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Wales Audit Office Chair: Valedictory reflections

As you are aware, my term of service as Chair of the Wales Audit Office draws to a close on 16 October 2020.

As I approach the final weeks of my tenure, I thought that it might be helpful to the Finance Committee if I were to set down in writing some 'valedictory' reflections on my seven-year term of office, and offer my personal perspective on the challenges, risks and opportunities facing Audit Wales as we emerge from the initial phase of our pandemic response.

Strengthening our governance

We have made significant improvements to our governance arrangements since the former Assembly's introduction of the Public Audit (Wales) Act 2013 and the establishment of the Wales Audit Office as a new body corporate.

When I took up my position as the first Chair of the Wales Audit Office in October 2013, I was acutely aware of the importance of us being a public audit body that 'practices what it preaches'. Our strategic aim as a Board from the very outset has been to become a model public sector organisation – and we have made very considerable strides in that direction over the last seven years.

The initial transition from the previous 'corporation sole' model to the new arrangements with a Board was both a challenge and a significant opportunity, and Huw Vaughan Thomas and I were determined to make a success of it. The changes to governance arrangements that we swiftly introduced included a stronger focus on strategic planning, greater rigour in our identification and management of risks, and the development of a robust suite of key performance

indicators and associated targets, all of which were embraced and owned by both the leadership team and our staff.

The Board also quickly made its mark in enhancing the levels of internal scrutiny and challenge applied to corporate strategies, policies, business plans and investment proposals, and we have continued to refine and improve those arrangements. We have also made considerable enhancements to the breadth, quality and accessibility of our key annual corporate publications, including our Estimate, Annual Plan, Interim Report, Annual Report and Accounts and Equality Report.

As the Committee will be aware, one unusual feature of our Board constitution is the statutory requirement for two of our nine Board members to be directly elected by our staff. This has been one of the key factors in our success throughout my tenure as Chair, and I would like to pay particular tribute to the staff members who have played such an important part in bringing their direct experience and perspectives as employees to bear so richly in our Board discussions.

I was particularly pleased to see the Welsh Government adopt the same approach for Board composition when it created the Welsh Revenue Authority in 2017, and I was delighted at the time to share my experiences with their incoming Chair on how to get the best from the 'employee member voice' in board discussions. I commend this aspect of our governance structures to those who are charged with designing future changes to the composition of the boards of other Welsh public bodies.

Securing better value for money in our operations

Throughout my time as Chair, I have been determined to keep a clear focus on securing value for money across both areas of our operations – audit delivery and running the business. In terms of cost savings, we have driven down our overall operating costs significantly since 2014, delivering significant real-terms savings over the last seven years. These have included:

- efficiencies totalling nearly £1 million in staffing costs through a range of initiatives, including the increased use of graduate trainees and apprentices, improvements to our processes for managing sickness absence and a re-balancing of grade mixes across both audit and corporate service teams;
- nearly £800,000 of savings from improvements to procurement practices and the outsourcing of our payroll and internal audit services; and
- over £130,000 reduction in travel costs from smarter working enabled by increased use of video technology for virtual meetings and sharing documents for online collaboration.

The Board continues to drive improvement across a range of important initiatives, including the current work on optimising our estate strategy and future ways of working.

Delivering improvements in change management

As a Board, we have also been working closely with the Executive Leadership Team to plan and deliver internal change with greater pace and in a more cohesive manner. During the past year we've created a small Change Programme Team to ensure we have the dedicated skills and capacity to deliver our ambitious change agenda in the years ahead.

Our new Change Programme comprises a coherent package of corporate initiatives (including a new Digital strategy, our Future Workplaces project and our Transforming Communications programme), and progress on each is reported regularly to the Board.

Our three-year Data Analytics pilot project, supported by the start-up funding provided by the Finance Committee, has been particularly successful and is delivering significant business benefits. At our most recent Board meeting we were therefore delighted to convert the project onto a 'business as usual' footing - recognising not only its valuable contribution to date, but also its huge potential for enhancing both the cost-efficiency and the impact of our audit work in due course.

Establishing an exemplar graduate trainee and apprenticeship scheme

Our graduate trainee scheme has gone from humble beginnings to a real area of strength over the period of my tenure. We are now an accredited training provider for three of the four UK professional accountancy bodies and the four-year scheme gives graduates the opportunity to gain a professional accountancy qualification whilst working to develop a range of other finance-related skills. In 2019, we recruited our largest ever cohort of trainees – 18 in total – taking the total number of trainees employed up to 49. A further 13 trainees will be joining us in Autumn 2020. In comparison, when I took up office in 2013, only a handful of individuals were part of the scheme.

Our trainees are also now offered the opportunity to undertake a six-month secondment in another part of the Welsh public sector as part of an award-winning collaborative Finance Skills and Development Initiative, supported by the Senedd Finance Committee.

In recent years, with full support from the Board, Audit Wales has introduced and is now expanding an apprenticeship programme. Our total number of apprentices currently stands at 11, and in 2021 we plan to launch a public sector finance apprenticeship in collaboration with other public bodies in Wales, to offer opportunities to a larger and more diverse range of individuals.

Gaining a better understanding of the employee experience

In October 2017, the Board introduced a more comprehensive annual staff survey to gain a deeper understanding of the employee experience at the Wales Audit Office and to give staff the opportunity to express their views on where we need to

improve. For the last three years, we have used the same core survey questionnaire as used in the Civil Service People Survey which covers a broad range of themes, from the leadership and culture of the organisation through to how individual teams function.

