



ANNUAL ACCOUNTS 2019-20



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

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Performance report

1. Overview

1.1 Introduction and scope of responsibility

Qualifications Wales regulates awarding bodies offering qualifications in Wales. We are an independent body focused on publicly funded qualifications, including GCSEs, A levels and vocational qualifications. We work with others to review and reform qualifications.

Degrees are not part of our work, but we work with universities and colleges to make sure they understand qualifications so that learners can progress into higher education. We want qualifications to be the best they can be for learners, teachers and employers, helping people adapt in a rapidly changing world. We work with awarding bodies to extend the availability of qualifications through the Welsh language.

We were established in August 2015, through the *Qualifications Wales Act*, and assumed our duties and powers in September of that year. This year (April 2019 to March 2020) is our fourth full financial year of operation.

In addition to our Annual Accounts, we produce an Annual Report that provides more information about our work and how we are fulfilling our Principal Aims. Our Annual Report provides a comprehensive account of each of our operational priorities and the activities we have conducted throughout the year in order to fulfil them. We published our fourth Annual Report in December 2019, covering the period September 2018 to August 2019, and this was scrutinised by the National Assembly for Wales.

This set of Annual Accounts covers the period from 1 April 2019 to 31 March 2020.

1.2 Statutory background and functions

As the independent regulator, our principal aims are:

- ensuring that qualifications, and the Welsh qualification system, are effective for meeting the reasonable needs of learners in Wales;
- promoting public confidence in qualifications and in the Welsh qualification system.

We place the learner at the heart of our activities.

We also have a responsibility to look across the qualifications system to check that it is working in the interest of learners, and to act or advise others to do the same, if necessary. Part of our work is to ensure that qualifications within the system are valued. We have powers and duties to regulate awarding bodies, and we can make positive interventions to secure improvements to qualifications or the qualifications system.

At Qualifications Wales, we protect the value of qualifications, make sure that they are awarded fairly, and review and develop them as the needs of learners change. As the trusted experts in qualifications, we provide Welsh Government with advice on relevant issues. We also consider the needs of employers, the higher education (HE) sector and professions.

We pay regard to eight 'matters' in deciding how we go about our work:

"In considering what is appropriate for the purpose of achieving its principal aims, the matters to which Qualifications Wales is to have regard include (among other things):

- (a) The desirability of promoting sustainable growth in the Welsh economy;*
- (b) The desirability of promoting and facilitating the use of the Welsh language, including through the availability of assessment arrangements that provide for assessment through the medium of the Welsh language, and of qualifications that otherwise promote or facilitate the use of the Welsh language;*
- (c) The range and nature of qualifications available, and their assessment arrangements;*
- (d) The reasonable requirements of employers, higher education institutions and the professions regarding education and training (including as to required standards of practical competence);*
- (e) Whether the knowledge, skills and understanding required to be demonstrated for the purpose of determining whether a person is to be awarded a qualification reflect current knowledge and best practice;*
- (f) Whether qualifications indicate a consistent level of attainment with that indicated by whatever Qualifications Wales considers to be comparable qualifications, whether awarded in Europe or elsewhere;*
- (g) Whether qualifications are provided efficiently and so as to secure value for money; and*
- (h) The respective roles played by, and responsibilities of, each of the following persons in respect of the Welsh qualification system (including by reference to cooperation between those persons, and their effectiveness in performing their roles);*
 - (i) Awarding bodies, learning providers, Qualifications Wales and the Welsh Ministers;*
 - (ii) Any other persons exercising functions that Qualifications Wales considers relevant for the purpose of the Welsh qualification system.*

Qualifications Wales Act (2015)

1.3 Performance summary

For 2019-20, we set four operational priorities:

Operational Priority 1 - Review

We review qualifications to see how well they meet the needs of learners in Wales. When deciding which areas of qualification provision to review we consider a range of factors, such as the number of learners taking qualifications and how qualifications are used in different employment sectors. We seek views from stakeholders about which areas to focus on, including from Welsh Government and the Regional Skills Partnerships.

Operational Priority 2 – Reform

Our reviews of qualifications can lead to reforms where these are in the best interest of learners. For example, we can use our unique powers to restrict the market and commission new qualifications.

Operational Priority 3 - Regulate

A fundamental aspect of our work is overseeing the smooth running of qualifications and the qualifications system. Our chief means of doing this is by regulating the awarding bodies that provide these qualifications in Wales.

Operational Priority 4 – Corporate Resources

As a young and dynamic organisation, we invest in our corporate values, behaviours and culture to build a strong foundation for the future.

We work with others to help the qualifications system run smoothly. As well as providing guidance and information, we ask for feedback, share our research, respond to consultations and offer practical tools.

Our 2019-20 business plan identified our focus for the year and outlined the work that we intended to deliver in support of our four Operational Priorities.

This performance summary section outlines our main achievements across the year. Further detail is provided in the performance analysis section.

Commentary from the Chief Executive of Qualifications Wales

Key achievements this year

This year, I was pleased to report to the Board that we had delivered against our operational priorities. I highlighted the following main achievements:

Review

- We established our programme of work to support the new Curriculum for Wales by considering how we can make sure that qualifications continue to meet the needs of

16-year-olds in the future. We engaged with stakeholders to develop high-level principles and vision for the future qualifications offer and then consulted on this.

- We made good progress in our review of the engineering, advanced manufacturing and energy sector, preparing for publication of our review report in autumn 2020.
- We published research on public confidence in the qualifications system.

Reform

- Following a detailed review of the Skills Challenge Certificate and its place within the Welsh Baccalaureate, work has been underway to take forward the recommendations in the report. We decided to start with reforming the Advanced Skills Challenge Certificate and over the last 12 months, we have tested our planned changes with practitioners. We will be consulting on our proposals in autumn 2020.
- We made good progress in our ambitious programme to develop new suites of qualifications for the health and social care and childcare sector. This year saw the first teaching of 10 of the qualifications and the remaining 13 qualifications were approved ready for first teaching in September 2020.
- This year we started implementing our recommendations in our review of construction and the built environment – ‘Building the Future’. We commissioned City and Guilds, working with EAL, to develop new qualifications for colleges and work-based learning, and work is underway. We set out approval criteria for a new GCSE and A level, and approved the GCSE.
- Following our review of the IT sector (‘Delivering Digital’), we set out approval criteria for a new GCSE and A level.

Regulate

- We oversaw the delivery and award of GCSEs and A levels. We monitored their delivery closely, ensuring they were awarded fairly, so that standards can be carried forward appropriately.
- We carried out three thematic audits with awarding bodies: two on IT systems and security, and one on capacity and capability.
- We successfully hosted two conferences for exams officers, attracting over 170 delegates. The Minister for Education, Kirsty Williams, addressed the South Wales conference in person and the North Wales conference by video.
- This year, regulations were laid before the National Assembly for Wales to set the upper limit of the monetary penalty that we can impose. In response, we published our Monetary Penalties Policy, which sets out the circumstances and factors we would consider and the process we would follow.

Corporate resources

- This year, we successfully implemented structural changes within the organisation to better reflect the way that we undertake our work. Our priority was to support staff and embed these changes smoothly.

- We published our Welsh Language Scheme, which sets out our corporate commitment to the language.
- We have sought to build stronger links with our local communities. To help us develop more corporate social responsibility activity, we set up a new initiative where we offered each staff member one day a year to take part in community activities.
- We delivered an internal audit programme – five of the six audits achieved substantial assurance.

COVID-19

In the last month of the year, we had to react quickly to the pandemic. On 16 March, we asked staff to work at home where possible, and on 23 March, we closed our office. Our IT infrastructure has enabled us to continue to operate remotely without significant disruption. Staff with caring responsibilities are working flexibly. We did not see any detrimental impact to delivery of our 2019-20 operational plan. For 2020-21, we will be taking a more agile approach to prioritising our work and managing our risks, but we expect to continue to deliver our functions.

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 16 July 2020</p>
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2 Performance analysis

2.1 Progress against our operational priorities for 2019-20

The 2019-20 operational priorities built on the previous year's plan, reflecting the maturing nature of the organisation. Now in our fifth year of operations, we reviewed how we work and re-structured our teams to improve efficiency and effectiveness. Our Senior Leadership Group reported progress against these priorities monthly, using a Red/Amber/Green rating system. This enabled us to report progress at each Board meeting. The table below shows what we have achieved over the year:

Operational Priority 1 – Review
What we set out to achieve
<ul style="list-style-type: none"> • Agree how 14-16 qualifications will need to change to support the new curriculum for Wales. • Conduct the engineering, advanced manufacturing and energy sector review. • Develop policy, strategy and guidance for cross-cutting VQ issues. • Inform forward planning for qualifications and the qualifications system in Wales.
Progress
<ul style="list-style-type: none"> • Alongside our first consultation to shape the future qualifications for the new curriculum, we have been working closely with Welsh Government and other key partners in the education system, so that our thinking is informed by a thorough understanding of future policy intentions. We have undertaken a substantial amount of stakeholder engagement, along with a targeted communication campaign. We have developed plans for the next phase of the project where we move into the 'reform' work - the design, development and delivery phases of the new qualifications. • We have continued our review of the engineering, advanced manufacturing and energy sector. We have run an online survey, undertaken a technical review and an international comparison exercise, and gathered views from 350 learners and 100 stakeholders (including 55 employers). We intend to publish our findings in autumn 2020. • We have met regularly with awarding bodies offering vocational qualifications, to understand their current provision and future plans for the Wales market, to help ensure that learners retain an appropriate range of qualifications (including those available through the medium of Welsh). • Anticipating the new curriculum, we completed our qualitative research with teachers and learners to help understand their perceptions of our current GCSEs. This was also part of our understanding of how well previous reforms have been received.

- We have continued our research on the rigour and reliability of non-examined assessment (NEA).
- We commissioned the National Foundation for Education Research to undertake research on understanding changing expectations of the use of technology in assessment. We also commissioned the Pembrokeshire group of colleges to identify case studies of the use of technology in current assessment practice in Wales. Both reports were completed, and the findings will be used to shape future work on technology in assessment. We also appointed Alphaplus to support us in promoting associated discussion.

Operational priority 2 - Reform

What we set out to achieve

- Take forward recommendations from the review of the Welsh Bacc.
- Implement commitments from the information and communication technology (ICT) sector review.
- Implement commitments from the health and social care and childcare (HSC) review.
- Implement commitments from the construction and the built environment (CBE) review.
- Support the qualifications system through grant funding.
- Communicate and engage on the reform agenda.

Progress

- To support the findings from the review of the Skills Challenge Certificate (SCC), part of the Welsh Bacc, we have continued our work to increase awareness and understanding of the SCC. We have used a range of approaches, including improving the information available on our website, a six-week radio advertising campaign to raise awareness, information postcards in English and Welsh for all secondary schools in Wales and presenting at various events.
- Working with WJEC, we have created the first comprehensive list of universities that accept the SCC. The list shows that the offers of places made by almost all universities now include the SCC. This list includes Russell Group Universities such as Cardiff, Bristol, Southampton, Exeter and Birmingham.
- We supported universities to amend their advice and guidance on the SCC.
- We have streamlined the SCC offering, retaining the Advanced (A level) and KS4 (GCSE level) qualifications.
- We have taken forward plans to improve the Advanced SCC, engaging with stakeholders to develop proposals for reform that we intend to consult on in the next performance period.
- In our consultation on qualifications for 14-16-year olds, we presented the benefits of retaining an improved SCC and will consider any changes as part of our work to review the range of qualifications intended to complement the new curriculum.
- Following the publication of our review of qualifications and the qualifications system in the Information and Communications Technology (ICT/Digital) sector, work has continued to develop the GCSE and AS/A level Digital Technology qualifications. We have engaged with a wide

range of stakeholders to decide on the both the content of the qualifications and how they should be assessed. Our aim is for GCSE Digital Technology to be available for first teaching in September 2021, with the AS/A level Digital Technology to follow in 2022.

- We continued to implement our health and social care and childcare recommendations. This year saw the first teaching of 10 of the new qualifications, and the remaining 13 qualifications were approved ready for first teaching in September 2020. To support the introduction of the new qualifications, we have overseen delivery by WJEC and City & Guilds of a programme of change management to prepare learners, practitioners, centres and the wider public. Our External Relations team talked to a range of centres (including schools, further education and work-based learning providers) to gauge their readiness to deliver the new suite of health and social care, and childcare qualifications from September 2019.
- Following our 2018 review of the construction and built environment sector ('Building the Future'), we ran a procurement process to commission a new suite of construction and building services qualifications for post-16 learners. We awarded the contract, and work is currently underway to develop the new qualifications for colleges and work-based learning providers. We also published criteria for new GCSE and A level qualifications. The new qualifications will be introduced in Wales from September 2021 onwards.
- We awarded £190k to support the Welsh for Adults qualifications delivered by WJEC.
- This year we grant-funded £190k for the translation of specifications, assessments and supporting materials so that up to 100 more qualifications (or units within qualifications) from eight awarding bodies could be delivered to Welsh-medium learners.
- We provided £290k to WJEC to support the cost of providing all Welsh-medium general qualifications exams.
- We have developed new opportunities to engage with the higher education sector, and have established valuable new relationships. Using these links, we helped increase understanding of qualifications developed in Wales, and explained how reform changes in Wales may impact on higher education across the UK. Links have continuously been strengthened with key universities such as Welsh universities and Russell Group universities.

