

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Update on work-plan

## Memorandum for the Public Accounts Committee



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this Memorandum for the  
Public Accounts Committee in accordance with  
various statutory provisions.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

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The Auditor General, together with appointed auditors, also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

For further information please write to the Auditor General at the address above, telephone 029 2032 0500, email: [info@audit.wales](mailto:info@audit.wales), or see website [www.audit.wales](http://www.audit.wales)

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# The roles of the Auditor General and the Wales Audit Office and how we support the Public Accounts Committee

- 1 This paper provides the Public Accounts Committee (the Committee) with:
  - a a brief summary of my role as Auditor General, the role of the Wales Audit Office and how we support the Committee;
  - b an update on work in progress that could support the Committee's own work programme between now and summer 2017;
  - c an overview of some of the impacts of my recent audit work;
  - d an opportunity to start a discussion about future value for money studies<sup>1</sup>; and
  - e an opportunity to consider the key residual issues that the previous Committee set out in its [legacy report](#).
- 2 This paper is intended as a general overview of current and planned audit work that could support the Committee's own programme. Members can find more detail in our [Annual Plan 2016-17](#) on the role and work of the Auditor General and Wales Audit Office as well as our priorities for 2016-17 and beyond.
- 3 As I highlighted in my December 2015 [Picture of Public Services report](#), these remain challenging times for Welsh public services as they face the prospect of ongoing spending cuts and continued demand pressures, not to mention the uncertainty now arising from the result of the recent EU referendum vote. But there are also opportunities arising from changes in the public-service landscape. For example, to use tax-raising powers and other new legislation, such as the Well-being of Future Generations (Wales) Act 2015, to further policy goals and to harness the power of new technology to find more effective and low-cost ways of providing services. In this context, and as I enter the latter years of my tenure as Auditor General, it is my sincere view that audit, inspection and review remain as relevant as ever in order to ensure that the people of Wales know whether public money is being managed wisely, and public bodies in Wales understand how to improve outcomes.
- 4 This is also a period of constitutional change for Wales, as the UK Government proposes changes to Wales' devolution settlement in the Wales Bill 2016-17. Owing to the continued importance and relevance of my audit work, it is imperative that the Bill provides for the current statutory protections that preserve the Auditor General's independence to continue. Such protections safeguard good public scrutiny by ensuring that my work is, and is seen to be, objective, impartial and independent. The Bill as introduced provides for these important protections to continue, but it is vital that the Bill's passage through Parliament is kept under close review to ensure that these important protections are not removed.
- 5 As Auditor General for Wales, I am the statutory external auditor of most of the Welsh public sector. The Public Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, alongside a range of other legislation, provide the statutory basis for my work. I am responsible for the audit of the majority of public money spent in Wales, including the funds that are voted annually by the National Assembly.

<sup>1</sup> I am required under the Government of Wales Acts 1998 and 2006 to take account of the views of the Committee as to the examinations and studies to be carried out under those Acts of the Welsh Government, Welsh Government Sponsored Bodies and other Welsh Government-related bodies, the Assembly Commission and NHS bodies.

- 6 The Wales Audit Office is a Board that employs professionally qualified staff and utilises other resources, including additional expertise from private sector accountancy firms, to enable me to carry out my functions. I use the resources provided by the Wales Audit Office to independently examine whether public money in Wales is being managed wisely and is properly accounted for.
- 7 Where it makes sense and is practical to do so, I look to carry out my functions alongside those of other relevant organisations. Assembly Members have been sent a **briefing paper** from Inspection Wales partners<sup>2</sup> which outlines the role of audit, inspection and regulation in Wales. The paper also highlights how the Inspection Wales Programme helps collaboration between audit and inspection bodies in Wales and provides practical examples. These examples include our work with Healthcare Inspectorate Wales on governance arrangements at Betsi Cadwaladr University Health Board and with Estyn in our reviews of regional education improvement consortia. However, my joint working extends beyond Inspection Wales partners, for example, to include the commissioners in Wales<sup>3</sup> and other UK audit bodies, and takes a number of different forms.
- 8 Wales Audit Office staff and I provide advice and support to help the Committee to carry out its work and to help maximise our collective impact. We provide briefings on the content of my reports, which help the Committee determine its subsequent course of action. We also provide advice and support to the Committee, as required, for instance: in supporting the development of members' briefings for evidence sessions with witnesses from the Welsh Government and other organisations; providing advice to support the development of the Committee's own reports; and in advising on the adequacy of the Welsh Government's formal responses to recommendations in the Committee's reports.
- 9 Historically, the Committee had focused almost all of its work on matters arising from reports published under my value for money study powers. However, as set out in the previous Committee's legacy report, more recently the Committee has changed the way it works to consider a wider range of topics. The Committee has taken a growing interest in matters arising from my local government study reports. While the Committee cannot hold councils directly to account, it can take an interest in national issues and the leadership role of the Welsh Government.
- 10 Also, the previous Committee instigated several of its own inquiries, as its legacy report showed. These inquiries included; Value for Money of Motorway and Trunk Road Investment, Senior Management Pay, Scrutiny of Accounts, and the Intra-Wales – Cardiff to Anglesey – Air Service. As part of these inquiries, I usually provide some factual evidence, for example, in the form of a memorandum or a letter, rather than a fuller value for money study.

