



# **Sustained impact in a time of change**

Wales Audit Office Strategy 2009-2012

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May 2009





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# Our mission and approach


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- 1 Our mission is and will continue to be to make public money count, promoting improvement so that people in Wales benefit from well-managed, accountable public services that provide the best possible value for money. Over the first three years of the life of the Wales Audit Office we have pursued that mission by developing the three main areas of our role, namely to provide assurance, to promote improvement and to offer insight.
- 2 Our independence is paramount. It underpins all our activities and strategic choices. Our style of operation is characterised by discernment, rigour and clarity. We support the Auditor General to use his powers to their full extent in the public interest. We seek always to respect the different constitutional arrangements and accountabilities of the bodies we audit and inspect.
- 3 The Wales Audit Office aims to be clear and open in all its dealings with customers and other stakeholders. We are happy to explore new ideas and working methods and we always aim to be responsive and approachable, using the medium of the Welsh language where appropriate. Our public information policy is to be as open as possible within the legislative framework. We are keen to share information with other organisations and bodies, and collaborate wherever possible.
- 4 Finally, the Wales Audit Office is characterised by clear, logical thinking in its working methods and its products and services. We have adopted clearly defined objectives and quality standards in our work, and pursue them with thoroughness. In doing so, we employ the highest professional and ethical standards and management techniques.
- 5 The Auditor General applies clear criteria in deciding how, when and in what areas of the public service to undertake discretionary work.
- 6 Broadly, he will assess:
  - the levels of public interest and concern;
  - whether the Wales Audit Office is in a position to facilitate or achieve a suitable outcome;
  - the scale of the issues and the risks involved;
  - whether the lessons learned will be transferable;
  - if the work is timely; and
  - whether it is better to work solely or with others.
- 7 These criteria will also influence the way we disseminate and publicise our findings and recommendations.

# A summary of our work

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- 8 In 2006, we chose five key themes – areas where we felt we could make the most impact in the first three years of the Wales Audit Office. They were:
- partnerships and collaborative working;
  - the quality of financial and performance management;
  - whole systems thinking and responses;
  - corporate governance and tackling fraud; and
  - sharing good practice.
- 9 We have maintained a consistent emphasis on the five key strategic themes set out in our first Strategy.
- with regard to partnership and collaboration, we have:
    - been active and productive members of the UK Public Audit Forum and the Wales Heads of Inspectorates Forum;
    - contributed to the development of the Wales NHS Concordat and related projects to improve the co-ordination of external review in health;
    - developed further the role of the Inspectorate Forum to improve the co-ordination of external review in local government; and
    - fostered good working relations across central and local government, especially in health and social care communities, housing, environment and education.
  - with regard to financial and performance management, we have:
    - supported the delivery of faster closing of accounts across the Welsh public sector;
    - delivered new and more effective products, guidance and support to those charged with administering and accounting for publicly funded grants; and
    - been especially responsive to need in the NHS in Wales in terms of data quality and improving financial management.
  - with regard to working across whole systems, we have:
    - delivered studies that cross organisational boundaries to focus on the needs of the user, such as work on delayed transfers of care and increasing physical activity; and
    - chosen for our studies universal, transferable themes, such as asset management and managing sickness absence, wherever appropriate.
  - we have enhanced and developed our work in relation to governance and fraud in a number of ways:
    - building on our involvement with the National Fraud Initiative to encourage greater participation and use of the information to identify savings for the public purse; and
    - supporting public bodies in strengthening their governance arrangements and helping to tackle problems.
  - we have made considerable progress in relation to sharing good practice:
    - developing the Good Practice Exchange website;
    - launching learning modules on topics ranging from fleet management to grants; and
    - holding shared learning events with attendees from across the public sector in Wales.
- 10 In the early years, we naturally focused much of our effort on establishing ourselves as a strong and well-managed organisation. We had clear objectives, namely to:
- make good use of our people and other resources;
  - use the right systems and processes; and
  - provide appropriate products and services.
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- 11 We have made considerable and measurable progress against these objectives. Our achievements include:
- establishing new ways of working:
    - through matrix working to make the best use of our skills and expertise;
    - introducing techniques to make our work clear, brief and more rigorous, notably the twin techniques of Issue Analysis and Drawing Conclusions; and
    - effectively exploiting ICT to make our work more efficient and secure.
  - we have delivered new and better products and services, increasing the focus of our fieldwork and the impact of our reports, and introducing new, successful products such as the Good Practice Exchange and related work.