Operational priority 3 – Regulate

What we set out to achieve

- Oversee the setting and maintenance of appropriate standards in general qualifications.
- Monitor general qualifications.
- Deliver the VQ monitoring programme for 2019-20.
- Monitor awarding body compliance.
- Process applications for recognition, surrender and designation.
- Review and manage the qualification regulatory database (QiW).
- Embed and keep under review our regulatory policies and procedures.
- Collect data and produce statistics.
- Communicate and engage on the qualifications system.

Progress

- We ran an online ('Have your say') questionnaire for students and teachers to gather views on GCSE, AS and A level qualifications, which provided valuable feedback on how the exams were received. GCSE French received the most responses and there was a general theme that both students and teachers considered the examinations to be challenging. In response to the feedback, we have asked WJEC to carry out detailed work to look at the content, structure and assessment of the qualification.
- We monitored the delivery of the summer 2019, November 2019 and January 2020 examination series.
- We published our Food Safety Monitoring Report. As a result of our report, awarding bodies established a forum to share insight and good practice.
- This year, our VQ monitoring programme focused on Health & Safety qualifications, Health and Social Care qualifications and Essential Skills Wales qualifications.
- We received and reviewed statements of compliance from 97 awarding bodies and initiated lines of inquiry requiring evidence on their processes for designing and publishing specifications, setting assessments and creating mark schemes.
- We conducted two thematic audits with awarding bodies, covering their IT systems and procedures. These audits covered IT strategy and planning, risk management, data protection and records management, business continuity and resilience planning. This provided each awarding body with valuable insight to enable them to further develop their capabilities. We also conducted a capacity and capability audit with one awarding body.
- We held regulatory update meetings with 15 awarding bodies, focusing on key areas of regulation and clarifying our approach and expectations.
- We monitored the actions that were taken to manage the 230 incidents that were reported to us by awarding bodies.
- We investigated two complaints about awarding bodies that we regulate, which we upheld or partially upheld.
- In July 2019, we published our Criteria for Recognition to award GCSE/A level qualifications. In order to gain recognition by us to award GCSE or A levels in Wales, awarding bodies are required to meet these additional criteria. All four existing providers of GCSE or A levels were successful in their compliance against the additional criteria.
- We updated *Fair Access by Design* guidance for awarding bodies.
- We refined our process for recognition. We reviewed one full application for recognition, and a further four applications were received, but did not meet the initial criteria. We are awaiting further supporting information for two of them.
- We received and processed surrender requests from 13 awarding bodies that no longer awarded qualifications in Wales and one withdrawal of recognition. We designated 268 qualifications as eligible for public funding.
- We have made several improvements to our QiW database in response to our own business needs and feedback from stakeholders. We have enhanced the search, export and reporting functions, provided clear, accessible online guidance and increased the self-service options for

awarding bodies. We continue to engage regularly through our QiW User Group and External Relations Team to help prioritise, and understand the impact of, our ongoing improvements.

- We completed our review and revision of our Standard Conditions of Recognition – a project that commenced in 2016. In doing this, we worked closely with fellow regulators in England and Northern Ireland to align revisions to the Conditions as much as possible.
- Commissioned by Colegau Cymru, we undertook a referencing of the Credit and Qualifications Framework for Wales (CQFW) to the European Qualifications Framework (EQF). It was submitted to CEDEFOP, the European Commission body with responsibility for the EQF, and published in their directory of referencing reports.
- We published our Transfer Conditions Policy and Fee Capping Policy.
- We commenced a review of our Welsh-medium and bilingual qualifications policy, and will publish a revised Welsh-medium Qualifications Strategy in summer 2020.
- We revised our approach to Regulatory Impact Assessments. A contract was awarded to ICF Consulting Services Limited, to provide us with support for economic cost-benefit analysis over the next three years.
- We have published 14 official statistics publications: nine relating to GCSEs and A levels, one annual overview of the qualifications market and four relating to vocational qualifications. We have also published infographics that summarise each of our statistical releases.
- Our research team created a new release in response to user interest, on the variation seen in GCSE results at centre level.
- We carried out a user engagement exercise to understand the needs of those using our statistical releases, and will use that feedback to develop and improve them.
- Staff from both our research and regulatory teams have submitted and presented papers at both the International and the European conferences for the Association for Educational Assessment (IAEA and AEA).
- We introduced a new approach to help people understand how exams work. 'Exams 360' explains how papers are set, what happens during marking and what impact changes can have on the system. This year, for the first time, we worked with experts to offer tips and advice for those going through the exams system.
- We continued to support schools, colleges and other learning providers to ensure that examinations are delivered effectively, fairly and securely. In 2019-20 our External Relations team made 368 visits to centres, advising their exams officers and delivering training.
- We produced *A Guide to Exams Office Procedures* and provided assistance and support to exams officers throughout the exam cycle.
- We developed an invigilation guide consisting of six videos and supporting resources to help exams officers and invigilators.
- We delivered our annual Awarding Bodies' Forum in December 2019, which provided the opportunity for more than 70 delegates from across the UK convene to learn about the Wales context and our priorities.
- We delivered two conferences for exams officers, attracting 170 delegates across Wales. The Minister for Education, Kirsty Williams, addressed the South Wales conference in person and the North Wales conference by video.

Operational Priority 4 – Corporate Resources
What we set out to achieve
<ul style="list-style-type: none"> • Continue to deliver each of the finance and corporate services functions. • Commence procurement of a new finance and HR system. • Continue organisational development. • Continue to deliver our equality objectives . • Implement our Welsh language action plan. • Continue to work towards the Corporate Health Standard. • Maintain our wider contribution to the Welsh public sector.
Progress
<ul style="list-style-type: none"> • The maturity of our corporate services functions continues to develop. This year, we successfully undertook a reconfiguration of the organisation, to meet our changing needs and improve effectiveness. • We commenced the process to re-tender the provision of our Finance and HR systems. We reviewed and determined our requirements, undertook market engagement and further defined the project and timeframe. • We considered the results of the Annual People Survey and agreed a corporate response. This year’s work focused on providing effective feedback, reviewing our performance management system, internal communications and reviewing consistency in roles and responsibilities. • We reviewed our approach to performance management. We held an employee consultation to gauge opinions, and will launch a revised approach in Spring 2020. • We published our Internal Communications Strategy. • We continued to develop our relationship with external organisations to enhance our equality work. We worked with Remploy and successfully hosted a six-week placement. This led to a further fixed-term period of employment. • We gained Disability Confident Employer status. • We published our public sector equality data in open-source format. • We continued to support collaborative working – providing IT support under a service level agreement to the Local Democracy and Boundary Commission for Wales and the National Academy for Educational Leadership. We also worked with other public bodies to develop a shared leadership and management programme. This will be tendered and implemented in summer 2020.

- We continued to embed, maintain and further develop an inclusive culture and approach to health and well-being. Our working group met monthly and developed an annual campaign and awareness calendar. Having achieved the Bronze corporate health standard in March 2019 we are now working towards the Silver standard. .
- We developed and launched descriptions of the behaviours required to support our organisational values.
- We supported Welsh Government in the recruitment of a new Chair to the organisation and appointed two new Board members.
- We undertook a review of the performance of our Board, in line with our policy to undertake these every two years.
- We have completed resource planning and secured additional funding, staff and facilities to deliver the curriculum reform activities.
- To support our corporate social responsibility activity, a group of staff have forged a good relationship with our neighbours from the Duffryn community by joining forces for litter-picking. This approach led to the community offering a range of other ways to work alongside them, including woodland clearing, building outdoor learning spaces and sharing skills. We also held a successful afternoon for Re-engage (formally Contact the Elderly) and worked with Help the Homeless - donating 30 coats, and volunteering in the homelessness centre.
- A Macmillan 'Cancer in the Workplace' seminar was held, which was positively received by staff.
- A contract for the collection, data removal and resale of our redundant IT equipment was awarded to a sheltered workshop employing over 50% disabled staff.
- We have provided mental health awareness training to 18 members of staff, and trained 12 to be Mental Health First Aiders
- We awarded 37 contracts following a procurement process.
- We delivered efficiency savings of over £24,000 through procurement exercises.
- We ran 20 recruitment schemes.
- We gained re-accreditation of the Cyber Essentials Plus Accreditation (information security assurance).

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 16 July 2020</p>
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2.2 Main risks

The main risks that we managed during the year are described below. They remain live, and we continue to monitor them closely.

Curriculum reform

Welsh Government is continuing to develop a new curriculum for learners aged 3-16. This means that qualifications for learners aged 14-16 will need to be reformed for first teaching in 2025. Although the risk remains that Welsh Government may delay taking the educational policy decisions required to enable us to move forward, this reduced during 2019/20. We completed our first high-level consultation this year, and we continue to work closely with Welsh Government so that we can make sure changes to qualifications happen smoothly without causing unnecessary disruption. Welsh Government are keeping the implementation of the new Curriculum under review and we will continue to work with them on this.

We continue to monitor risks relating to resourcing this work. We did not need additional funding this year and have successfully recruited additional posts. While our indicative budget provides the additional funding needed in the coming year, the risk remains that future funding will be reduced. We are mitigating this by working closely with Welsh Government and by detailed resource planning.

Public confidence in the qualification system in Wales

If the public perceive that standards are not appropriately set and maintained in qualifications in Wales, then confidence in outcomes could reduce. Public confidence may also reduce if we do not identify and deal effectively with qualification delivery issues (including incidents, malpractice cases, concerns over quality of marking, or increased enquiries about results and appeals). We mitigate this by closely monitoring awarding bodies activities and the award of qualifications in Wales. We also work closely with Ofqual (the regulator in England) and CCEA (the regulator in Northern Ireland) to oversee the setting and maintenance of standards for GCSEs and A levels across the jurisdictions. We provide technical briefings to journalists, ministers and Welsh Government officials, and publish a series of informative articles to explain the awarding process. We also monitor public confidence through annual research and surveys.

Health and social care – new qualifications

Over the year, we have continued to work with the two commissioned awarding bodies (WJEC and City and Guilds), Social Care Wales (the workforce regulator) and Health, Education and Improvement Wales (HEIW) to complete the development of the new commissioned qualifications. We continue to manage the associated risks to quality and timely delivery closely, and towards the end of the year were able to close the overall project risk with the approval of all remaining qualifications in the suite.

Change management for reformed qualifications

When new reformed qualifications are introduced, centres need support to understand and implement the changes. We work with awarding bodies to ensure that the impact of change is understood and support to prepare for change is provided. Our work to reform qualifications in health and social care, construction and the built environment and digital technology includes consideration of change management in various forms.

Market resilience

Having WJEC as a sole supplier of general qualifications in Wales brings both opportunities and risks. We are making sure that we maximise the benefits of having one provider, which include the availability of Welsh-medium assessment and more straightforward standard setting. However, if WJEC were to fail, the impact would be high, so we continue to carry out detailed monitoring of their work.

Stakeholder communication

If we do not maintain good communications and strong working relationships with our stakeholders, this may have a negative impact on our reputation and public confidence. This year, we increased the level of resource in the team and we also requested an internal audit. We have taken forward the recommendations from that audit. We have also worked closely with the new staff in our sponsor team.

System risks

We look across the qualifications system and keep a close eye on what is happening around us. Apart from qualifications developed for Wales, most vocational qualifications are offered across the UK. Education and skills policies in England continue to evolve in different directions from those in Wales. Consequently, there is a risk that some qualifications that are currently available in Wales and, in particular, through the medium of Welsh, may cease to be made available. We continue to engage with awarding bodies to identify qualifications that can be used to fill any potential gaps, and to identify how we can support them to offer more qualifications through the medium of Welsh. We also monitor awarding body financial health and will be giving this additional focus in relation to the impact of COVID 19 pandemic.

Brexit

We have monitored the risks of Brexit and reported this to our sponsor team. One of the main risks was to data held in servers in Europe. Microsoft have now moved the majority of our data to the UK, and we have been able to downgrade this risk.

COVID-19

We put the risk of disruption onto our register in February 2020. We continue to monitor the situation and its impact on our operational capability. Detailed planning and budgeting will allow us to respond to changes in capacity and funding as necessary. Managing risks around the process for awarding the 2020 and 2021 summer series started in this period, and will be a significant part of our work in 2020-21.

2.3 Financial review

Qualifications Wales primarily receives an annual funding allocation from Welsh Government to cover its expenditure. We do also generate a small amount of income annually, largely through the provision of IT support services to two smaller Welsh Government Sponsored Bodies, that we are allowed to retain, and as at 1 April 2019, we also held a usable reserve totalling £353k.

2019-20 was also the first year that Welsh Government confirmed the availability of additional funding, if required, to continue our work to secure the development and approval of a new suite of qualifications for 16-year-olds to complement the new curriculum. The total additional amount made available for 'curriculum reform' in 2019-20 was 'up to £400k', though we were encouraged to initially utilise some of our usable reserve for this purpose before claiming any additional funding.

As in previous years, we set an expenditure budget based on the activities we planned to undertake, functionally split into the following broad areas:

- **Staff costs**
- **Grants to other bodies**, to support the qualifications system and learner needs, by ensuring the availability of Welsh-medium assessment and funding specific activities enabling qualification reform.
- **Programme budgets**, commissioning the external support and expertise needed to deliver our programme of sector reviews, our monitoring and approval activity, our development and commissioning activity, our policy reviews and research.
- **Corporate running costs**, such as HR, ICT, facilities, governance, legal advice, etc.

We set an initial budget of £8.392m for 2019-20, to be funded as follows:

	£'m
Core Grant Funding from Welsh Government	8.067
Welsh for Adults Qualification Funding from Welsh Government (this is ringfenced grant funding awarded to WJEC by Welsh Government that we have been tasked with administering)	0.200
Use of usable reserve to offset some of the additional Curriculum Reform costs to be incurred	0.125
Total	8.392

The Board acknowledged that the detail of some of our planned curriculum reform activities was still developing, and that this had the potential both to increase our overall spend and require access to the additional funding made available by Welsh Government. It was agreed that this would be reviewed at key points in the year.