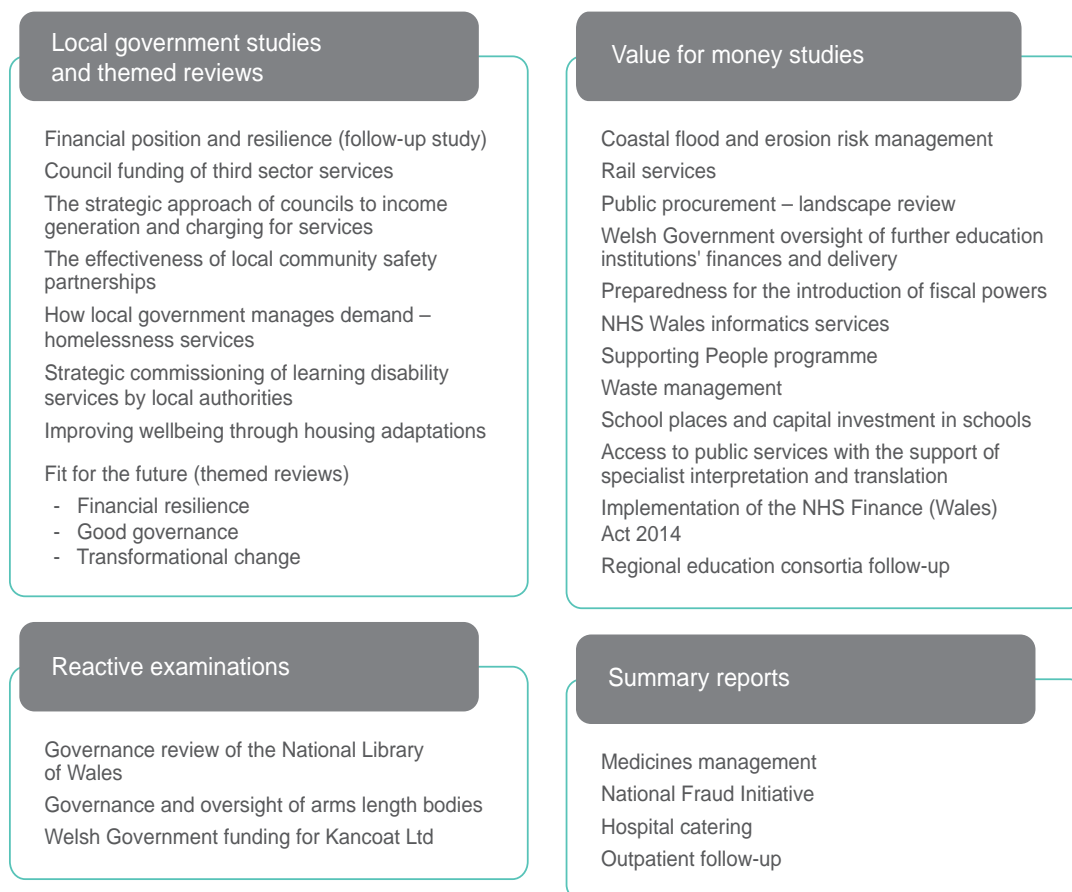
<sup>2</sup> The Inspection Wales partners are me and the Wales Audit Office, the Care and Social Services Inspectorate Wales, Estyn – Her Majesty's Inspectorate for Education and Training in Wales, and Healthcare Inspectorate Wales.

<sup>3</sup> We undertook the audit work for my October 2015 report on the independence of older people jointly with staff of the Care and Social Services Inspectorate Wales and the office of the Older People's Commissioner for Wales.

## Work in progress

- 11 **Figure 1** outlines the substantial body of work in progress that I expect to report on between now and summer 2017 which would be available for consideration by the Committee. This work is in addition to financial and performance audit work reported locally to individual audited bodies. There is local work in progress across the NHS on a range of topics. Following the completion of my local work, I will consider the appropriateness for each topic of producing an all-Wales summary report. In local government, I am carrying out three thematic reviews that will form part of the local programme of audit work this year. Once the local work is complete, I intend to produce an all-Wales summary report.
- 12 **Appendix 1** provides further details about the work in progress and estimated timescales for reporting. Our programme of work retains a degree of flexibility to respond to changing circumstances, priorities and risks. Much, but not all, of the audit work that we are committed to in 2016-17 will be completed in-year. Ongoing planning work during the year may result in new work getting underway during the financial year, for example, in response to areas of interest for the Committee.
- 13 During 2015-16, I set up a new 'investigative studies' team in the Wales Audit Office in order to strengthen our forensic audit capacity and our ability to respond more swiftly to issues of public concern as they arise with less impact on my planned programme of work. Members of the investigative studies team are currently working on the reactive examinations in **Figure 1**.
- 14 In addition to the work set out in **Figure 1**, I also intend to deliver work to develop and test my approach to discharging my responsibilities under the Well-being of Future Generations (Wales) Act 2015. In April 2016, I launched a **consultation** on the approach I should take to discharging my duties under the Act. I invited public bodies to express an interest in volunteering to work with me to develop and test the approach. The nature and timing of this work is uncertain, but I am intending to at least start some work during 2016-17. I will keep the Committee informed of progress with developing my approach and decisions about the future shape of my audit work in response to the Act.

Figure 1 – Work in progress



**Note**

This figure updates our Annual Plan 2016-17 with additional studies and outputs that we have decided to publish. Since producing our Annual Plan, we have changed the title of some studies as the scope of the work has become more clearly defined.