12 We have voluntarily adopted and exceeded the Assembly Government annual one per cent efficiency savings target. We assured these savings by independent audit review. We have also developed detailed plans to meet this challenging target which is likely to be increased in the future.

13 We acknowledge that the Wales Audit Office still has scope to improve the timeliness of its reporting and will reflect this objective in our operational planning arrangements.

14 The positive feedback we receive from public sector bodies, decision makers and citizens indicates their satisfaction with our impact. We gather this feedback through a wide range of mechanisms including consultations, correspondence and surveys of our key stakeholder groups. More detail on our performance is available in our annual reports on our website [www.wao.gov.uk](http://www.wao.gov.uk).

### A changing landscape

15 The Wales Audit Office is an independent and authoritative voice. Having established itself as a trusted and valued institution within the landscape of external scrutiny, review and improvement, it now finds itself in an environment of considerable change. Changes in administration in government, developments in the Welsh policy context, reform of services and new legislative frameworks now make it opportune to review our strategic direction. The Welsh public sector will be increasingly shaped by the shared UK principles of sustainable development. They are described in terms of the ambition to live within environmental limits and achieve a just society by means of:

- a sustainable economy;
- good governance; and
- sound science (in our context a sound approach to gathering and evaluating appropriate evidence).

16 The Wales Audit Office will respond to developing challenges with an increasing focus on what is sustainable in our work through:

- reflecting an accurate and timely picture of the use of public money to decision makers and the public;
- being flexible and responsive to rapidly changing environmental and socio-economic conditions;
- strengthening our focus on the citizen;
- identifying and helping to implement good practice; and internally by:
  - further development of our arrangements and functions; and
  - maximising our impact by undertaking fewer but bigger projects.

# Our strategic themes

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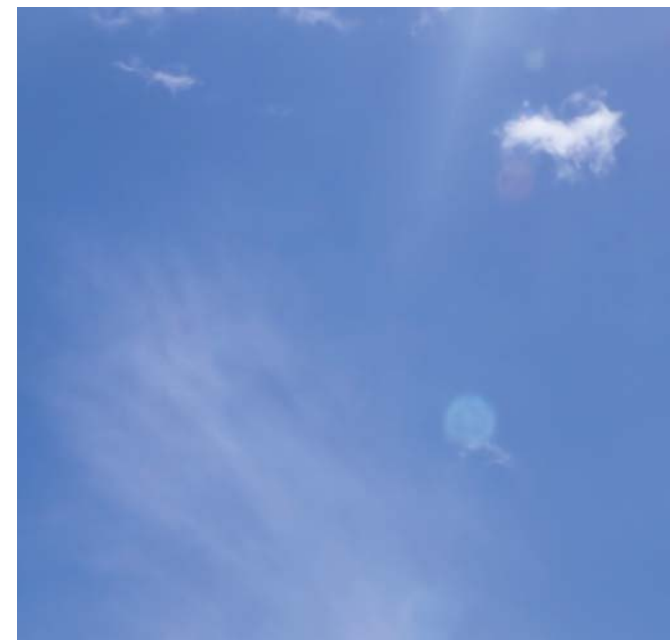
17 Our diagnosis of the areas where the Wales Audit Office has the potential for the greatest impact in the next three years has led us to develop six main strategic themes for our work over the period of this Strategy:

- helping Welsh public bodies to improve their use of resources within the growing constraints of the economy and environment;
- promoting improved comparisons, clear performance data, and accessible reporting to decision makers and citizens;
- promoting better outcomes for citizens by working across boundaries to improve the way public services are planned, delivered and reviewed;
- supporting the reform of the NHS by providing high-quality and timely assurance, challenge and diagnosis;
- supporting the translation of Assembly Government strategy into action, both directly and through others; and
- helping to ensure the implementation of the proposed Local Government Measure delivers improved services and relationships.