The table below confirms our outturn and funding position for the year, compared to previous years.

Area	2017-18 Outturn £'000	2018-19 Outturn £'000	2019-20 Budget £'000	2019-20 Outturn £'000	Outturn Variance £'000	Outturn Variance %
Pay	4,394	4,589	5,050	4,829	-221	-4%
Grants	813	735	675	660	-15	-2%
Programme Costs	747	898	1,056	936	-120	-11%
Running Costs	1,361	1,442	1,378	1,380	2	0%
Accounting Officer Programme	0	0	33	0	-33	-100%
Core QW Funding	7,316	7,664	8,192	7,806	-386	-5%
Welsh For Adults Grant	179	180	200	190	-10	-5%
Sub-Total	7,495	7,844	8,392	7,996	-396	-5%
Curriculum Reform Expenditure				319	319	
Total Expenditure				8,315	-77	-1%
Funded By						
Core WG Grant	7,316	7,487	8,067	8,000		
Welsh for Adults Funding	179	180	200	190		
Use of Reserve	0	177	125	125		
Total	7,495	7,844	8,392	8,315		
Income						
EQF Work			-4	-9	-5	
IT Services to LDBC			-30	-27	3	
IT Services to NAEL			-20	-18	2	
Proceeds from disposal of obsolete IT equipment			0	-3	-3	
Total Income			-54	-57	-3	

Overall, this demonstrates:

- that our actual spending continues to increase annually, as predicted in our Medium-Term Finance Plan, but we have not yet reached the point where we consume all the funding made available by Welsh Government;
- that we were able to cover our additional spending on curriculum reform from movements in other budget areas; and
- that there have been 'in-year' variances between our budgeted and actual spends. These variances were identified and communicated to Welsh Government during the year, and are largely attributable to the following:

Pay costs	Our Medium-Term Finance Plan indicated an increase in pay costs in 2019-20, due to a combination of the full-year effect of changes made in 2018-19, an increase in employers' pension contributions, and a pay award. Whilst our actual costs have increased by £461k from 2018-19, this is not as high as anticipated, mainly due to a combination of slippage in the timescales for some of the changes, and savings generated through staff turnover (including where existing staff have taken up temporary internal assignments which have not always been backfilled).
Grants to other bodies	We have only experienced a small variation between budgeted and actual spend on grants, where some of the bodies awarded Welsh-medium grant funding only notified us that they were underclaiming against their allocations at the end of the year.
Programme activities	Most of the underspends in this area are a result of timelines/anticipated activities changing during the year, which has impacted on spend.
Accounting Officer Budget	Variation was due to the 2019-20 pay award provision (3% for an assumed two-year deal) being higher than the actual costs of the one-year deal agreed (2.3%).

Our Framework Agreement does allow us to retain income equating to 'up to 1% of funding', and we have had approval to retain most of the income generated in 2019-20. This will be added to our usable reserve, which will now be used to cover the costs associated with our Finance / HR system re-tender over the next two financial years.

The table below illustrates how our outturn position reconciles to the 'Comprehensive Net Expenditure' figure quoted in the 'Statement of Comprehensive Net Expenditure' (SOCNE), once capital qualifying expenditure, non-cash resource transactions and depreciation/ amortisation charges have been accounted for.

Reconciliation of Outturn to SOCNE	£'000
Budget Outturn	8,315
Exclude expenditure treated as Non-current (capital)	(226)
Add depreciation / amortisation / impairment	226
Include income received	(57)
Non-cash expenditure recognised (Annual Leave accrual and provision increases)	20
Comprehensive Net Expenditure for the year	8,278

Our cash balance at 31 March 2020 was £301k, which is within the carry-over limit approved by Welsh Government.

Going forward, the nature of our funding and expanding activity will continue to present us with three intrinsic financial challenges:

- There is always a risk that our annual funding allocation from Welsh Government will reduce;
- We must ensure that any new recurring spend proposals/commitments are affordable over the medium term; and
- Due to the fact that our programme activities don't neatly 'fit' into financial years, and as we must set aside provisional sums to cover potential commitments (such as legal costs, recruitment costs, etc), there will always be some uncertainty around the level and timing of some spends.

We address these key challenges by ensuring we have an up-to-date Medium-Term Finance Plan, through good, open dialogue with Welsh Government, and by having strong 'in-year' financial management arrangements.

We processed 1,396 invoices for payment in 2019-20, 209 (18%) more than we paid in 2018-19 (1,187). 98% of the invoices paid in 2019-20 were within 30 days (97% in 2018-19), and 68% of our invoices were paid within 10 days (69% in 2018-19). We continue to seek explanations for any payments taking longer than our targets and make process improvements where necessary.

Due regard has been given to the regularity and propriety of the organisation's expenditure, and appropriate internal processes and controls are deemed to be in place.

Qualifications Wales is expected to remain in existence and funded by Welsh Government for the foreseeable future, meaning it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.

2.4 Sustainability

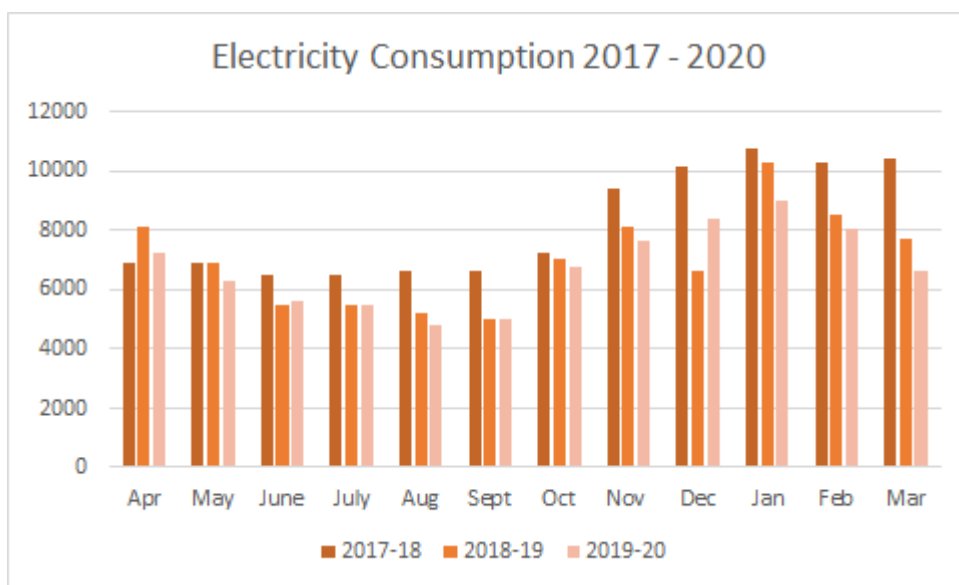
Qualifications Wales occupies an area of 11,329 square feet within the Q2 Building, in a single shared office located to the west of Newport. The building is easily accessible by car, but less accessible by public transport. We are committed to sustainable development, working with our staff, suppliers and contractors to minimise our energy consumption and the impact we have on the environment. We have an Environmental Policy Statement in place, and we are working in the following ways to reduce our environmental impact:

Information technology

A modern and flexible approach has been taken to IT, using the latest technologies. Our IT infrastructure is mainly cloud-based, meaning that we do not require large on-site servers. Our employees access cloud services through 'two-in one' detachable tablets that are used seamlessly at desks, in meetings or outside the office, avoiding duplication of desktops, laptops and video/telephone equipment. Investment in good audio equipment has made video-conferencing and document-sharing effective, allowing us to work and communicate flexibly in various locations, reducing unnecessary travel.

Lighting

During the fit-out of the building, in 2015, LED lights were installed in our meeting rooms. In March 2019, we added movement sensors into the meeting rooms to assist us in further reducing energy consumption. In December 2017, as part of our sustainability commitment, we installed LED lighting in all other areas within Qualifications Wales, retaining the existing movement sensors. Since the installation of these LED lights and PIR sensors, we have seen a reduction in our electricity consumption over the past two years by over 17,000 kwh.



The table below shows our carbon footprint. The figure for the staff mileage shows an increase in business travel; this is likely to be due to the nature of our work this year, which has involved a greater number of engagement activities.

The waste we create has reduced slightly in 2019-20, and our figures show the percentage of waste to landfill has remained the same. The percentage of mixed recycling has increased, with a small percentage reduction in food waste. Going forward, we will continue to work closely with our staff and contractors to promote and educate them in accurate waste segregation, to assist us in minimising waste to landfill.

We have made some positive steps towards reducing our environmental impact and implementing an Environmental Management System (EMS) and aim to achieve Green Dragon Environmental accreditation in 2020-21.

Scope	Non-financial information	Financial information	Greenhouse gas emissions
Scope 1 -Direct emissions:	N/A	N/A	N/A
Scope 2 (Energy indirect):	Electricity 80,959 kwh	£15,717	20, 693 kg CO ₂ e
Scope 3:	Water 295 units (*) Sewerage 279 units Total 574 units	£358 £457 Total £815	102 kg CO ₂ e 198 kg CO ₂ e Total 300 kg CO₂e
	Waste General – 1,839kg (41%) waste Mixed – 1,610kg (36%) Recycling Food – 1,016kg (22%) waste Total 4,465kg	Waste General - £617 waste Mixed - £569 recycling Food - £418 waste Total £1604	Waste General – 183 kg CO ₂ e waste Mixed – 34 kg CO ₂ e recycling Food – 22 kg CO ₂ e waste Total 239kg CO₂e
	Business travel Car/Taxi Staff – 74,320 miles Board members – 7,196 miles Total miles 81,515 miles	Car/Taxi Staff – £34,013 Board members – £3991 Total £38,004	Car/Taxi (**) Staff – 20,975 kg CO ₂ e Board members– 2031 kg CO ₂ e Total 23,006 kg CO₂e

	Rail Staff – 46,563 miles Board members – 10,569 miles Total miles – 57,132 miles	Rail Staff – £19,611 Board members - £4,447 Total £24,058	Rail Staff – 3,084 kg CO2e Board members - 700 kg CO2e Total 3,784 kg CO2e
	Air Staff – 29,798 miles Board – 3213 miles members Total 33,011 miles	Air Staff – £3,355 Board – £1,058 members Total £4,413	Air (***) Staff – 7,592kg CO2e Board – 819 kg CO2e members Total 8,411 kg CO2e

Table explanatory notes

Scope 1: Direct emissions arise directly from sources that are owned or controlled by Qualifications Wales, for example from fuels used in our boilers, or the vehicles that departments and estate management own.

Scope 2: Emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling.

Scope 3: These emissions are a consequence of the activities of an organisation, but occur from sources not owned or controlled by the organisation. This includes emissions associated with waste, water, business travel, commuting and procurement.

(*) Figures for water usage and costs for Quarter 4 have been estimated based on run rate as this utility is billed on a six-month basis.

(**) Figures for car CO2 calculated using UK Government GHG Conversion Factors for Company Reporting – based on an ‘upper-medium’ car type.

(***) Figures for air travel CO2 calculated using UK Government GHG Conversion Factors for Company reporting based on short haul, to and from the UK.

Accountability report

3 Corporate Governance report

3.1 Directors' report

The Qualifications Wales Board is constituted of the Chair, Chief Executive and between eight and 10 members. Its role is to:

- provide effective leadership for Qualifications Wales - defining and developing strategic direction, and setting objectives;
- provide effective leadership for the operation of the organisation - holding the Chief Executive to account for ensuring that Qualifications Wales's activities are conducted efficiently and effectively;
- monitor performance to ensure that Qualifications Wales fully meets its aims, objectives and performance targets; and
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money.

At the end of 2019-20, the Board was made up of the following members:



David B Jones
OBE DL
Chair



Philip Blaker
Chief Executive



Dr Caroline Burt



Robert Lloyd
Griffiths OBE



Claire Morgan



Anne Marie
Duffy OBE



Angela Maguire-
Lewis



Dr Arun Midha



Isabel Nisbet



David W Jones



Ellen Donovan



Jayne Woods

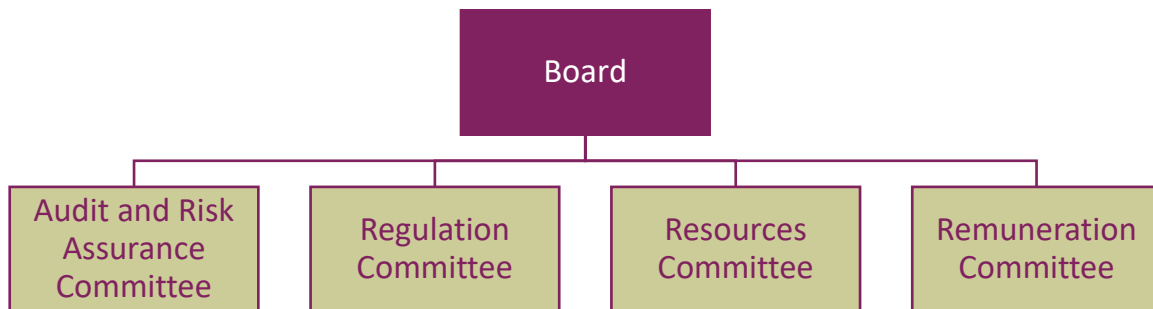
Anne Marie Duffy and Jayne Woods joined the Board on 1 April 2019. David Jones joined the Board as Chair on 1 October 2019.