# Impacts of recent audit work

- 15 My work aims to provide insight, assurance and help public services to improve. The additional scrutiny provided by the Committee significantly enhances our impact, particularly in areas such as grants management where the previous Committee took a particular interest drawing on the findings of several different reports.
- 16 Our recent Annual Reports – for 2014-15 and 2015-16 – show how we are doing against our objectives and also provide case studies that demonstrate the impact of our work. In our most recent report, we have focused on governance work, including the impacts of governance work in local government, the NHS and central government. In 2014-15, our annual report highlighted the impact of work on issues including NHS waiting times, district nursing and managing early departures.
- 17 We make recommendations that aim to improve the economy, efficiency and effectiveness of Welsh public services. In 2015-16, almost all (98 per cent) of our recommendations were fully accepted for action by the relevant audited body. Going forwards, we are looking to develop a more systematic approach to tracking the implementation and impact of audit recommendations. I am particularly pleased that the survey findings summarised in my latest annual report show that our stakeholders generally agree that we have had a positive impact:
  - a 98 per cent of stakeholders considered the Auditor General to be an authoritative commentator;
  - b 80 per cent of stakeholders gained useful insight through our work; and
  - c 79 per cent of stakeholders believe our work has led to improvements in public services.
- 18 One way in which we intend to have impact during this period of austerity is by helping to identify potential savings. Of course, it is for audited bodies themselves to ensure they make those savings. The amount of savings we identify varies depending on the topics we look at in a year: some topics clearly better lend themselves to finding savings than others. In 2014-15, our reports identified £36 million of potential savings. In 2015-16 our reports identified some £11 million of potential savings. I am, however, mindful that, in the current climate, there is a risk that public bodies focus on short-term savings without giving due consideration to the wider and longer-term impact of changes made to deliver cost reduction. Indeed, the introduction of the Well-being of Future Generations (Wales) Act 2015 is likely to require some new thinking in that regard.

- 19 As the previous Committee's legacy report shows, my work can also help support the work of other scrutiny committees of the National Assembly for Wales. For example:
- a my report on **Young people not in education, employment or training** informed an Enterprise and Business Committee inquiry on Assisting Young People into Work; and
  - b my report on **Achieving improvement in support to schools through regional education consortia – an early view** informed scrutiny by the Children, Young People and Education Committee of the consortia arrangements in autumn 2015.

# Possible topics for future studies

- 20 In June 2015, I discussed with the previous Committee a range of potential topics that I was considering for inclusion in my programme of value for money studies in the coming years. Some of those proposals are now included as part of the work in progress (Figure 1). I would welcome members' views on whether they have a particular interest in any of the residual topics set out in Figure 2 or any other topics that they feel should feature in my work programme.
- 21 With a new Welsh Government, a new programme for government and taking account of the implications of the results of the referendum on EU membership, I intend to do further work to develop new proposals in light of current opportunities and risks to delivery and value for money across the Welsh public sector. I will report back to the Committee by early 2017 with an updated set of possible topics for studies for discussion.
- 22 I have recently set out an indicative plan for my local government national studies to 2018-19 following a recent consultation with local government bodies and other stakeholders<sup>4</sup>. In some areas, such as tackling alcohol and drug misuse, I am considering combining a local government focus with a wider focus on the Welsh Government's oversight as well as the involvement of the NHS. I should, however, stress that I will be revisiting the indicative programme of local government studies each year to consider other issues that emerge.
- 23 Alongside the proposals in this document, I may also carry out examinations as a result of correspondence. Such correspondence may come, for example, from the public, from a whistle-blower or from Assembly Members. These issues can arise at any point in the year. I do not carry out detailed examinations or produce reports for every piece of correspondence I receive. Where concerns about value for money or propriety are raised through correspondence, I consider whether it is in the public interest to examine the matters in more detail and to report formally on them. We have recently published an [updated guide for correspondents](#).

<sup>4</sup> The proposed local government study topics for 2017-18 are: **Tackling the causes and effects of drug and alcohol misuse; Using data effectively; How well do public services provide services to rural communities?**  
The proposed topics for 2018-19 are: **Implementing Social Services and Well Being Act; Tackling domestic violence; Are planning services delivering value for money?**

Figure 2 – Possible future study topics

### Examples of possible future value for money studies

NHS Wales shared services partnership (NWSSP)<sup>5</sup>

- Primary care services
- End-of-life care
- Bus services/concessionary fares
- Public sector broadband aggregation (PSBA) and Digital First
- Public investment in tourism promotion
- Enterprise zones
- Preparation for, and response to, animal diseases
- Stewardship of the natural environment and biodiversity

ICT in schools<sup>6</sup>

- Welsh for Adults
- Communities First
- Affordable housing
- Fuel poverty
- Regenerating Wales (Vibrant and Viable Places)
- Regulation of housing associations
- Welsh Government capacity and capability
- Welsh Government central ICT services
- Services for older people
- ICT asset management across the public sector
- Public health improvement

<sup>5</sup> Our current work on public procurement will give some consideration to NWSSP's work in respect of procurement.

<sup>6</sup> There are possible links here with the earlier reference to Public Sector Broadband Aggregation and Digital First.