18 We will focus our work on these themes in the following ways:

- helping Welsh public bodies improve their use of resources within the growing constraints of the economy and environment by:
  - providing greater public assurance by assisting citizens to hold public bodies to account for their use of resources;

- helping them make the most of all the assets at their disposal through innovation, where appropriate;
- supporting the management of major public investment, in a potentially compressed timeframe;
- helping identify and realise genuine efficiency gains, economies and beneficial environmental impacts;
- supporting them in responding to changing patterns of demand and funding; and
- identifying scope for sharing skills, expertise and resources within and between public bodies.
- promoting improved comparisons, clear performance data, and accessible reporting to decision makers and citizens by:
  - helping to secure clear improvements in the quality and relevance of performance data;
  - providing clear and objective assessments of comparative performance over time and of the potential to improve;
  - encouraging public bodies to use data well to inform citizens, make better informed decisions and manage and improve performance; and
  - designing more of our work explicitly with the citizen's concerns and interests in mind.
- promoting better outcomes for citizens by working across boundaries to improve the way public services are planned, delivered and reviewed by:



- encouraging bodies to work together, where appropriate, to plan and deliver public services across sectoral boundaries and make the best use of their combined resources by:
  - supporting developing arrangements for shared governance and budgets;
  - evaluating and sharing lessons from emerging models both within and outside Wales;
  - facilitating shared learning; and
  - focusing our studies increasingly on whole systems reviews.

- working collaboratively with other external scrutiny bodies within and outside Wales by:
  - whole systems work designed to examine public spending irrespective of who delivers the services, especially where new service models are being used;
  - offering insight into developing policies based on our broad perspective and sound evidence-based understanding of Welsh public services; and
  - sharing our skills and expertise with other external scrutiny bodies to maximise our impact and make better use of resources.
- supporting the reform of the NHS, providing high-quality and timely assurance, challenge and diagnosis by:
  - providing guidance and support through the transition processes;
  - supporting the start-up phase;
  - helping the NHS secure continuity of delivery during a period of change; and
  - helping the NHS realise the potential benefits of reform by:
    - providing an objective narrative on the impact of the changes;
    - helping shared learning between Welsh bodies and bodies outside Wales; and
    - supporting local government as it responds to the changes in the NHS.
- supporting the translation of Assembly Government strategy into action both directly and through others, by:
  - providing insight and assurance about its internal mechanisms and processes;
  - helping it to realise the potential benefits of its new organisational structure (more focused management, action across portfolios, efficiencies, better policy advice and improved performance);
  - evaluating its work with others to improve whole systems;
  - evaluating its work through others to improve whole systems; and
  - sharing learning from other relevant areas.
- helping to ensure the proposed Local Government Measure is implemented so as to deliver improved services and relationships by:
  - establishing and using new methodologies for reporting on local government improvement in a clear, helpful and consistent way;
  - using these mechanisms to identify and direct our audit activity where improvement is most needed; and
  - exploiting the opportunities the proposed measure presents to enhance collaboration in pursuing improvement.

# Our core business activities

- 19** In the first part of this Strategy, we have outlined our strategic, time-specific themes for the period. However, our ongoing mission provides the context, and our core business activities are the means through which we will pursue them. This part of the Strategy outlines how our core business objectives – to provide assurance, promote improvement and offer insight – will help us to achieve our mission and support our strategic themes.
- 20** The Auditor General's Code of Audit and Inspection Practice, which is available on our website at [www.wao.gov.uk](http://www.wao.gov.uk), sets out the key principles by which we operate.



