Wales. It also seeks funding to address more immediate and acute pressures that threaten our ability to deliver the expectations of the Senedd. These include addressing the recruitment, retention and morale challenges resulting from pay uplifts over the last two years below those seen in the rest of the public sector; and the aggressive competition for staff that we face from the private sector, primarily in England.

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. To help offset increasing staff costs, we are taking difficult decisions to reduce our non-staff expenditure. We have moved to smaller, cheaper offices in both South and North Wales, significantly reduced our travel and associated costs, and removed financial allowances previously paid to staff. Through our Financial Sustainability Review, we have an established mechanism to challenge our operating model and for identifying any further opportunities for savings and efficiencies. For 2024-25 we have once again set challenging savings targets from both staff vacancy management and other areas of expenditure.

Taking all this into account, our Estimate allows for an increase in our baseline call on WCF for Audit Wales of 5.9%. An average increase in our fee rates of 6.4% is allowed for in the draft Fee Scheme appended to the Estimate.

Our [Annual Report and Accounts for 2022-23](#) sets out our record of achievement for the last financial year. In April this year we laid our [Annual Plan for 2023-24](#) at the Senedd. This Estimate secures funding for our forward priorities for 2024-25 and provides indicative funding requirements to 2028-29. Our Annual Plan for 2024-25 will be laid before the Senedd before March 2024.

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



Dr Kathryn Chamberlain
Chair, Audit Wales



Adrian Crompton
Auditor General for Wales

Budget Ambit 2024-25

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2025

- 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 2025, 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 2024-25 are set out in our supporting information.

Exhibit 1: summary of the estimated 2024-25 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	9,149
• 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.	17,476
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	9,127

- 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 2025.

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

	£'000
Net request for resources – revenue and capital	9,459
Non-cash adjustment – depreciation	(280)
Non-cash adjustment – IFRS16 Depreciation and interest	(356)
Lease rental payments	104
Non-cash adjustment – movements in working capital	200
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	9,127



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We welcome correspondence and
telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.