# Issues arising from the previous Committee's legacy report

- 24 In March 2016, the previous Committee published its [legacy report](#). The legacy report makes 34 recommendations. I have included my thoughts on the recommendations for the Committee to consider in [Appendix 2](#).
- 25 Several of the recommendations involve me providing a briefing on a report due for publication at that time or that the previous Committee did not have time to fully consider. I would, of course, be happy to provide the Committee with such briefings. The Committee can then decide what action it wants to take on the back of such briefings.
- 26 Some of the recommendations relate to building on previous work by holding new or expanded evidence sessions. These include recommendations to include specific bodies within the scope of any future scrutiny of accounts work. They also include taking further evidence in response to issues raised in previous reports, such as the rollout of superfast broadband, as well as areas where the previous committee took some evidence or received a briefing from me but did not complete an inquiry, such as NHS waiting times and orthopaedics. I would be happy to advise the Committee as it considers taking these issues forwards.
- 27 Other recommendations call on the Committee to request further updates from the Welsh Government on its progress in implementing previous recommendations as well as keeping track of key issues identified in reports. Members may be aware that I provide the Committee with advice on the Welsh Government's response to recommendations and progress reports. Where I feel the Welsh Government is not responding appropriately, or conversely where it is making good progress, I will advise the Committee.

# Appendices

# Appendix 1 - Detailed picture of work in progress and timescales

## Reports due for publication between now and August 2016

### **Coastal flood and erosion risk management**

The study will examine the funding and management of coastal flood and erosion risk management. It will look at the Welsh Government's strategic oversight as well as local delivery and management.

### **Rail services**

This report will consider a range of issues including: the Welsh Government's powers over rail services and relationship with Network Rail; the overall level of investment in rail services over recent years (from different sources); the performance of the Wales and Borders rail franchise and the development of plans for the next franchise from 2018.

### **National Fraud Initiative**

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect overpayment and fraud. We intend to publish an overview of our work on the NFI during summer 2016.

### **The Welsh Government's funding of Kancoat Ltd**

The review will set out a factual account of the key matters relating to the Welsh Government's financial support package for Kancoat, set within the wider context of the Welsh Government's support for businesses in Wales.

### **Financial position and resilience (follow-up local government study)**

This report will look at the current financial performance of the 22 local authorities in Wales and the quality of their financial management arrangements, in order to determine their level of resilience in meeting the key future challenges. This work builds upon our earlier reports on the financial resilience of local authorities. The report also provides an assessment of the role of the Welsh Government in understanding the impact of changes in local authority budgets.

### **The effectiveness of local community safety partnerships**

This study will look at the effectiveness of community safety in Wales. The review looks at the effectiveness of partnership working, use of resources, planning and improvement activity and covers the Welsh Government, Police and Crime Commissioners and local authorities. The work also draws on the views of citizens on community safety and how effective public bodies are at keeping people in Wales safe.

## Reports due for publication between now and September 2016

### **Hospital catering follow-up**

This memorandum will provide a summary of progress made by NHS Wales to address the recommendations made by both the Auditor General for Wales and the Public Accounts Committee. It considers the extent to which NHS Wales has secured improvements in meeting patients' nutritional needs and their mealtimes experience, in controlling catering costs and planning and monitoring.

### **Governance review of the National Library of Wales**

Following correspondence about the leadership and governance of the National Library of Wales, and publicity about specific other concerns, the Auditor General indicated to the Library, Welsh Government and the Public Accounts Committee that he would undertake a review of the Library's governance. The report will provide insight to the Library's Board and senior management at a time of significant change in both its Executive and non-Executive leadership.

### **Outpatient follow-up appointments**

Our programme of local audit work has included a review of health boards' arrangements for managing follow-up outpatient appointments following concerns that some health boards had built up large backlogs of such appointments. A paper summarising the results of this work was produced in May 2016 to inform the work of the NHS Wales Planned Care Programme Board.



## Reports for publication between October 2016 and December 2016

### **Welsh Government oversight of further education institutions' finances and delivery**

This study considers the overall financial standing of the further education sector and the sector's financial planning and management arrangements, as well as the impact of recent structural changes across the sector and reductions in Welsh Government funding.

### **Governance and oversight of arms-length bodies**

This paper focuses on challenges and emerging trends in the governance, ethics and conduct of indirectly provided, publicly funded services in Wales. It sets out issues, explores causes and highlights learning points from previous audit work. It aims to prompt discussion amongst service leaders and stakeholders about how to ensure that the conduct of public business in Wales by individuals and entities demonstrates appropriately high ethical standards and meets public expectations.

### **Council funding of third-sector services**

The study looks at the overall scale of council third-sector funding in Wales, how councils effectively manage funding for third-sector services and review whether the principles of good governance and future generations in funding third-sector services are being followed. The review considers the different ways in which councils across Wales fund third-sector organisations highlighting the different approaches and the effectiveness of these.

### **Regional education consortia follow-up**

Wales Audit Office staff are supporting Estyn in the delivery of Estyn's inspections of the four regional consortia, building on our joint working in the review we reported in June 2015. Alongside this we will be considering the Welsh Government's response to our previous recommendations. The precise form of the output is not yet clear: it may be a short report or a letter to the Committee.

### **Medicines Management**

This report will consider whether NHS bodies are managing medicines effectively in primary and secondary care. In primary care, it will consider issues such as the strategic planning of prescribing across primary and secondary care, the delivery of national prescribing priorities and the securing of prescribing savings and efficiencies. It will also look at the adequacy of hospital pharmacy facilities and pharmacy staffing levels, and we reviewed the effectiveness of a range of processes related to the use of medicines in hospitals.