The Chair of Qualifications Wales

The Chair of Qualifications Wales, David Jones, answers to the National Assembly for Wales for our activity and conduct, and the exercise of our statutory functions as set out in the Act.

Board committees

The Board has designated four committees charged with supporting the Board in the delivery of its duties. The committees are as follows:



The role of each committee, together with attendance, can be seen within the Governance Statement section.

The Board and its committees and the Management Board are supported by the Head of Corporate Governance.

Board member conflicts of interest

All members of staff and Board members have completed a conflicts/declarations of interest form. Qualifications Wales publishes an active register of Board interests, which can be viewed [here](#).

All related party transactions have been noted and can be seen in Note 14 of this document, on pages 83 to 85.

The Chief Executive Officer and Accounting Officer

As Accounting Officer of Qualifications Wales, the Chief Executive, Philip Blaker, is personally responsible for:

- the proper stewardship of the public funds;
- day-to-day operations and management of Qualifications Wales; and
- ensuring compliance with the requirements of *Managing Welsh Public Money*.

The Chief Executive Officer has several direct accountabilities to the Board of Qualifications Wales, as well as acting as Principal Officer for ombudsman cases. More detail about these aspects of

the role can be viewed in the Qualifications Wales Framework Document which can be viewed [here](#).

The Qualifications Wales **Executive** team comprises:



Philip Blaker
Chief Executive



Alison Standfast,
Executive Director,
Corporate
Resources



Jo Richards,
Executive Director,
Regulation

The **Management Board**, including the Directors for Qualifications Policy and Reform, the Director for Communications and Stakeholder Engagement, the Head of Corporate Governance and the Head of Finance, support the Chief Executive and the wider Executive team in the exercise of their responsibilities.

Management Board is the principal collective decision-making group for the organisation, providing direction on operational activity and corporate matters. The role and purpose of the Management Board is to:

- be the principal decision-making group for matters delegated from the Board, with a focus on operational matters;
- ensure compliance with legislation and relevant public-sector policy;
- establish all operational decision-making groups and delegate responsibilities to them as appropriate;
- where appropriate, make recommendations to the Board on matters reserved for the Board;
- propose strategy and relevant policies to the Board;
- approve strategies and policies where not reserved by the Board;
- manage corporate risk within the Board's risk appetite;
- deliver the Operational Priorities;
- manage corporate resources; and
- coordinate activity across the organisation.

As covered in the Governance Statement, Qualifications Wales has no personal data incidents to report.

3.2 Statement of Accounting Officer's responsibilities

Under Schedule 1, Part 1, paragraphs 32 and 33 of the Qualifications Wales Act 2015, Welsh Ministers, with the consent of the Treasury, have directed Qualifications Wales to prepare for each financial year our statement of account in the form and basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of Qualifications Wales and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to assume Qualifications Wales will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has designated me, as Chief Executive, to be the Accounting Officer for Qualifications Wales. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Qualifications Wales's assets, and are set out in the Accounting Officer's Memorandum, Framework Document and *Managing Welsh Public Money*.

In producing these accounts, I have taken into account comment and assurance from the Qualifications Wales Management Board, Audit and Risk Assurance Committee, Internal Auditors and members of the wider staff team.

As the Accounting Officer for Qualifications Wales, I confirm that:

- the annual report and accounts as a whole for the period 1 April 2019 to 31 March 2020 are fair, balanced and reasonable;
- I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and reasonable;
- as far as I am aware, there is no relevant audit information of which our auditors are unaware; and
- I have taken all reasonable steps to make myself aware of any relevant audit information, and to establish that our auditors are aware of that information.

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 16 July 2020</p>
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3.3 Governance Statement

Introduction and scope of responsibility

This Governance Statement sets out an account of the corporate governance structure for Qualifications Wales, together with an overview of the risk management arrangements and a description of the principal risks the organisation faces.

As the Accounting Officer, I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Qualifications Wales during the period.

My designation as the Accounting Officer is set out in the designation letter sent on behalf of the Principal Accounting Officer from the Welsh Government. My full responsibilities as the Accounting Officer are set out in the Qualifications Wales Framework Document.

Corporate governance

Corporate governance is the system within which the organisation's work is directed and controlled. Equally important, governance concerns itself with 'how' business is done, and the way in which decisions are made. The Chief Executive is responsible for ensuring that a sound system of internal control is maintained to support the achievement of policies, aims and objectives and for regularly reviewing the effectiveness of the system.

The Board of Qualifications Wales provides leadership and direction to the organisation. It has a key role in ensuring that the organisation has a sound and appropriate governance structure in place that allows the Board to scrutinise the performance of the Executive team, and therefore the organisation's delivery of its principal aims and business plan.

The Board is made up of a Chair, the Chief Executive and a minimum of eight and maximum of 10 other members, all of whom (with the exception of the Chief Executive) are appointed by the Welsh Ministers.

Governance framework

We use *Corporate Governance in Central Government Departments (2017)* as our principal reference point for good practice in Governance. As the Accounting Officer, I have reviewed the Code and have provided an overview, within the governance statement, of how I believe we comply with this code.

Overview of the Qualifications Wales governance framework

The Board and its four committees have operated since Qualifications Wales was established. The committees have key roles in relation to the system of governance and assurance, scrutiny, development discussions, assessment of current risks and also performance monitoring. All committees are chaired by a Board member, are attended by relevant members of the Executive

team and serviced by the Head of Corporate Governance. All committees report directly to the Board, with all minutes available to all Board members. Below is an overview of the activity of the Board and its committees during the year.

The Board

The Board has met six times during the period (May, July, September, November, January and March). Minutes of Board meetings are made available through the Qualifications Wales website once they have been approved.

The key decisions taken by the Board during the period included the following:

- the 2019-20 Business Plan, including budget allocation and staffing resource levels;
- an increase of three (from 85 to 88) in the number of posts in the organisational structure, including approval of recruitment of an IT Apprentice;
- the annual report for the period September 2018 to August 2019;
- the annual financial accounts for the period April 2018 to March 2019;
- Qualifications Wales's Welsh-medium Qualifications Strategy;
- permission to consult on the future range of 14-16 qualifications in Wales, followed by approval of the decisions to be taken following the consultation and the advice to the Minister for Education;
- revisions to the Board Scheme of Delegation;
- the Board Code of Practice;
- relevant policies, including the Monetary Penalties Policy, GCSE / GCE Criteria for Recognition, and Transfer Conditions Policy;
- the commencement of procurement activity to award contracts relating to expenditure over 100K including contracts for a new Finance and HR system, legal services, QiW support, economic support and cost-benefit analysis, consultation response analysis and a contract for the evaluation of our regulatory activity (which was not subsequently awarded);
- revisions to the Priority Qualifications List;
- the Board's action plan following the board review of effectiveness;
- revisions to the Strategic Equality Objectives;
- Qualifications Wales's response to the Welsh Government consultations on the Draft Welsh in Education Strategic Plans Regulations (Wales) 2019 and Guidance, Strategic Equalities Objectives 2020-2024; *How do we assist Welsh Ministers in measuring a nation's progress?*, and Apprenticeship Frameworks,
- the minutes of its previous meetings.

At some of its meetings (where appropriate), the Board also received or considered:

- updates from the Chief Executive and Chair;
- assurance regarding the monitoring activities carried out to secure the award of the summer and winter exam series and ensure the maintenance of standards;
- risk management reports and risk registers;
- monitoring of operational plan delivery and financial activity, and revisions to the Medium-Term Finance Plan;
- PISA results;

- updates from each of its committees;
- progress of work to support Welsh Government's curriculum development; and
- the staff survey outcomes.

Any ex-committee discussions and decisions are recorded in Board papers and the relevant minutes.

The Board held two development days (May and September 2019), where it considered the use of technology in assessment and the qualified for the future project plan.

All Board meetings were observed by a member of the Welsh Government sponsor team. In May 2019, the Board was attended by members from the Public Bodies Unit, and the Minister for Education attended the Board in January 2020.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the Board and Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, the integrity of financial statements and the annual accounts. It is for the Board to define and communicate the organisation's risk appetite. How it manages key risks and responsibility for risk management and internal control lies with the Board; however, the oversight of this has been delegated to the Audit and Risk Assurance Committee.

The terms of reference for the Audit and Risk Committee can be seen on our [website](#).

The Audit and Risk Committee met four times in the period (May, July, November and February). Minutes of these meetings have been provided to the Board. Our internal and external auditors also attend this committee.

During this period, the committee has:

- reviewed the draft annual accounts for 2018-19 and provided an assurance report to the Board and Accounting Officer;
- reviewed all the internal audit reports carried out in the period;
- overseen the monitoring of all internal audit recommendations;
- reviewed reports in relation to fraud, bribery, gifts and hospitality management;
- received risk management reports, reviewed relevant aspects of the corporate risk register and conducted deep dives into the risks related to curriculum resourcing and health and safety;
- received information security updates throughout the year;
- received financial update reports throughout the year and scrutinised the processes used for budget management and forecasting;
- received reports on any departures from the procurement procedures; and
- completed its governance health check, reviewed its terms of reference and considered its schedule of future meetings.

Closed meetings will be held with the internal and external auditors at the committee's May 2020 meeting.

No issues of concern were raised to the Board.

Resources Committee

This committee provides an environment for detailed discussion on financial and business planning matters, and several human resource areas. The committee has also been delegated the authority to approve HR policies on behalf of the Board. A summary of its terms of reference is available on our [website](#).

Accountability for the financial strategy and policies of the organisation lies with the Board; the Chief Executive and Executive team have responsibility for managing finances within these parameters.

The Resources Committee met three times in the period (July, October and March). The minutes of these meetings have been provided to the Board.

During this period, the Resources Committee:

- reviewed the 2019-20 quarterly progress report on the operational plan and financial position;
- reviewed the draft 2020-21 business plan and budget;
- reviewed the Medium-Term Financial Plan;
- reviewed and approved a range of HR-based policies including Performance Management and Special Leave;
- reviewed proposals for changes to staffing permanent headcount within specific areas of the organisation;
- undertook a deep dive on curriculum resourcing;
- completed its governance health check and reviewed its terms of reference; and
- considered its schedule of future meetings.

Regulation Committee

The purpose of this committee is to consider and provide recommendations to the Board on issues arising from Qualifications Wales's regulatory approach. The Committee has delegation from the Board to approve Regulatory Policies. A summary of the committee's terms of reference is available on our [website](#).

The Regulation Committee met five times in the period (May, June, October, December and February). Minutes of these meetings have been provided to the Board.

During this period, the committee considered:

- strategic policy updates and reviewed several policies. Policy reviews included the Monetary Penalties Policy, Transfer Conditions Policy, Standard Conditions of Recognition, Criteria for Recognition (GCSE/GCE).
- risk management reports and reviewed the regulatory risk register;
- Qualifications Wales's approach to the new Curriculum for Wales including consideration of the impact assessment and the second phase of the project;
- the progress of the reform of vocational qualifications in health and social care, and childcare sector, construction and built environment and digital technology;
- monitoring plans for the summer and winter examination series;
- reports on monitoring and compliance, recognition and approval activities;
- its governance health check and reviewed its terms of reference; and
- its schedule of future meetings.

The Committee approved the Fee Capping Policy and the revisions to the Standard Conditions of Recognition

Remuneration Committee

The purpose of this committee is to consider and provide recommendations on the remuneration of staff and Board members. The Committee has delegation from the Board to approve the Pay Policy. Any substantial changes to terms and conditions must be agreed by the Welsh Ministers. A summary of its terms of reference is available on our [website](#).

The committee met once in the period (September 2019). During this meeting, the committee considered:

- the performance of the Chief Executive and Executive Directors;
- the Chief Executive succession plan
- the organisation's pay review.

Board performance and effectiveness review

During 2019-20, the Board considered the methods it wished to use to evaluate its own performance and the effectiveness of its committees. The Board decided to use a variety of methods, including an independent review of the Board's effectiveness and a health-check of each committee. In 2019-20, the following activities were carried out:

Committee governance health checks - A health check was conducted with three of the four committees. The health check asked each committee to consider areas such as committee administration, performance, the committee's relationship with the Board, the relationship with staff and any areas for future consideration.

Board member one-to-one sessions - The new Chair met separately with each Board member during the year to conduct an introductory one-to-one meeting. The main themes from these meetings were presented back to the Board.

Chair's review – The previous Chair had an annual review meeting with the Minister for Education in August 2019, prior to her term coming to an end. Board members will undertake a performance review of the new Chair on behalf of Qualifications Wales, and the Minister for Education will hold the Chair's annual review in October 2020.

Learning and development – In addition to regular meetings and its own effectiveness review, Board members were offered the opportunity to attend any further learning and development that they identified.

Board effectiveness – An external review was conducted. The main themes from the review were developed into a Board action plan.

Attendance at Board and committee meetings (1 April 2019 to 31 March 2020)

	Board	ARAC	Regulation Committee	Resources Committee	Remuneration Committee
Number of Meetings held	6	4	5	3	1
Board Member Name	Attendance				
Ann Evans* (Chair)	3 of 3	N/A	3 of 3	1 of 1	1
David B Jones** (Chair)	3 of 3 (1)	N/A	2 of 3	2 of 2	N/A
Philip Blaker (CEO)	6	(4)	4	3	(1)
Caroline Burt	5	N/A	5	N/A	0 of 1
Ellen Donovan	6	N/A	N/A	3	1
Robert Lloyd Griffiths	6	N/A	N/A	2	1
Angela Maguire-Lewis	6	4	N/A	N/A	N/A
Claire Morgan	6	N/A	5	N/A	N/A
Isabel Nisbet	6	4	5	N/A	N/A
David W Jones	5	4	N/A	N/A	N/A
Arun Midha	6	N/A	5	N/A	N/A
Jayne Woods	6	4	N/A	N/A	N/A
Anne Marie Duffy	6	N/A	N/A	3	N/A

() indicates attendance, but not as a member

** Term commenced on 1 October 2019

*Term ended on 30 September 2019

David Michael was co-opted on to the Audit Committee for the period February – May 2019, in order to give the committee access to professional accountancy skills. The co-option was not remunerated.