- 21** The core business activities of the Wales Audit Office operate within a framework of robust governance and accountability arrangements. These arrangements include:
- the overview of an Audit and Risk Management Committee that is made up of independent members who review the Wales Audit Office's accounts and its financial and reporting arrangements;
  - external audit appointed by the National Assembly, effective internal audit, risk management and quality assurance arrangements; and
  - external peer review.
- 22** Given our unique position in Wales and our success to date, we expect that the Wales Audit Office will continue making a positive impact on the Welsh public service in this era of particular change.

## Providing assurance

- 23** We provide assurance to our stakeholders, including the public, in a variety of ways and we will continue to provide them with appropriate assurance on the use of public money.
- 24** A key aspect of our work is to provide assurance and help strengthen arrangements for financial management, financial reporting and the detection and prevention of fraud. The work of the Wales Audit Office covers the audit of accounts of 119 principal audited bodies and 750 other bodies. The implementation of the Government of Wales Act

2006, which re-established the office of the Auditor General with its existing functions, also created a Welsh Consolidated Fund giving him new functions from 1 April 2007.

- 25** As well as auditing the accounts of the Assembly Government and the National Assembly, we provide reports and briefing for some 20 meetings each year of the National Assembly Audit Committee to enable it to scrutinise and hold the Executive to account. If the proposed NHS reforms proceed to timetable, then during 2009 we will audit both the annual accounts of the existing NHS bodies and the accounts for their final six months. We will provide both the outgoing and new bodies with information and advice on financial and performance matters to assist a smooth transition. The Auditor General's guidance to auditors who are assisting the transition process will contain a complementary governance tool. The Auditor General also proposes to undertake a good governance review across all local authorities in Wales.
- 26** Grant-paying bodies and other agencies may ask the Auditor General (or his appointed auditors) to certify claims for grant or other financial returns. Certification aims to provide reasonable assurance that claims and returns are fairly stated and in accordance with the specified terms and conditions of the awarded grant. Currently, we provide this service across a large range of public bodies for 63 grant schemes that are collectively worth over £3 billion a year.

**27** Together with other UK audit agencies, the Assembly Government and the UK government, we have developed new specific legislation for data matching work designed to detect and deter fraud. In consultation with the Information Commissioner, we have also developed a Code of Data Matching Practice to help protect personal information in our data matching work. In this context, the National Fraud Initiative has proved to be a highly effective tool in reducing, for example, the value of housing benefit fraud, payments made in respect of deceased pensioners and fraud by public sector employees. It has also delivered significant non-financial benefits to public sector bodies in Wales. The Auditor General wishes to extend participation in the National Fraud Initiative to all Welsh public bodies. He will seek to develop the National Fraud Initiative web tool.

**28** The Auditor General is now responsible for inspecting all aspects of the housing and council tax benefit services provided by councils in Wales. We have worked closely with local government practitioners to develop a new assessment framework. The revised, more proportionate approach to local risk-based inspection will be introduced in 2009. To help ensure a joined-up response to serious crime we have developed, and continue to operate, anti-money laundering arrangements.