## Reports for publication between October 2016 and December 2016

### **The strategic approach of councils to income generation and charging for services**

This study includes an audit of councils' strategic approach to charging; the approval process for setting and reviewing charging within a council; and the impact of charging on services and service users. The work also compares the performance of Welsh local government with its counterparts in England and Scotland.

### **Preparedness for the introduction of fiscal powers**

The Welsh Government is set to acquire new tax-raising and borrowing powers during the term of the fifth Assembly. As part of the preparations for these new powers, Wales Audit Office staff have been attending meetings of the Welsh Government Treasury Implementation Board and the Finance Minister's Welsh Tax Forum as observers. Later this year, I intend to publish a commentary on the state of preparation for the introduction of these new fiscal powers.

## Reports due for publication between January and March 2017

### **Waste management**

This study will examine the degree to which the Welsh Government and its partners are providing sufficient capacity and support to manage current and future waste in an efficient, economic and effective way. The study is being carried out in three modules. Module 1 will look at waste generation and prevention and Module 2 will look at waste collection and recycling. We intend to report our findings from these modules by early 2017. The timescale for Module 3 will depend to an extent on the progress of Modules 1 and 2 but we are aiming to complete this stage of the work by summer 2017.

### **School places and capital investment in schools**

This study will provide an early view of the Welsh Government's strategic direction and oversight of the 21st Century Schools Programme to replace or upgrade schools across Wales. It will look at the rationale for the programme and investment, including projections of future demand for school places and school condition. Because the programme is at a relatively early stage, we will not be reviewing local delivery of new schools or upgrades. We are considering revisiting the topic and looking at local delivery when the Programme is more mature.

### **Public procurement landscape review**

The study will provide a broad overview of current public sector procurement arrangements in Wales. The study will cover procurement of goods and services across Central and Local Government, NHS, Fire and Rescue, Further Education, Higher Education, Police and Welsh Government Sponsored Bodies. It will look at collaborative procurement through the National Procurement Service and through other mechanisms, including those that are not specific to Wales (eg, Crown Commercial Services).

### **Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)**

This study will focus primarily on the financial benefits of integrated medium-term planning identified in the Explanatory Memorandum to the NHS Finances (Wales) Act 2014. We will also be taking account of the wider planning issues around linking financial and service plans. We intend to draw from our structured assessment work to look at aspects of local planning under the Act. However, we do not intend to carry out a full review of the quality of local plans, which are ultimately subject to Welsh Government assessment and Ministerial approval (or otherwise).

## Reports due for publication between January and March 2017

### **Fit for the future themed review: financial resilience**

The current difficult financial climate means that councils need to make significant savings and cost reductions. This study will examine whether councils' arrangements for planning savings support their wider financial resilience. It will build on our previous and current work looking at financial resilience across councils.

### **Fit for the future themed review: good governance**

The purpose of the review is to provide assurance that councils' governance arrangements are well-placed to respond to future challenges, as well as identify opportunities to strengthen arrangements and approaches. The review will also provide insight and promote improvement through assessment of each of the 22 councils' governance arrangements in relation to service change, taking into account revised CIPFA guidance, the Public Sector Equality Duty and the Future Generations (Wales) Act. The review will seek to highlight notable practice and lessons learned from councils' experiences of determining service change proposals.

## Reports for publication between April 2017 and July 2017

### **Supporting People programme**

This study will look at how effectively the Welsh Government is managing the Supporting People Programme which supports vulnerable people to live independent lives. It will look at improvements made since 2012, particularly in governance, the prioritisation of funding and the Welsh Government's evaluation of impacts in shaping the Programme to be fit for the future.

### **How local government manages demand – homelessness services**

Demand for public services in Wales is set to rise, putting a further strain on councils' budgets. Through focussing on how local authorities are managing demand for homelessness services the project will seek to draw out the wider principles of prevention and demand management and identify approaches councils might adopt in delivering other services.

### **Strategic commissioning of learning disability services by local authorities**

This study will examine the features and principles of effective strategic commissioning and how this contributes to improved outcomes and wellbeing for citizens in Wales. The work will build upon the recent National Inspection of Care and Support for People with Learning Disabilities undertaken by the Care and Social Services Inspectorate in Wales (CSSIW).

### **NHS Wales informatics services**

This study will take a whole-system look at the planning, delivery and management of national clinical ICT systems across Wales. It will look at the strategic direction provided by the NHS and the Welsh Government. It will look at the programme and project management carried out by the NHS Wales Informatics Service and the support and engagement from the wider NHS.

**Work planned but for which the publication date is yet to be determined/or is not scheduled until after summer 2017**

**Access to public services with the support of specialist interpretation and translation**

This study builds on previous Auditor General correspondence about interpretation services for sign-language users, to look more widely at the challenges faced by people who do not speak English or Welsh well or face other disadvantages in accessing public services and the extent to which public bodies in Wales have clear arrangements in place to provide interpretation and translation services to enable them to do so.

**Improving wellbeing through housing adaptations**

Housing adaptations have an important role to play in maintaining independent living, delivery of health and care services at or closer to home, better management of long-term conditions and prevention of high-cost incidents such as falls in the home. This study will look at housing-adaptation services provided by both local authorities and Registered Social Landlords (RSLs). The study will also involve health bodies by examining whether adaptations have speeded up discharge from hospitals or have helped to stop admissions.