Internal audit - the system of internal control

Our system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risks; it can therefore only provide reasonable, and not absolute, assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period ending 31 March 2020 and up to the date of approval of the annual accounts. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. In doing so, I am informed by the work of the internal auditors and the Directors within the organisation, who have responsibility for the development and maintenance of the internal control framework.

We outsource our internal audit services and have appointed TIAA, through a competitive tender, as our internal auditors.

During 2019-20, six internal audits have been completed as follows:

Audit name	Assurance rating	Number of recommendations
ICT – Data Assurance and Quality	Substantial	4
Communications	Limited	14
Key Financial controls	Substantial	4
Regulatory – Monitoring Processes	Substantial	1
Grant and Contract Management	Substantial	1
Project Management – Construction and Built Environment	Substantial	1

The Audit and Risk Assurance Committee has given oversight to the Internal Audit Plan and the audit reports and will continue to monitor the implementation of recommendations raised during the year. The table below provides a summary of the recommendations raised:

Recommendations raised	Priority			
	High	Medium	Low	Total
Recommendations raised in 2017-18	-	3	13	16
Recommendations raised in 2018-19	-	4	18	22
Recommendations raised in 2019-20	5	1	19	25
Total	5	8	50	63

A monitoring and tracking system was introduced that reported to the Audit and Risk Committee. TIAA, our internal auditors, also reviewed the recommendations at the end of the financial year to ensure compliance and provide assurance to the Accounting Officer and Audit and Risk Assurance Committee. The table below provides an overview on the status of recommendations at the end of the year:

Priority	Recommendations			Status				
	Brought forward from 2018-19	Raised in 2019-20	Total	Implemented or superseded	Overdue	Not yet due	Not implemented	Carried forward
Urgent	0	5	5	3	0	2	0	2
Important	1	1	2	1	0	1	0	1
Routine	2	19	21	12	2	7	0	9
Total	3	25	28	16	2	10	0	12

As at 31 March 2020, two recommendations (low-priority recommendations) had passed their initial due dates; both of these are in progress. In summary, the recommendations are:

- Key Financial Controls - The Travel and Subsistence Policy be reviewed and updated to reflect the current processes. This is in progress and was presented to the Resources Committee for comment in March 2020. Final amendments are being made prior to approval.
- Strategic Control and Corporate Governance - Role profiles be drafted and approved for the chairs of Board sub-committees. The Board Scheme of Delegation and Terms of Reference for Committees have undergone review and revision. The role profiles were delayed to enable the new Chair to be involved, and this is now being progressed.

All internal audit recommendations are tracked and reported at each Audit and Risk Assurance Committee meeting.

The purpose of the Head of Internal Audit opinion is to contribute to the assurances available to the Accounting Officer and the Board which underpin the Board's own assessment of the effectiveness of the system on internal control. The report below is provided by our Head of Internal Audit from TIAA.

Head of Internal Audit Opinion

HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Qualifications Wales has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Qualifications Wales from its various sources of assurance.

Audit Summary

Control weaknesses: There was one area reviewed by internal audit, Corporate Governance – Communications, where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’ assurance. Recommendations were made to further strengthen the control environment in this area and progress was evidenced in an update report that was presented to the February 2020 Audit and Risk Committee by the Director Communications and Stakeholder Relations and in TIAA’s follow up of Priority 1 recommendations.

Recommendations Made: We have analysed our findings/recommendations by risk area, and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	4	1	4
Compliance	0	0	10
Operational	0	0	5
Reputational	1	0	0

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed. These are best practice suggestions that would further enhance the organisation’s systems if implemented. However, as these are only suggestions for management’s consideration, these are not subject to follow-up. The number of these opportunities is summarised below.

Operational Effectiveness Suggestions
15

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

TIAA – April 2020

Risk management and control framework

The Board has overall responsibility for the organisation's risk management and has risk as a standing agenda item at each Board - either for discussion or information. The Board is supported by the Audit and Risk Committee (ARAC), which has responsibility for providing advice and assurance on the organisation's approach to risk management and satisfying itself of the way that risk is managed within the organisation. ARAC also has risk management as a standing agenda item as part of its core business.

The risk register is split into two main themes: Regulatory and Corporate, which helps us to refer the right risks to the appropriate committee or group for review.

In April 2020, we also developed a risk register specific to COVID-19 (coronavirus). We also received a 'Dear Accounting Officer' letter from Welsh Government recognising that we would be moving into a period where decisions would need to be made where conditions were more uncertain and risks were higher and recommending that appropriate use be made of non-Executives to provide oversight and scrutiny. We established a Task and Finish Group with a small number of Board members to provide this support for preparations for the award of the summer 2020 exam series and to review the COVID 19 risk register. The Task and Finish Group was therefore able to provide additional assurance to Board.

The Executive team, via the Management Board, are responsible for maintaining the risk register (regulatory and corporate) and supporting team/project risk registers. 'Deep dive' sessions are held where existing risks are scrutinised, and new risks identified.

The Board committees actively discuss risk and review relevant risk registers as follows:

- Audit and Risk Assurance Committee (ARAC) review specific aspects of the corporate risks;
- Regulation Committee review the regulatory risks.

The role of the committees is to provide both support and challenge to the Executive team. Committees also have a role to provide assurance to the Board that risk is being actively considered within committee discussions and managed appropriately.

The Board reviewed its risk appetite in October 2017, making relevant changes in accordance with the maturity of the organisation.

The Board have determined that risks will be formally considered by the Board itself three times every year, with the risk report and organisational risk register available at every meeting.

Since the decision to close the office in mid-March 2020, all Board meetings, Committee meetings and management meetings have been run virtually, with electronic papers. There has been no compromise to the established governance and controls and the organisation has continued to operate effectively.

Strategic risk profile

Qualifications Wales managed strategic risks during 2019-20 relating to our corporate and regulatory functions. At the end of March 2020, 22 risks were present on the organisational risk register (regulatory and corporate).

The regulatory risks relate to our operational activity when regulating recognised awarding bodies and the qualifications system, including our work to review and reform qualifications. The red-rated risks relate to our work related to the implementation of the new Curriculum for Wales. Specifically, the need for clarity regarding education policy decisions that will need to be made by Welsh Government for our work to progress. Other red risks include risks relating to general controls in the monitoring and overseeing of the qualifications system. The amber risk relates to changes to the qualifications system in England and their potential impact on Wales.

The main corporate risks identified relate to the risk of a reduced financial settlement and the planning of our activities, staffing and expenditure, which may risk delivery of the operational plan if not done effectively. This is particularly pertinent in the current climate where there is a large amount of uncertainty due to the coronavirus. Other risks include the availability of resources for us to perform our role in the redesign of qualifications for 16-year-olds for the new Curriculum for Wales, information management and security, employee engagement, stakeholder communication, and the future implementation of the Welsh Language Standards.

We acknowledged the risk of the disruption caused by COVID-19 in February 2020. In April 2020, a specific COVID-19 risk register was developed, and identified 22 risks in relation to our corporate functions and 18 risks in relation to our role as a regulator. Corporate risks mainly related to the move to remote working and the impact of the pandemic on employees, stakeholders and suppliers and did not have a significant residual rating. Regulatory risks mainly related to the award of the summer 2020 examination series, with some additional risks relating to the impact of the pandemic on awarding bodies and most risks had a high residual rating.

All risks are actively considered on a regular basis and reviewed in line with the Board's risk appetite.

Procurement and departures from procurement procedures

Our published Procurement Policy aligns to the Wales Procurement Policy Statement, and we therefore openly advertise opportunities over £30k (including VAT) on Sell2Wales.gov and consider how to make our opportunities available for Small and Medium Sized Enterprises (SMEs) to successfully tender.

Our Procurement Policy is delivered via our Procurement Strategy and supported by tendering and quotation procedures, in which all budget holders have been given training.

Our procedures require that (unless we are using existing contracts or collaborative framework agreements such as those let by the National Procurement Service):

- three quotes are obtained for goods and services between £6,000 and £29,999;

- an invitation to tender is issued for goods and services over £30,000 and below the EU threshold; and
- an advert is issued to the Official Journal of the European Union for tenders over the EU threshold.

A departure process is in place to allow the effective management of any deviation from these procurement procedures. In the majority of cases, goods and services are purchased only after competitive tenders/quotations have been sought following advice from the Procurement Department. In certain circumstances, this may not be possible. When such a circumstance arises, the approval of the Chief Executive must be given.

In order that appropriate justification is provided, the template 'Request for approval for a departure from procurement procedures' is completed. The request is logged on the quotation/tender register.

The Head of Procurement reviews the request and if the request is justified, will forward it to the Chief Executive for approval. For all contracts, including those resulting from a departure, where the value is above the threshold for advertising in Europe, prior approval for the expenditure must have been sought from the Board prior to commencing procurement activity.

Any departures are reported to both the internal Management Board and the Audit and Risk Assurance Committee. During the period 1 April 2019 to 31 March 2020, two departures were approved, with a combined value of £31,408.32.

Information governance

We have an Information Security Policy that sets out the roles and responsibilities of all employees in relation to IT and information security. The policy is supported by several guidance documents including Information Classification and Handling Guidelines.

The Executive Director for Corporate Resources is the Senior Information Risk Officer (SIRO), and is accountable to the Accounting Officer and the Board for information and data governance. The Head of IT is responsible for developing, maintaining and implementing relevant IT policies, whilst the Head of Corporate Governance is responsible for data management policies and Freedom of Information requests. The Information Governance Manager is the Data Protection Officer and responsible for compliance with the General Data Protection Regulations.

We are committed to openness and transparency in the way we do business. Our Publications Scheme commits us to making certain relevant information routinely available to the public and is available on our [website](#).

We have continued to develop our system, processes and ways of working in relation to GDPR and the internal audit on ICT Data Assurance and Quality conducted in 2019-20 returned substantial assurance, with four low-risk actions. These were completed.

We have established an Information Risk Appetite statement, categorising data into the following areas, applying a risk ranking, stating our risk appetite and setting associated management actions:

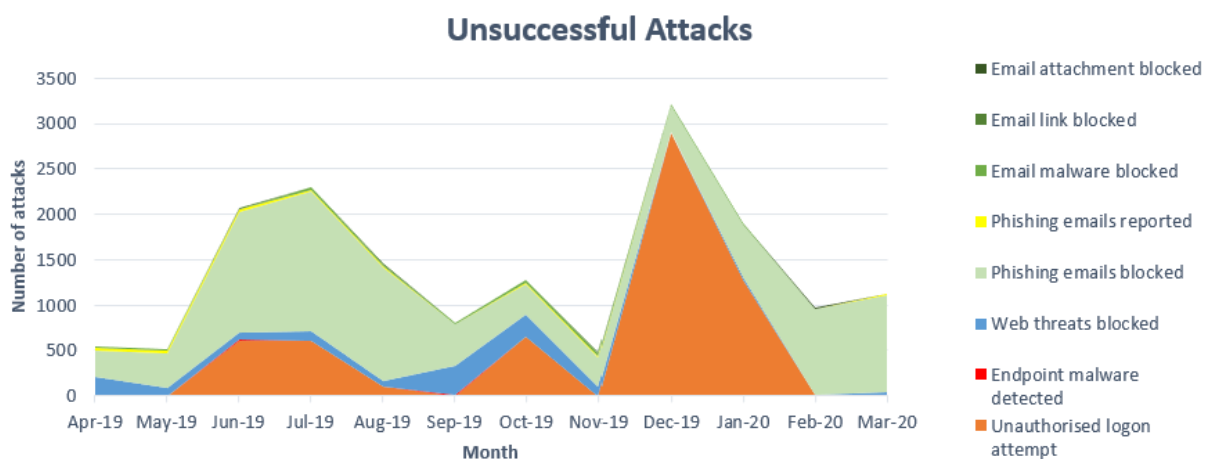
- public information;
- internal corporate;
- sensitive personal information about staff and third parties;
- QiW (our regulatory database); and
- social media.

The Head of IT is responsible for regularly reviewing our risk appetite statement and proposing updates to the Management Board. This year, we have undertaken third- party penetration testing of our in-house application QiW, and also undertaken a third-party review of the security configuration of our cloud services, which did not identify any significant issues.

Cyber security

In this financial year, there were no data breaches or losses. We had one service disruption incident that resulted in a degradation of performance on our wi-fi network and a social engineering attack on a member of staff that resulted in a compromised device. There was a near-miss incident in which file access permissions were granted to the wrong person. None of these caused significant business disruption or loss of data. We refreshed our Cyber Essentials Plus accreditation in March 2020.

The chart below summarises the unsuccessful attacks experienced over the year.