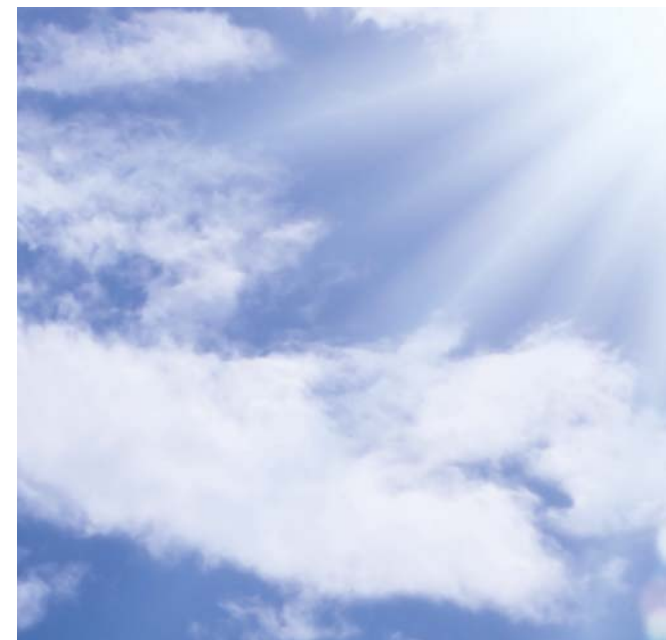
**29** The Auditor General also has a specific statutory role as a 'prescribed person' under the Public Interest Disclosure Act 1998 to receive disclosures that relate to the proper conduct of public business, value for money, and fraud and corruption in relation to the provision of public services commonly known as 'whistle-blowing'.

### Promoting improvement

**30** We intend to continue to help public services realise benefits for service users by maximising the opportunities created by key changes.

**31** In a typical year over the period of the previous Strategy, we have undertaken over 500 national and local reviews and made recommendations for improvement across a wide range of public services. Public bodies have, almost entirely, accepted and acted on our recommendations. Much of our work has focused on issues of concern to particular local communities such as waste management, the condition of school buildings, roads and houses and the capacity of local health services to sustain high-quality provision. We have also worked extensively with the leaders of local bodies and their staff to ensure that governance and management are effective in supporting the delivery of front-line services.

**32** We have added value through our national and local work. We have addressed issues of national concern, including delayed transfers of care, ambulance response times and hospital-acquired infections.



**33** As part of an exciting development, we have created a Good Practice Exchange website that has received over 45,000 visits in the 20 months it has been in place, with topics like sickness absence management consistently receiving numerous visits each day. The Good Practice Exchange hosts over 250 case studies covering a wide breadth of public sector activity and continues to grow as organisations provide us with good practice information. Topics such as fleet management and delayed transfers of care are very popular and attract attention from outside Wales, where organisations are using the information to help improve their services.

- 34 We have held very successful shared learning events to supplement the web-based activities that bring people from across the Welsh public sector together in an environment that promotes the exchange of knowledge and experience. Over 400 Welsh public service leaders have attended shared learning seminars on a range of topics. The most high profile of these was our fleet management conference in November 2008. It was just as successful as the earlier, more intimate series of sessions, which focused upon flexible working arrangements. We are currently undertaking a review of buildings management, which is likely to follow a similar format.
- 35 The reform of the NHS and the Assembly Government's proposals to improve the accountability framework for local councils offer opportunities. Both have the potential to improve services for local communities and give citizens a greater voice in how those services develop and are delivered. But, these changes come at a time of significant and ongoing instability in global markets. Public expenditure will be under even greater scrutiny as we seek to both mitigate the effects of recession and deliver step change in service improvement.
- 36 We are already helping to shape these developments. A key part of our role is providing an independent and objective view of the weaknesses in the existing arrangements that constrain the drive to improve citizens' quality of life. We will continue to challenge decision makers in the Welsh public service to ensure that the opportunities for continued and sustained improvement are not lost.
- 37 The Wales Audit Office has a key role in developing the effective co-ordination of external review. We are one of several audit, inspection and regulatory bodies working to ensure that public services, and those who provide them, are accountable to the communities they serve. In fulfilling that role, we have come a long way in implementing a co-ordinated – and in appropriate cases a joint – approach to our work. By working across institutional boundaries, we are developing a pool of knowledge, skills and experience that we can use to inform our individual work programmes and identify areas of actual or potential duplication.
- 38 The Assembly Government's Policy Statement on Inspection, Audit and Regulation sets the agenda for a collaborative approach that we have already embraced. We are working closely with the Care and Social Services Inspectorate Wales on the development of a new framework for the inspection of social services that complements the broader local government regulatory framework. We also work closely with Estyn, undertaking joint inspections of some services, and with Healthcare Inspectorate Wales. This means that we are well placed to contribute to deliberations on its new approach to inspection.
- 39 Looking further ahead, we see considerable potential for the Local Government Measure to enhance the co-ordination of the inspection and regulation of local councils.
- 40 The ability to benchmark themselves against each other is a key component of improvement. It allows them to identify the lessons that better performing organisations may have to offer, accepting that good practice is not always transferable. Part of our role will be to support public bodies to improve the range, quality and use of key information. The Auditor General intends the Wales Audit Office to play a significant role in developing effective comparison arrangements both within and beyond Wales. We have already undertaken work across Wales in areas such as sickness absence and maternity services, to benchmark performance across England and Wales. Future work includes opportunities to compare performance within Wales and beyond in relation to the European Working Time Directive, the consultants' contract and ward nursing. Appropriate comparison will be one of the tools we will use to assist public bodies identify and achieve real and sustainable efficiency gains.