**Fit for the future themed review: transformational change**

In finding ways to make services more efficient and effective, councils are increasingly aiming at transformational change. We intend to look at a specific aspect or aspects of transformational change in this study, but have not yet narrowed our scope down. We aim to have a clearer idea of the focus of the work by autumn 2016.

# Appendix 2 - Commentary on the recommendations of the legacy report of the Public Accounts Committee in the fourth Assembly

Legacy report recommendation	Auditor General comment
<p>Recommendation 1. We would like to request that the successor Committee has equivalent, regular meeting time status alongside the other main committees scheduled into the organisation of business in the fifth Assembly.</p>	<p>This is a matter for the National Assembly, However, I consider it would be helpful to ensure that the Committee has adequate time to take evidence and I shared the previous Committee's concerns about the impact of scheduling during the fourth Assembly.</p>
<p>Recommendation 2. We recommend that the successor Committee discuss with the Auditor General for Wales matters arising from the value for money study reports published during the fourth Assembly that we have not reported on ourselves.</p>	<p>I would, of course, be happy to brief the Committee on the issues on which the previous Committee did not report and to discuss options.</p>
<p>Recommendation 3. We recommend that the successor Committee continues to publish annual reports and debate them in Plenary.</p>	<p>This is a matter for the Committee and the National Assembly. However, I consider that the annual reports provide a helpful summary of the work of the Committee, and Plenary debate helps to raise the profile of the Committee's work and my underpinning audit work.</p>
<p>Recommendation 4: We recommend that the successor Committee continues with the scrutiny of accounts work that we started in the fourth Assembly, taking evidence from the Welsh Government and Assembly Commission on an annual basis and from other bodies on a cyclical basis (covering Welsh Government sponsored bodies, commissioners and the Public Services Ombudsman) and reflecting back on the response to recommendations from our previous work.</p>	<p>This is a matter for the Committee. However, I consider that the previous Committee's scrutiny of accounts work gave a helpful profile to my financial audit work and provided for useful scrutiny of organisations that are not regularly covered by my value for money studies work.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 5. We recommend that the successor Committee includes Natural Resources Wales in any scrutiny of accounts work in autumn 2016-17 to provide an opportunity to follow up on the Auditor General's February 2016 report on <b>The Development of Natural Resources Wales</b>.</p>	<p>The previous Public Accounts Committee did not consider my report, but Wales Audit Office staff briefed the previous Environment and Sustainability Committee on its findings. The Committee could discuss with the successor to the Environment and Sustainability Committee plans for further scrutiny.</p>
<p>Recommendation 6. We recommend that the successor Committee consider including the BBC's audited accounts as part of its annual account scrutiny work following agreement of the revised Memorandum of Understanding – BBC Charter Review/Welsh Government.</p>	<p>Following the publication of the White Paper on the BBC, the National Audit Office (NAO) looks set to become the external auditor of the BBC. This would add the financial audit of the accounts to the existing arrangements which provide for the NAO to report on value for money related issues.</p> <p>However, as Auditor General for Wales, I have no powers to review the BBC's accounts nor its activities in Wales. There are therefore limits to the support that I can provide myself to any Committee scrutiny in this area (as reflected in my correspondence with the previous Committee in March 2014). It may be appropriate for the new Culture, Welsh Language and Communications Committee to lead on any scrutiny of the BBC's accounts.</p>
<p>Recommendation 7. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the Intra-Wales – Cardiff to Anglesey – Air Service, including: trends in passenger numbers and the impact of the anticipated temporary closure of Anglesey Airport during 2016; any outcomes from the work to explore the potential opportunities for expanding operations at Anglesey Airport; and the outcome of the procurement of a new long-term operator.</p>	<p>A further written update from the Welsh Government in autumn 2016 should provide an opportunity to resolve some of the previous Committee's lines of enquiry.</p>