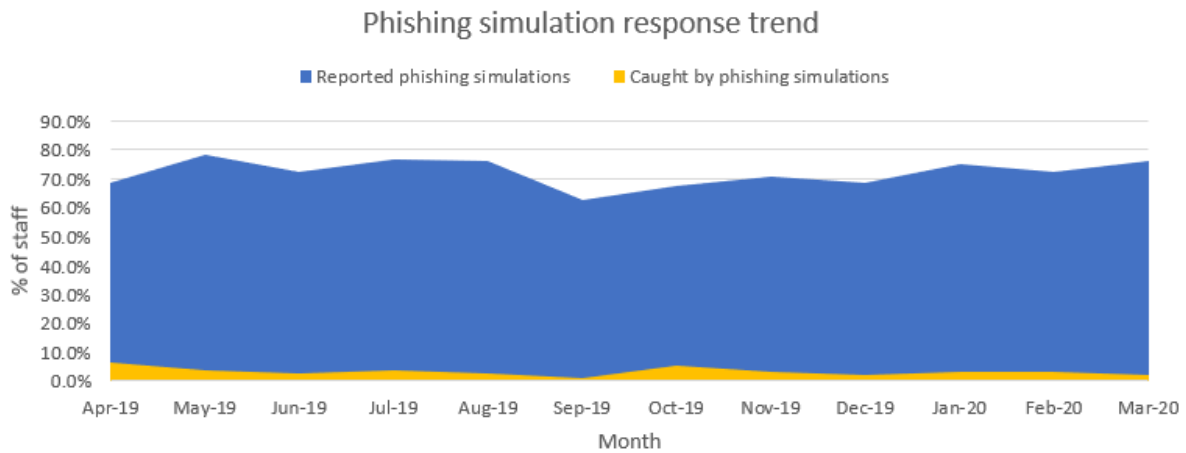


In common with other public bodies, we experienced a significant increase in the number of unauthorised logon attempts, most of which originated from IP addresses in China. We share our data regularly with the Welsh Government SIRO (Senior Information Risk Owner). As we still consider email 'phishing' to be one of our top threat vectors, our email filters provide advanced threat protection against phishing emails containing malicious links and attachments.

Activities we have undertaken during the year to counter the cyber threat include:

- deploying biometric facial recognition as a supplementary method of authentication alongside passwords;
- running monthly simulated phishing attacks on our staff to test their response and alert them to the dangers of phishing; and
- putting all staff through ongoing interactive online information security awareness training.

The results of simulated phishing attacks (which have become more sophisticated over time) are shown in the chart below (staff responses do not total to 100% as some staff did not open the emails, and these are not included in the figures):



Personal data reported incidents

Qualifications Wales has no personal data incidents to report.

Freedom of Information requests

We received eight requests for information during the year, all of which were responded to in accordance with the appropriate timescales.

Complaints

We received and investigated three corporate complaints. One was concerning our compliance with our Welsh Language Scheme. This complaint was upheld and resulted in us taking steps to raise awareness of the Welsh Language Scheme with employees, in particular new starters and temporary workers. The remaining two complaints were in relation to our communication of the deferral of the Level 3 Children’s Care, Play, Learning and Development: Practice and Theory qualification. Both these complaints were partially upheld, and we have subsequently made improvements to our processes to track email opening rates.

Whistleblowing

Qualifications Wales has a Whistleblowing Policy, which provides details to our staff about the policy purpose and process for raising any concerns. We did not receive any corporate whistleblowing disclosures.

Under our Regulatory Whistleblowing Procedure, we received one whistleblowing allegation. We accepted parts of the allegations for investigation by Qualifications Wales. Our investigation did not find evidence to support the allegations, and the case was closed.

Well-Being of Future Generations (Wales) Act 2015 (FGA)

Qualifications Wales is committed to sustainable development. Although we are not currently subject to the Well-being of Future Generations (Wales) Act 2015 (FGA), we consider that our role supports its purpose and that its requirements are compatible with how we work.

We have, therefore, voluntarily chosen to adopt the FGA Act provisions to underpin how we deliver our functions. It is natural for us to work in this way, as education necessarily requires a long-term view.

We have developed well-being objectives, which were published in April 2018, and can be seen on our [website](#). We will be publishing a separate progress report on our website.

Our work particularly supports long-term economic prosperity by ensuring that qualifications are fit for purpose, and by considering how well they meet the needs of employers and further and higher education establishments. This supports academic progression and employability, and, therefore, prosperity and economic growth. Good education makes a difference to long-term life chances, and it is important to be able to demonstrate achievement through robust and meaningful qualifications.

Welsh Language Standards

We communicate with our stakeholders bilingually, as appropriate. Although we are not yet subject to the Welsh Language Standards, we have chosen to voluntarily publish a corporate Welsh Language Scheme. We have an action plan, and our focus has been on embedding the Scheme throughout the organisation, with an emphasis on our engagement with the general public. We will be publishing progress against our Scheme in summer 2020.

Promoting and supporting Welsh-medium and bilingual qualifications

Both our GQ and VQ Strategies outline our commitment to increasing the availability of Welsh-medium and bilingual qualifications. This year, we have developed a Welsh-medium Qualifications Strategy, which sets out our commitment to the Welsh language as a regulator. This is due to be launched in summer 2020. During the last year, we have continued support for awarding bodies and the qualifications system to increase the availability of qualifications and

assessors and have convened and led forums and networks with awarding bodies and school leaders.

We provide extensive grant funding to help support the availability of Welsh-medium qualifications and assessment for both general qualifications (GCSEs and A levels) and vocational qualifications, including the Welsh for Adults qualifications.

Equality Act

We comply with the general duties under the Equality Act 2010, and we have taken care to consider equality issues in all our activities. Examples of our approach include the design of our office, our recruitment practices, our website design standards and the organisation of our events. Equality considerations are built into the design of our policies and the delivery of our services, and they are kept under review.

As a regulator, we also monitor how well awarding bodies meet their equalities duties. We have reviewed and updated our *Fair Access by Design* guidance for the awarding bodies that we regulate. This seeks to ensure that the design of qualifications has no in-built discrimination. Our Conditions of Recognition require that learners receive reasonable adjustments and we monitor awarding body compliance. Our External Relations team also provide guidance to examination officers who are responsible for implementing access arrangements.

We have published an annual progress report against our 2019-22 objectives, which highlights progress against each of the five objectives - most notably our work on Regulatory Impact assessments, our review of *Fair Access by Design*, our partnership with Remploy and our commitment to corporate social responsibility. We will continue to monitor and review these on an annual basis.

Conclusion

As the Accounting Officer for Qualifications Wales, I confirm that the statements made in this report are correct for the period from 1 April 2019 to 31 March 2020. There have been no significant internal control or governance issues, and I confirm that there were sound systems of internal control in place to support the delivery of the organisation's policy aims and objectives.

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 16 July 2020</p>
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4 Remuneration and staff report

Remuneration policy

Qualifications Wales employees are employed on terms and conditions agreed by the Board. Remuneration is aligned with Welsh Government pay bands and scales. Progression through the pay scales is on an annual increment basis, subject to satisfactory performance. Changes to salary structure for all employees (including the Executive) are reviewed annually by the Remuneration Committee, and any changes to our approach to pay must be approved by the Minister for Education.

The remuneration package includes membership of the Civil Service Pension Scheme. Upon appointment, employees are offered a choice of two types of pension: 'Alpha' (a career-average scheme) and 'Partnership', which is a defined contribution arrangement. Details of the Civil Service Pension Scheme can be found at <http://www.civilservicepensionscheme.org.uk>.

Board fees and travel costs are paid in accordance with Welsh Government rates for public appointments.

Remuneration (including salary) and pension entitlements – senior officials and Board members

The following tables provide details of the remuneration and pensions interests, for the period from 1 April 2019 to 31 March 2020, of the senior officials and Board Members who have authority or responsibility for directing or controlling our major activities.

Single total figure of remuneration						
	2019-20			2018-19		
Non-executive Board Members	Fees (banded)	Pension Benefits	Total	Fees (banded)	Pension Benefits	Total
	£'000	£	£'000	£'000	£	£'000
Chair David B Jones (Joined QW Board 01/10/2019)	15-20	-	15-20	-	-	-
Former Chair Ann Evans (Left QW Board 30/09/2019)	10-15	-	10-15	25-30	-	25-30
Angela Maguire-Lewis	5-10	-	5-10	5-10	-	5-10
Caroline Burt	10-15	-	10-15	15-20	-	15-20
Claire Morgan	5-10	-	5-10	0-5	-	0-5
Isabel Nisbet	5-10	-	5-10	5-10	-	5-10
Ellen Donovan	5-10	-	5-10	5-10	-	5-10
Robert Lloyd Griffiths	5-10	-	5-10	5-10	-	5-10
Arun Midha	5-10	-	5-10	5-10	-	5-10
David W Jones	5-10	-	5-10	5-10	-	5-10
Jayne Woods (Joined QW Board 01/04/2019)	5-10	-	5-10	-	-	-
Anne-Marie Duffy (Joined QW Board 01/04/2019)	5-10	-	5-10	-	-	-

'Fees' include the reimbursement of travel expenses to and from Qualifications Wales as these, in accordance with HMRC requirements, are treated as taxable benefits.

This table is subject to audit.

Single total figure of remuneration						
Executive Officials	2019-20			2018-19		
	Salary (banded)	Pension Benefits (to the nearest £1000)	Total	Salary (banded)	Pension Benefits (to the nearest £1000)	Total
	£'000	£1000)	£'000	£'000	£1000)	£'000
Chief Executive Philip Blaker	125-130	47,000	175-180	125-130	46,000	170-175
Executive Director - Policy and Development Kate Crabtree (Left 30 July 2019)	20-25	23,000	45-50	70-75	5,000	75-80
Executive Director - Regulation Jo Richards	80-85	33,000	115-120	80-85	30,000	110-115
Executive Director - Corporate Resources Alison Standfast	80-85	35,000	115-120	80-85	24,000	105-110
Director - Qualification Policy and Reform Cassy Taylor	85-90	38,000	125-130	-	-	-
Director - Qualification Policy and Reform Emyr George	70-75	28,000	100-105	-	-	-
Director of Communications & External Relations Kate Stokes-Davies	70-75	29,000	100-105	-	-	-

Structural adjustments, associated role changes, and the retirement of an Executive Director, all in the early stages of the financial year, has resulted in our decision to expand the numbers of senior staff included in this disclosure for 2019-20. As it has not been possible to obtain retrospective pension benefit figures for these additional staff, no comparative data can be provided relating to financial year 2018-19.

This table is subject to audit.

Salary includes gross salary and any other allowances subject to UK taxation. The report is based on accrued payments made and thus recorded in these accounts.

There were no benefits in kind or bonus payments made in 2019-20.

The 'pensions benefits' figures above are calculated for disclosure purposes, by our pensions administrators. These figures are calculated as the 'real increase in pension' (see 'Senior Employees' Pension Benefits' table below) multiplied by 20, plus the real increase in any lump sum, less contributions made by the employee during the period.

Senior Employees Pensions Benefits					
Officials	Total accrued pension at pension age as at 31 March 2020 £'000	Real increase in pension at pension age £'000	CETV at 31 March 2020 £'000	CETV at 31 March 2019 £'000	Real increase in CETV £'000
Chief Executive Philip Blaker	15-20	2.5-5	195	153	26
Executive Director - Policy and Development Kate Crabtree (Left 30 July 2019)	45-50	0-2.5	933	903	23
Executive Director - Regulation Jo Richards	15-20	0-2.5	192	163	15
Executive Director - Corporate Resources Alison Standfast	25-30	0-2.5	440	397	21
Director - Qualification Policy and Reform Cassy Taylor	30-35	0-2.5	563	513	23
Director - Qualification Policy and Reform Emyr George	10-15	0-2.5	123	106	9
Director of Communications & External Relations Kate Stokes-Davies	0-5	0-2.5	37	16	15

This table is subject to audit.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or ‘alpha’, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined ‘alpha’. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final

salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages).

During the financial year, we completed a piece of work to offer bulk transfer terms to three employees who transferred under the under the Cabinet Office Statement of Practice (COSoP) from WJEC to Qualifications Wales in 2015. The Government Actuary's Department were contracted to complete this work.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair pay disclosures

We are also required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce. This is shown below.

Median Remuneration		
	2019-20	2018-19
Band of highest earner's Remuneration (£'000)	125-130	125-130
Median Total Remuneration	44,270	41,850
Ratio	2.88	3.05

This table is subject to audit.

Staff report

In the last 12 months, we made some adjustments to our structure configuring our Directorates and teams in a different way to better suit our work. In doing this we created three new permanent roles, froze a Director role when they retired in July, and agreed up to 14 long-term, fixed-terms roles to enable us to deliver our work looking at the range of qualifications intended to complement the new curriculum – ‘Curriculum Reform’. Our headcount at 31 March 2020 is at 87, compared to a figure of 78 in the previous year; FTE has increased from 77 in 2019 to 85.28 in 2020. We have one employee currently on an outward secondment who is not included in this headcount or FTE figure. Headcount and FTE fluctuate during the year as we respond to turnover and recruit accordingly. Our average number of employees during the last 12 months, along with a comparison to the three previous years is outlined in the table below:

Year	Average headcount	Full Time Equivalent (FTE)
2019-2020	81.6	80.2
2018-2019	77.3	76.61
2017-2018	78.5	76.14
2016-2017	72	-

This table is subject to audit.

In the last year, six employees have left the organisation, five for new career opportunities and our first retirement. Our turnover has declined from 8% to 7.4% (7.49% FTE). During the last 12 months, we have run 20 individual recruitment exercises; five were schemes run for multiple numbers of the same post and two were run twice due to unsuccessful initial advertisements.