Overall, the results of the survey, which we now proactively publish in full on our website, continue to be very encouraging and compare strongly in comparison to the Civil Service average, and in many cases, place us within the Civil Service high performance benchmark (upper quartile). In particular, it is reassuring to note that Audit Wales colleagues feel a very strong attachment to the organisation, feel positive about the relationships within their teams and feel they have the tools to get on with their job effectively. This positivity is reflected in our strong overall engagement index score, which in 2019 was again above that of the Civil Service high performance benchmark.

We are not, however, resting on our laurels. Our survey results do not yet benchmark as strongly in the areas of leadership and change management, learning and development, and the effectiveness of performance feedback, and the information we gather through our survey is proving invaluable in informing our decision making for further improvement work in these areas.

Transforming the culture of Audit Wales

A particular focus for the Board under my leadership has been to oversee the transformation of the culture of our organisation. Traditional pyramidal hierarchies have now evolved into much more flexible structures, supporting agile cross-team working and a stronger sense of 'one team' identity. A new set of Audit Wales 'values' and 'behaviours' (developed from scratch by our staff, rather than by the Board) have taken root, and these have undoubtedly played a part in helping all of us to adjust to the challenges of remote working etc under the pandemic lockdown.

Whilst much of the impact of our culture change work has of course been intangible, its effects have been reflected in the improvements to our staff survey scores. In 2018, our cultural change project also won a UK-wide public sector communications award for best consultation and engagement campaign.

Meeting our equality objectives

Very much linked to our work on transforming the culture of the organisation, through the course of my tenure as Board Chair we have also been increasingly effective in the steps we have taken towards meeting most of our equality objectives.

As outlined in our recent equality reports, we now have well-established external engagement arrangements which we use to invite views from third sector organisations on proposals for the Auditor General's future work programme. We have also set up an internal equality interest group (named Pawb) to ensure effective engagement with employees and staff networks when designing and implementing our programme of equality work.

Each year, we undertake a series of robust impact assessments of relevant policies and practices (which also cover human rights and Welsh language considerations) and equality factors are given high prominence, where relevant, at key stages of our procurement processes.

We are also currently signed up to the Leonard Cheshire Change 100 and Chwarae Teg FairPlay Employer initiatives and continue to achieve accreditation for our website meeting international accessibility guidelines.

Improving our environmental performance

For several years, the Board has been working hard to improve our environmental performance and reduce our impact on the environment. In 2019-20, we were proud to maintain our accreditation at Level 5 (the highest level) of the Green Dragon Environmental Standard, demonstrating our ongoing commitment to effective environmental management.

As part of this commitment, since 2014-15 we have reduced our greenhouse gas emissions by over a third, and now offset all our emissions by funding equivalent carbon dioxide saving projects elsewhere. This improved performance has been enabled by a range of initiatives, including investment in video conferencing and remote working technology, the introduction of a new policy for business travel aimed at reducing our environmental impact and costs and protecting employee health and well-being, and improving the environmental performance of our offices.

Over the same period, we have halved our production of waste, significantly increased the proportion of our waste that is recycled and reduced our consumption of paper by over 40%. In late 2019, we published our first report on compliance with the Environment (Wales) Act 2016 Biodiversity and Resilience of Ecosystems Duty, which included six specific objectives to help us better perform the Duty in the future. In our most recent Annual Plan, we have also affirmed our commitment to embed the sustainable development principle to a greater extent in our decision-making processes.

Looking to the future

Whilst much has been achieved in the last seven years, I know that none of us at Audit Wales are complacent about the need for further improvements. Several challenges remain.

One such challenge is that the Board must continue to ensure that the Audit Wales operating model, which is largely driven by the costs of retaining a professional and talented workforce, provides value for money and is sustainable in the longer-term. I have encouraged the Auditor General and incoming Chair to ensure that the debate about our longer-term fee strategy and the balance between financing from the Welsh Consolidated Fund and audit fees remains live and ongoing.

Another challenge, which we share with many other organisations, is the long-standing need to increase diversity among our workforce, particularly at the more

senior levels. Whilst, as outlined earlier, we have been extremely effective in the steps we have taken towards meeting most of our equality objectives, as a Board we are acutely aware of the need to take steps to narrow our overall gender pay gap, increase BAME representation and strengthen our Welsh language capabilities. While some good progress has been made in this area, particularly through our expanding trainee and apprentice recruitment programme, further action is undoubtedly needed in order that we can meet our aspirations to more fully reflect the population of Wales that we serve. The current restructure of the senior team provides one such potential opportunity for progress to be made in this area.

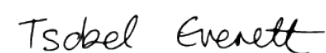
Amongst the other challenges that we face are some upcoming key decisions about our future office accommodation, drawing on our progress with the smarter use of technology and the valuable experience of business continuity and new ways of working whilst in lockdown. We have made excellent progress on this work to date and have encouraged the project team to draw on good practice from elsewhere in developing and evaluating a wide range of potential options for Board consideration later this year.

Like all employers, the COVID-19 pandemic has placed very significant demands on both our staff and our leadership. I have been hugely impressed with the way the CEO and staff have responded to the challenges of office closures, remote working and finding new and innovative ways of delivering our core services at very short notice. The drive, commitment and talents of our staff and board members have come to the fore, and I have an immense sense of personal pride in their collective achievements over recent months.

I should like to conclude by thanking you and your Committee members most sincerely for your support for, and constructive scrutiny of, our work. Your challenge has certainly helped to keep us on our toes, and your encouragement of robust independent public audit has been greatly appreciated.

I am delighted that the Committee has nominated Lindsay Foyster to succeed me as Chair and am certain that she will do an excellent job. I also wish the two new non-executive Board members Elinor Gwynn and Ian Rees well in their new roles. Under Adrian's leadership as Auditor General and Chief Executive, with critical oversight from the Board and with your Committee's continued support, I am confident that Audit Wales will continue to go from strength to strength.

Yours sincerely



ISOBEL EVERETT
Chair, Wales Audit Office