Legacy report recommendation	Auditor General comment
<p>Recommendation 8. We recommend that the successor Committee seek an update from the Welsh Government on the implementation of our recommendations on senior management pay at the end of 2016 and consider any issues arising from the publication by the Welsh Government of updated information on senior management pay rates across the Welsh public sector.</p>	<p>Given the slippage in the timescale for the implementation of the previous Committee's recommendations, further scrutiny of this topic by the new Committee is merited.</p>
<p>Recommendation 9. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the implementation of our recommendations [on the value for money of motorway and trunk-road investment] and discuss with the successor to the Enterprise and Business Committee any plans for further scrutiny of this topic.</p>	<p>There were several actions that the Welsh Government set out in response to the previous Committee's recommendations that were due to have been discharged by autumn 2016. As in 2015-16, scrutiny of the Welsh Government's budget should provide an opportunity to consider some of the issues raised by the previous Committee.</p>
<p>Recommendation 10. We recommend that our successor Committee continue to adopt this practice [of undertaking Committee-led inquiries] during the fifth Assembly.</p>	<p>This is a matter for the Committee. However, I am happy to continue to support the Committee in these inquiries by providing factual briefings to support scrutiny.</p>
<p>Recommendation 11. We recommend that the successor Committee receive a briefing from the Auditor General on his third <b>Picture of Public Services</b> report to provide a platform for the Committee's scrutiny work across a range of issues in the fifth Assembly.</p>	<p>I can provide Committee members with a formal briefing on my <b>Picture of Public Services</b> report. I will also be using the messages of that report to support the induction of new Assembly members.</p>
<p>Recommendation 12. We recommend that, when considering the Auditor General's planned report on the public procurement landscape in Wales, the successor Committee take the opportunity to revisit the response to recommendations from our September 2013 report on <b>The Procurement and Management of Consultancy Services</b>.</p>	<p>As noted in <a href="#">Appendix 1</a>, this report is due for publication between January and March 2017. While the report itself may not cover explicitly the response to the Committee's previous recommendations on consultancy services, I will look to prepare separate briefing material for the Committee on this topic.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 13. We recommend that the successor Committee continue to scrutinise the Welsh Government's progress in improving grants management, drawing on the Welsh Government's annual reporting and reflecting on any new evidence on grants management arising from the Auditor General's work or other concerns that are brought to the Committee's attention.</p>	<p>Given the Welsh Government's extensive use of hypothecated grant schemes, there is merit in the Committee continuing its predecessor's practice of taking oral evidence from the Permanent Secretary on his annual Grants Management report. Future audit reports may also include new coverage of issues relevant to the Welsh Government's grants management arrangements.</p>
<p>Recommendation 14. We recommend that the successor Committee considers progress in the level of compliance with the Welsh Housing Quality Standard in advance of the revised 2020 deadline for compliance across all social housing.</p>	<p>I will be considering the merits and timing of some follow-up audit work on this topic as part of my planning work over the next six months.</p>
<p>Recommendation 15. Taking account of work that Estyn will be taking forward, and any plans for further work by the Auditor General, we recommend that the successor Committee engages with the successor to the Children, Young People and Education Committee in the fifth Assembly to determine how best to undertake any further scrutiny of issues relating to cover for teacher absence and the use of supply teachers.</p>	<p>I have no immediate plans to follow up this work but I understand that Estyn will be reviewing issues relating to cover for teacher absence.</p>
<p>Recommendation 16. Drawing on the Auditor General's planned report on the financial resilience of local government in Wales and the evidence presented in the Auditor General's December 2015 <b>Picture of Public Services</b> report, we recommend that the successor Committee consult other relevant National Assembly committees in the fifth Assembly to agree an approach to ongoing scrutiny of the financial resilience of local government that aligns with plans for scrutiny of local government reform.</p>	<p>I intend to publish my follow-up report on the financial resilience of councils in summer 2016 (<a href="#">Appendix 1</a>).</p> <p>I am happy to provide the Committee with a briefing once the draft is published. The Committee can then decide how it wants to engage with other National Assembly Committees.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 17. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on action taken in response to our recommendations on responding to welfare reform.</p>	<p>I do not have any current plans for follow-up work on this topic but would be happy to advise the Committee on any issues arising from a future written update.</p>
<p>Recommendation 18. We recommend that the successor Committee reflect on the findings and recommendations from our inquiry on the Regeneration Investment Fund for Wales (RIFW) in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration, disposal of public assets or in the oversight of arms-length bodies. We also recommend that the successor Committee scrutinise the effectiveness of the Welsh Government's actions in response to our report, in order to satisfy itself and also seek assurance on behalf of the Welsh public that the issues which arose with RIFW will not be repeated.</p>	<p>Wales Audit Office staff are maintaining a close watching brief on the Welsh Government's continuing actions in response to the previous Committee's report on RIFW. As these include legal action, it may be some time before all matters are resolved.</p> <p>I will advise the Committee in due course if I identify any concerns in this regard that merit further attention by the Committee, for example, if future audit reports identify similar general weaknesses in governance and administration.</p>
<p>Recommendation 19. We recommend that the successor Committee reflect on the findings and recommendations from our inquiry on the River Lodge Hotel, Llangollen in the event that future inquiries identify similar weaknesses in Welsh Government governance and administration.</p>	<p>The recommendations in the Committee's report related to the lessons that could be learned to strengthen Welsh Government governance and administration (and did not relate to issues specific to the River Lodge Hotel case).</p> <p>If future audit reports identify similar weaknesses then I will bring these to the Committee's attention.</p>
<p>Recommendation 20. We recommend that the successor Committee receive a further update from the Auditor General on the changes that have been made to the audit approach for small bodies, particularly in the context of the audit of town and community councils, following the completion of the 2015-16 audits and any summary reporting on that work.</p>	<p>The timescales for my audit of town and community council accounts mean that the next summary report is likely to be published in spring 2017.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 21. We recommend that in addition to the update the Welsh Government has promised on the findings of the Glastir monitoring and evaluation programme, the successor Committee request that the Welsh Government provide a further update on its response to our previous recommendations. We also recommend that the successor Committee discuss with the successor to the Environment and Sustainability Committee any plans for further scrutiny of this topic.</p>	<p>I would expect that a further update from the Welsh Government should help to resolve the residual issues arising from the recommendations in the previous Committee's report.</p> <p>As part of my ongoing planning work, I will be exploring opportunities for future audit work and reporting in the context of the new 2014-2020 Rural Development Programme.</p>
<p>Recommendation 22. We recommend that the successor Committee consider taking further evidence from the Welsh Government and BT in autumn 2016 on the basis of its promised update on the rollout of the Superfast Cymru contract, and after discussing with the Auditor General his plans for any further follow-up work.</p>	<p>We will be considering the merits and timing of any further follow-up work on the basis of the promised update on rollout of the Superfast Cymru contract.</p>
<p>Recommendation 23. We recommend that the successor Committee seek an update from the Welsh Government in autumn 2016 on the implementation of our recommendations [in relation to Cardiff Airport].</p>	<p>In the first instance, the Committee will need to consider the Welsh Government's formal response to the previous Committee's recommendations and my advice on that response.</p>
<p>Recommendation 24. We took evidence on 8 March 2016 from the Welsh Government and Finance Wales and have written to the Welsh Government outlining our initial findings. We recommend that the successor Committee undertake a more detailed inquiry into the Wales Life Sciences Investment Fund early on in the fifth Assembly.</p>	<p>Given other competing demands on the Committee's forward programme, there may be limited benefit in undertaking further scrutiny of this topic. The Welsh Government and Finance Wales have implemented the recommendations made by their respective internal auditors, and it appears that the necessary lessons from my own audit report have been learned.</p>
<p>Recommendation 25. We recommend that the successor Committee consider the Auditor General's planned update on hospital catering and patient nutrition early in the fifth Assembly.</p>	<p>Wales Audit Office staff are currently drafting the all-Wales summary and it will be available this summer (<a href="#">Appendix 1</a>).</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 26. Taking account of any work planned by the Auditor General and/or Healthcare Inspectorate Wales, we recommend that the successor Committee engage with the successor to the Health and Social Care Committee in the fifth Assembly to determine how best to undertake any further scrutiny of maternity services.</p>	<p>I do not have any immediate plans to undertake formal local follow-up work on maternity services, although this could feature in subsequent years' work. The suggested liaison with the successor to the Health and Social Care Committee could include consideration of the merits of seeking an update on progress with maternity services from the Welsh Government.</p>
<p>Recommendation 27. We recommend that the successor Committee receive an update from the Auditor General on the findings from his recent local audit work on the NHS consultant contract, in the context of our previous recommendations on this topic.</p>	<p>Wales Audit Office staff are currently in the process of completing local audit work that has followed up previous audit recommendations in this area. I plan to write to the Committee summarising the key messages from this work. This communication would be ready for the Committee to consider when it reconvenes after the summer recess.</p>
<p>Recommendation 28. We recommend that the successor Committee receive a briefing from the Auditor General on his <b>Review of the Impact of Private Practice on NHS Provision</b> to inform a decision by the successor Committee on the merits of any further scrutiny.</p>	<p>The issues of private practice could potentially be picked up at a high level alongside any inquiry on NHS waiting times and orthopaedic services (see Recommendation 30 below). The Committee could also explore whether the successor to the Health and Social Care Committee could pick this up in more detail.</p>
<p>Recommendation 29. We recommend that our successor Committee consider any lessons arising from the Auditor General's report on the impact of the NHS Finance (Wales) Act 2014 and draw on that report to revisit more generally issues arising from our previous health finances work.</p>	<p>Wales Audit Office staff are about to start work on a review of the implementation of the NHS Finance (Wales) Act 2014. I intend to publish this report in the first quarter of 2017 (<a href="#">Appendix 1</a>).</p>
<p>Recommendation 30. We recommend that our successor Committee consider revisiting the issues of waiting times and orthopaedic services and hold an evidence session with the Welsh Government.</p>	<p>I consider that there would be merit in the Committee seeking an update on the latest position from the Welsh Government and holding an evidence session with the Accounting Officer in autumn 2016.</p>