We usually advertise permanent and long-term fixed term opportunities externally, and internal candidates are able to apply via that route. We operate an approach of a guaranteed interview for applicants who meet the minimum score for consideration at interview and indicate that they are disabled. We run internal exercises for short-term development opportunities, which cover maternity leave or specific project work. The decision to recruit is taken by our Management Board. At this point, we consider whether we have sufficient internal candidates to warrant a competitive internal exercise; we did not take this approach within the last financial year. Recruitment exercises in the last 12 months have been across all four Directorates within the organisation: Regulation, Qualifications Policy and Reform, Communications and Stakeholder Engagement and Corporate Resources.

Our workforce comprises 94% of employees on permanent contracts (compared to 99% at 31 March 2019). In previous years, we have had a small number of inward secondments; our last of these ended last year. We remain open to secondments and these arrangements will continue to be used where they offer the opportunity to interchange with other organisations and to make the best use of skills, particularly in areas of professional expertise. We also support outward secondments to aid personal development, particularly where our structure does not naturally support a career pathway. Our first outward secondment started last year and will conclude in Summer 2020. Our current fixed-term contracts are in place to backfill the outward secondment

and to deliver time-bound pieces of work. Two of these contracts are longer term and are in place to support Curriculum Reform.

During the year, we have used agency staff to fill vacancies or short-term work for which a secondment or fixed term appointment was not suitable. During the last 12 months, we have appointed seven people via an agency to undertake defined roles; two of these appointments provided temporary cover for the same role. As at 31 March, only three agency employees were working with us. These temporary contracts are not included in calculations for headcount or FTE calculations.

	Female	Male	
Apprenticeship	0	0	
Fixed term	4	1	
Permanent	51	31	
	55	32	87

Headcount at 31 March 2020

Following the introduction of IR35 (intermediaries’ legislation), we review all appointments with those contracted to ensure compliance.

¹ The table indicates headcount at 31 March 2020. We currently have an employee who successfully completed an apprenticeship and is now a permanent employee but studying for a higher apprenticeship.

Learning and development

We are committed to employee development. Specific needs are either identified through our business planning, our senior managers or through individual performance discussions. Individual requirements might be met with formal training, through access to different opportunities or working across teams within our organisation.

Some of our training meets a corporate or statutory need and is delivered across the organisation. This year, we have run first aid training, mandatory online manual handling training for all staff and fire safety training. In terms of IT, employees undertook an online Information Security refresher to build upon learning in the previous financial year. We have also supported individual IT needs through access to online modules in Microsoft packages; where staff need to expand their knowledge further, we support face-to-face training. A number of colleagues attended a session focusing on the use of MS Project to support the planning work in relation to the Curriculum Reform project.

We procure training to deliver to groups of employees. In February we delivered 'Cancer in the Workplace' training, working with Macmillan. During the year, we made the commitment with our Trade Union to sign the TUC Dying to Work Charter, which requires an organisation to train staff in managing terminal illness. The training with Macmillan focused specifically on cancer, but also covered approaches which would support an individual who was unwell with a serious condition, as well as training colleagues to support each other and managers to support their teams.

We have also delivered Regulatory Impact Assessment training to a proportion of our Senior Leadership Group along with employees involved with the work on curriculum reform. We also delivered Minute-taking training to a small cohort.

We have continued to support Welsh-language learning through funding individuals in personal study, as well as the promotion of the online learning modules developed by the National Centre for Learning Welsh. Three employees attended residential sessions delivered by the National Centre for Learning Welsh, which immerse learners in the language to either build on existing language skills or start individuals on their Welsh-language journey. This formal training is supported by an environment that encourages learners to build their skills through conversing with Welsh-speakers. In September, we delivered 'Welsh Language in Context' training in partnership with Ateb to raise awareness of the history of the use of Welsh and build and develop employee understanding of the Welsh Language Standards.

We support personal development, and in the last year have supported four employees in higher education learning. Several employees in Qualifications Officer and Manager roles also undertook online training in educational assessment. We have committed to employee professional development and are supporting an employee through her studies to achieve her AAT Advanced Diploma; similarly, we also committed to developing an employee in the Communication profession and supported her professional learning with CIPR and PRCA, which resulted in her

progression to a permanent Communications role. Employees have also attended external training and conferences to develop and enhance their professional skills and maintain their CPD in fields such as procurement, corporate governance, HR, finance, research and communications.

In the last 12 months, we have worked collaboratively with other sponsored bodies to build a specification for Leadership and Management training at a line manager, and at a strategic leader level, which will be delivered from September 2020 onwards. This training will enable participating bodies to create cohorts of learners from across the sector who will benefit from attending with peers from bodies with similar approaches and experiences.

Employees also run internal 'Lite Bite' sessions to inform the wider organisation about pieces of work that teams or individuals are working on, to explain organisational policies and to share learning they have experienced.

Trade union members have also been supported to attend courses to ensure that they have the knowledge and ability to undertake their union roles.

Pay band and gender

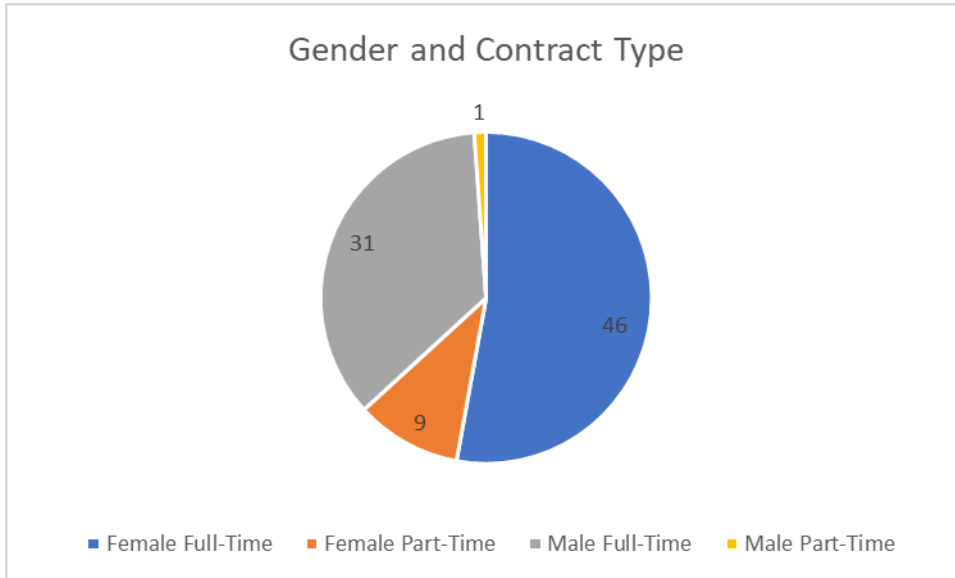
The following tables outline our employee composition as at 31 March 2020, by their substantive band, gender, age and contract type (full-time hours are 37 hours per week, part-time contracts are those agreed with fewer than 37 hours).¹ We have 10 employees on a contract of fewer than 37 hours, which is an increase of one from 31 March 2019 (in 2018 just four employees, three female, one male worked part-time). It is worth noting that one of these current working arrangements was advertised as a term-time (part-time) contract. There is change in the employees on fixed-term contracts: last year, we had two male employees working on a part-time basis; one of these has returned to full time hours in this year. The predominance of requests to work on contracts below 37 hours continues to be from female employees.

We continue to have a greater proportion of female to male employees, which is representative of the education sector more generally. In terms of recruitment statistics, we tend to receive a greater number of applications from female candidates at all bands, we review this information regularly and consider our advertisement approach to broaden our diversity more generally.

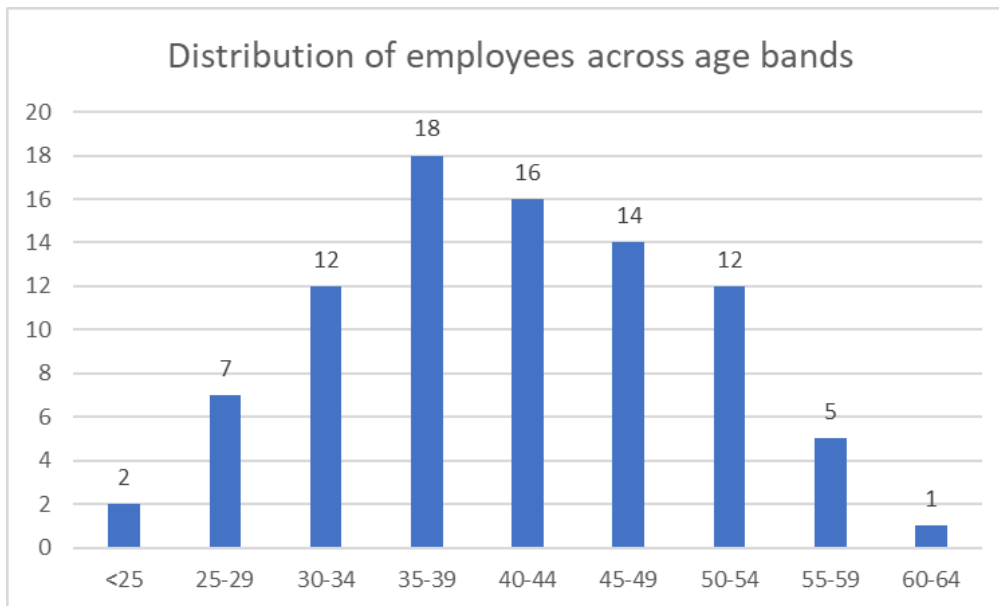
² The table indicates an employee's substantive (contracted) band. It does not reflect when an employee may be temporarily working at a higher band, and therefore conflicts with the table on p58, which is based on an employee's actual pay in this year.

Band	Female Full-Time	Female Part-Time	Male Full-Time	Male Part-Time	Total
1	3	0	1	0	4
2	7	1	2	0	10
3	10	2	9	0	21
4	15	4	9	1	29
5	6	2	6	0	14
6	3	0	3	0	6
7	2	0	0	0	2
8	0	0	1	0	1
Total	46	9	31	1	87

Gender and contract type



Age



Our age profile has altered slightly over the last 12 months. In 2020, we have a higher proportion of employees in the age 35-39 band, which has evened out the curve of our age profile. Some of the changes are as a result of aging and crossing into the next age band and some due to recruitment. We remain stable at both ends of the spectrum, <25 and 55-59 and 60-64.

Sickness absence

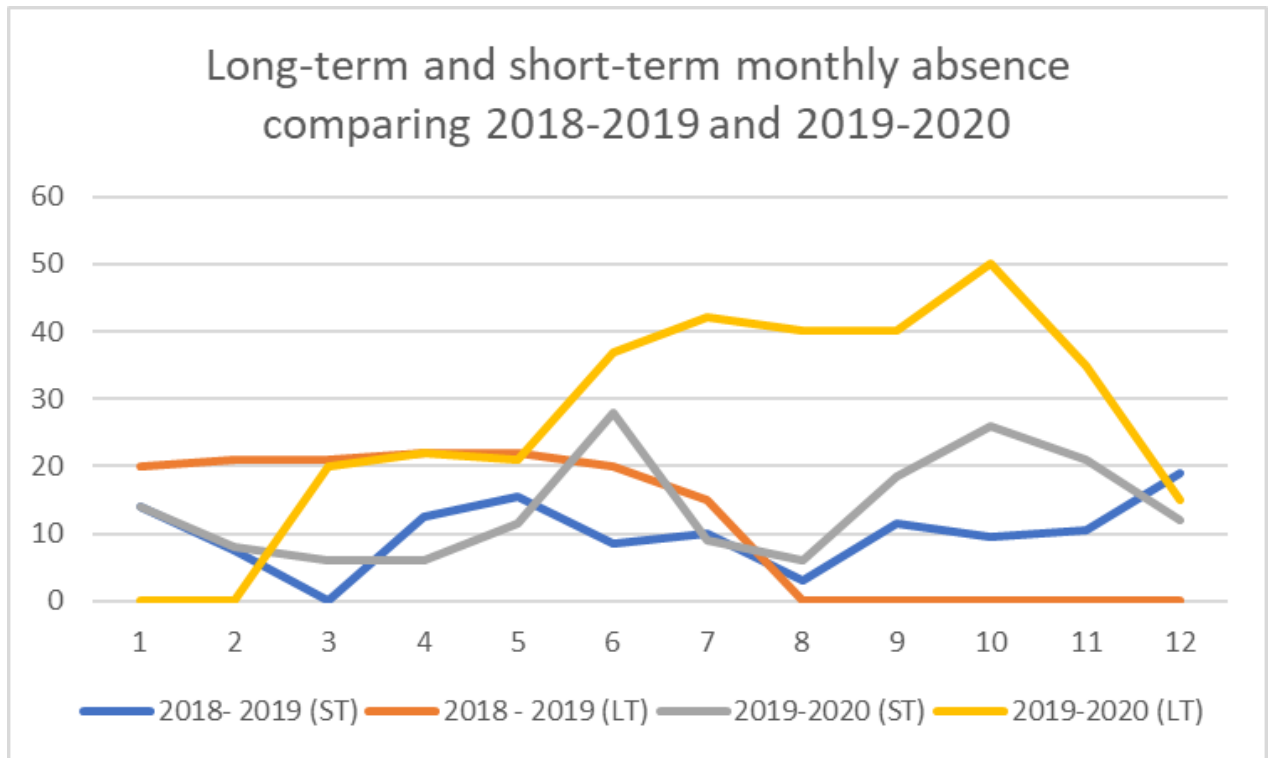
Our sickness absence rates have increased substantially over the last 12 months, and in total 488 working days were lost, compared to 262.5 working days lost in 2018-19. The Chartered Institute of Personnel and Development (CIPD) Health and Well-being at Work Survey published in March 2020 reports the yearly average for the public sector has dropped from 8.4 to 8 days per employee, with an overall average of UK workplaces at a new low figure of 5.8 days. We use these figures as our monthly benchmark. The average for organisations with between 50 and 249 employees has increased to 4.5 this year (up from 4.4 in 2019). Our annual average level of absence has increased from 3.4 days to 5.98 days per employee. This figure is calculated using the annual average number of employees, which in 2019-2020 was 81.6. Our annual average FTE is 80.2, which adjusts our average to 6.1 days, which is nearly double last year's figure of 3.4 days on this calculation.