### Offering insight

- 41 In the period covered by our last Strategy, we have helped key decision makers and the public understand complex issues of major concern. These issues have included NHS waiting times, school funding arrangements, chronic condition management, NHS financial management and major IT contracts. Some of this work has been progressed through collaboration with other review bodies. For example, the Red Dragon project undertaken jointly with the National Audit Office covered both Welsh and Ministry of Defence perspectives on the project.

- 42 We have examined whole systems to determine interrelationships between the parts and diagnose the cause of systematic problems. A good example of this is our work on physical activity. This was an examination of the whole delivery chain from the Assembly Government strategy through to the many organisations involved in delivering the strategy. We intend to place more emphasis on this type of work to provide policymakers with insight when developing new policies and to evaluate the impact of existing policies. Future work of this nature will include topics such as adult mental health services and coronary heart disease.
- 43 Opportunities to expand our role in offering insight are presenting themselves in all sectors of the Welsh public service, as evidenced by our choice of strategic themes. Our core work will continue to offer insight into complex whole systems from the perspective of the service user such as new mothers, as part of our maternity study, and we will increasingly involve service users as an important source of evidence.
- 44 We aim to communicate our conclusions clearly and appropriately to provide the maximum insight to decision makers and citizens. Our use of the techniques of Issue Analysis and Drawing Conclusions is expanding and will continue to lead to a sharp focus for our studies and logically structured, clearly presented reports that achieve their necessary impact. Indeed, these techniques are attracting interest from the European Court of Auditors and we are developing a mutually beneficial relationship that adds value for both audit bodies.
- 45 We are often asked to provide perspectives on the plans and proposals of other key agencies in Wales and further afield. Typically, we would provide considered responses to well over 50 such requests each year. To enable greater public understanding of our work and the issues that it concerns, we have responded to requests for information appropriately and in the public interest. We have also provided guides to the information that we make available in accordance with the Freedom of Information Act and guides to other services we provide for the public.
- 46 In addition to the many items of correspondence received and responded to by his staff, 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. As in previous years, this has provided additional information for the Auditor General's mainstream work and indicated topics of concern outside official channels.

## Reviewing and reporting our progress

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- 47** The Auditor General, partners of the Wales Audit Office and the Audit and Risk Management Committee will review our progress regularly. In the light of these reviews, we will amend the programmes and action plans that provide the framework for our projects and delivery. We will make the necessary connections between our strategic objectives and the project and personal objectives that drive our day-to-day work. Our performance appraisal and management systems will derive from our objectives and our developing, results-focused performance measures.
- 48** The Auditor General will publish his Annual Report each year between June and August and will report on the progress of the Wales Audit Office in achieving our mission.

# Developing our Strategy

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49 We have developed this document with the whole of the Wales Audit Office staff and many of our key partners and stakeholders have shared their perspectives on our approach. We have carefully considered all these comments and, where appropriate, revised the Strategy.

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