Legacy report recommendation	Auditor General comment
<p>Recommendation 31. We recommend that the successor Committee seeks an update from the Welsh Government in autumn 2016 on action to discharge our previous recommendations on continuing NHS healthcare and on the overall progress that has been made in clearing retrospective claims.</p>	<p>I, and the previous Committee, have each reported twice on this topic. Wales Audit Office staff have been maintaining a watching brief, and further scrutiny by the new Committee would help to close the loop on the issues reported on previously.</p>
<p>Recommendation 32. Taking account of the work that is being undertaken by the Auditor General as part of his programme of local audit work across NHS Wales, we recommend that the successor Committee discuss with the Auditor General, and with the successor to the Health and Social Care Committee in the fifth Assembly, how best to undertake any further scrutiny of unscheduled care services.</p>	<p>Current local audit work is examining a number of related aspects of unscheduled care and patient flow, namely emergency ambulance commissioning arrangements, GP out-of-hours services and discharge planning.</p> <p>This local work will be substantially complete by the end of March 2017, and I will keep the Committee updated on my plans for summary reporting in the areas covered.</p>
<p>Recommendation 33. We recommend that our successor Committee monitor the progress Betsi Cadwaladr University Health Board makes during the period of special measures including GP Out of Hours services, and considers taking further oral evidence from the Health Board in Spring 2017.</p>	<p>Currently, I plan to undertake further joint follow-up work with Healthcare Inspectorate Wales on the Health Board's governance arrangements during the early part of 2017. The publication of the findings from that work could inform the suggested evidence session with the Health Board in spring 2017.</p>
<p>Recommendation 34. We recommend that the successor Committee consider the Welsh Government's response to the recommendations in our February 2016 report on <b>Wider issues emanating from the governance review of Betsi Cadwaladr University Health Board</b> and follows up on the implementation of related actions at regular intervals.</p>	<p>In the first instance, the Committee will need to consider the Welsh Government's formal response to the previous Committee's recommendations and my advice on that response.</p> <p>While the wider issues covered by this previous inquiry are important, the new Committee might wish to discuss with the successor to the Health and Social Care Committee any plans for further scrutiny. My planned report on the implementation of the NHS Finances (Wales) Act 2014 will also pick up some of the issues covered by the previous inquiry.</p>



Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: [info@archwilio.cymru](mailto:info@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)