We have seen an increase in both short-term and long-term absence in the past 12 months, with a few cases of prolonged sickness (representing 311 of the 488 days). These instances received support from line management, HR and Occupational Health and concluded towards the end of the period. Our sickness absence statistics are reviewed by our Management Board monthly to review trends and concerns, and to mitigate and manage where possible. The absences recorded do not indicate specific issues, and long-term absences are managed using Occupational Health and HR support to facilitate successful returns to work. We provided flu vaccinations in the autumn for the third year in a row, and whilst we cannot determine the full impact of this provision, we do monitor uptake and resulting absence due to cold/flu reasons.

The tables below outline our sickness absence statistics in more detail.

Sickness absence totals by month

Month	2016-2017 (ST)	2016 - 2017(LT)	2017 - 2018 (ST)	2017 - 2018 (LT)	2018-2019 (ST)	2018 - 2019 (LT)	2019-2020 (ST)	2019-2020 (LT)
Apr	9.5	0	0.5	16	14	20	14	0
May	21.5	0	8.5	0	7.5	21	8	0
Jun	16	0	4.5	0	0	21	6	20
Jul	10	0	18	0	12.5	22	6	22
Aug	12.5	0	18	0	15.5	22	11.5	21
Sep	1	1	9	21	8.5	20	28	37
Oct	18.5	34	14	22	10	15	9	42
Nov	19	60	13	22	3	0	6	40
Dec	25	24	25.5	16	11.5	0	18.5	40
Jan	18.5	22	34	29	9.5	0	26	50
Feb	13.5	16	33.5	20	10.5	0	21	35
Mar	11.5	23	4	21	19	0	12	15
Total	176.5	180	182.5	167	121.5	141	166	322



We are committed to encouraging a healthy lifestyle and a good work/life balance. We contract an occupational health provider to help us, and to:

- offer assistance and advice to employees;
- support attendance at work; and
- facilitate successful return to work after a long-term absence.
- deliver well-being days, which can include health-checks and winter flu vaccinations

All employees have access to an Employee Assistance Programme that can offer advice and support on a range of issues. This is available initially via a telephone service or via the internet at any time of day or night and is completely confidential.

We promote and encourage a healthy work/life balance through the support services provided and organisational policies. In our 2019 People Survey, 88% of employees agreed that the organisation supports their health and well-being and 94% agreed that we promote health and well-being messages and information to staff. Our Well-being and Equalities group work together to promote a range of initiatives across the organisation to reinforce positive behaviours and the support available to employees, such as Mental Health First Aiders. Their work led to us achieving the Bronze Corporate Health Standard in March 2019, and we are now working towards achieving our Silver accreditation.

Summary of 2019-20 staff costs

	2019-20					2018-19				
	Permanently Employed Staff	Temporary Staff	Others Seconded Staff	Agency Staff	Total	Permanently Employed Staff	Temporary Staff	Others Seconded Staff	Agency Staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and Salaries	3,490	81	-	-	3,571	3,314	25	32	-	3,371
Social Security Costs	391	8	-	-	399	371	2	4	-	377
Other Pension Costs	965	22	-	-	987	705	5	7	-	717
Agency Costs	-	-	-	43	43	-	-	-	78	78
Total	4,846	111	0	43	5,000	4,390	32	43	78	4,543

This section is subject to audit.

There were no 'off payroll' engagements made in 2019-20.

There were no exit packages in 2019-20.

Qualifications Wales incurred the following consultancy costs during 2019-20:

Consultancy - 2019-20		
Consultant	Consultancy Work Undertaken	Total £
Certes Computing Ltd	Certes were commissioned to consider our processes for the development and approval of qualifications, to map the current processes and consider recommendations for how we might improve or rationalise our operations for the delivery of this function. This small spend in 2019-20 completed the work undertaken and reported in 2018-19.	738
3C Consultants Ltd	A market review of alternative Finance / HR systems.	14,319
Ernst & Young LLP	Provision of VAT registration advice based on a review of our (potentially) taxable supplies..	5,000
Wordtree & Me Ltd	Website mapping. A full review of our website was conducted, and a set of recommendations for re-structuring it in future was provided.	4,320
Ateb Cyntaf Cyf	A review of our draft Welsh Language Scheme, providing recommendations on how the scheme could be further developed to meet the Welsh Language Standard in the future.	1,080

Equalities

Our [Strategic Equality plan](#) outlines the objectives that we have set ourselves to underpin our commitment to equality. The plan covers all aspects of our operations, including staff, facilities, expenditure, qualifications development and regulation, stakeholder engagement and monitoring. This includes monitoring our performance on equal pay between genders.

The table below outlines our position on equal pay at the end of March 2020.²

	Pay Band	Women	Men	2019-2020 remuneration gap (- if women paid less)	2018/19 Remuneration gap (- if women paid less)	Difference	2019/2020 remuneration gap as a % of the male (-if women paid less)	2018/19 remuneration gap as a % of male (-if women paid less)	Change
mean	1	£21,083	£20,000	£1,083					
median		£20,000	£20,000	£0					
mean	2	£26,549	£28,150	-£1,601	£1,429	-£3,029	-6%	6%	↓
median		£28,150	£28,150	£0	£2,500	-£2,500		10%	↑
mean	3	£34,235	£35,550	-£1,315	-£549	-£766	-4%	-2%	↓
median		£36,500	£36,500	£0	£0	£0		0%	
mean	4	£43,776	£45,836	-£2,061	£3,635	-£5,696	-4%	8%	↓
median		£45,850	£45,850	£0	£1,550	-£1,550		4%	↑
mean	5	£56,632	£58,718	-£2,086	-£549	-£1,537	-4%	-1%	↓
median		£57,293	£59,350	-£2,058	£0	-£2,058	-3%	0%	↓
mean	6	£77,765	£70,143	£7,622	£6,618	£1,004	12%	10%	↑
median		£72,905	£72,905	£0	£0	£0		0%	
mean	Exec	£83,440							
median		£83,440							
mean	CEO		£129,940						
median			£129,940						

³ The table reflects an employee's actual pay in this financial year; it therefore takes account of additional remuneration received for temporarily working up to a higher band. Numbers are therefore different from those in the table on page 53.

The median salary at 31 March 2020 (which excludes the CEO's salary) is £44,270, compared to £41,850 in 2019. The ratio of CEO salary (at the mid-point of the pay band) to the median is 2:88 in 2020, compared to 3:05 in 2019.

Bands 1-6 have scale points within them that employees move up annually, subject to satisfactory performance, on an incremental basis. Consequently, all employees can expect to be at the maximum of their current band within two years (Bands 1 and 2) and within three years (Bands 3-6). Bands 7 and 8 are our Executive (our equivalent to the Welsh Government Senior Civil Service). Figures in this table are based on gross salary and include allowances paid. Where employees are working at a higher band temporarily, our report is based on that higher salary.

We have a growth in the remuneration gap in the middle of our pay structure (Bands 2-5), although it is worth noting that median pay is equal in five of the bands that have a mix of gender within them (the exception to this is Band 5), and in these instances is at the top of our bands. The differences tend to be where new employees have been recruited and are appointed nearer the lower end of the pay scale. There is no change at the Executive level within the organisation.

We monitor our gender pay information alongside our recruitment data and have an objective to improve our workforce diversity with a view to positively impact all protected characteristics, including gender.

At the end of March 2020, our gender pay gap was 10.9%.

All our recent appointments at various bands have been made to women, with just one new male employee in 18 months, and consequently they have started at, or near, the bottom of our pay-scales. In pay bands 1-6, 78% of men are at the maximum of the band compared to 58% of women. We also recognise that we have a greater proportion of female employees in Bands 1 and 2 compared to men.

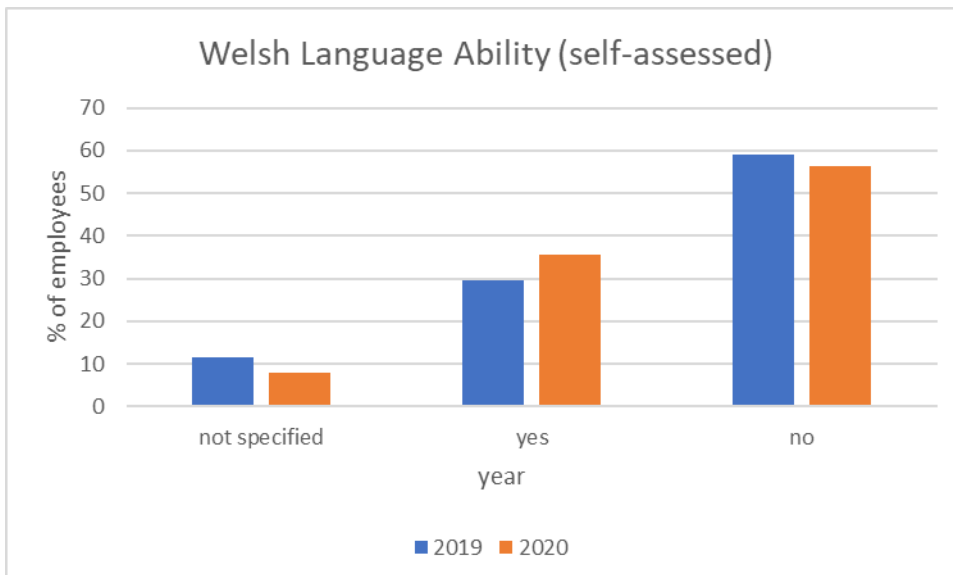
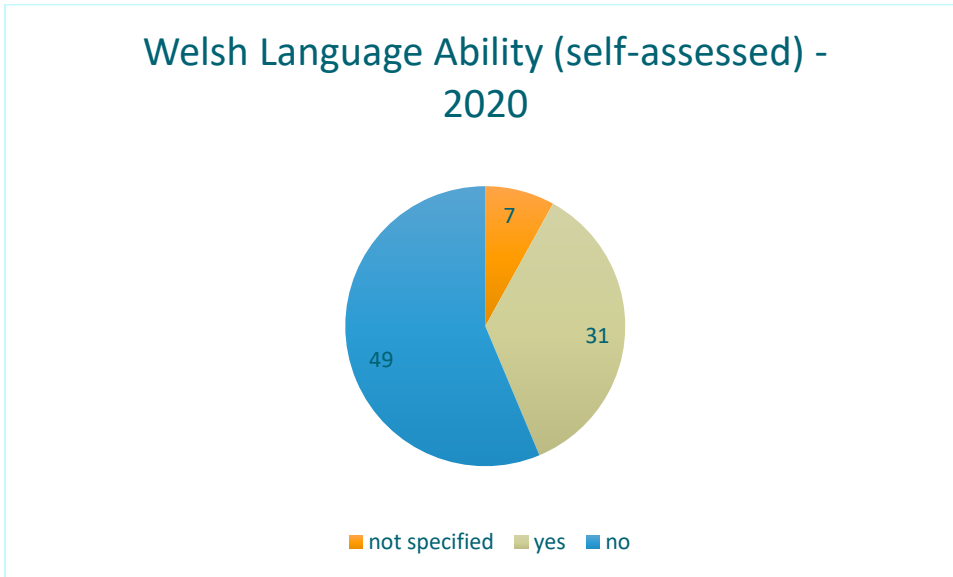
Our objective relating to gender focusses on recruitment and, in particular, ensuring that the roles we advertise are attractive to either gender and to people with other protected characteristics so as to encourage a diverse workforce. We publish our public sector equality data in an open format on our website. In the coming year we plan to engage further with Chwarae Teg to review our approach to gender equality.

Welsh language

We review the level of our employees' Welsh-language ability as part of our approach to the Welsh language and our development of skills. Employees self-assess their ability and rate themselves on a scale of 1 (Fluent) – 5 (No ability) against reading, speaking, understanding and writing. At 31 March 2020, 31 employees (36%) rated themselves as having Welsh-language skills (an increase of nine employees on last year), and 49 (56%) indicated that they did not (an increase of three employees); 8% of employees have not assessed their ability. Of those that do have skills,

20 consider themselves fluent across all measures. Some employees who declare no skills do rate themselves as having some limited ability across one or some of the measures.

The increase in those assessing themselves as Welsh-speakers will be in part due to new employees joining our organisation, as well as those who have developed skills during employment.



We continue to support employees who wish to learn Welsh by funding training and providing access to e-learning modules, as well as informal, practical support within the office environment from fluent speakers, who encourage and unofficially mentor those who are learning. We have explored opportunities to work with other similarly sized public bodies to provide on-site Welsh-language training, and keep this under review.

Signed Philip Blaker	Philip Blaker Accounting Officer 16 July 2020
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The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Qualifications Wales for the year ended 31 March 2020 under paragraph 33(2) of Schedule 1 of the Qualifications Wales Act 2015. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of Qualifications Wales' affairs as at 31 March 2020 and of its net expenditure, recognised gains and losses and cashflows, for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Qualification Wales Act 2015.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and financial statements. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements**Opinion on other matters**

Although there are no legislative requirements for a Remuneration Report, Qualifications Wales has prepared such a report, and in my opinion, that part ordinarily required to be audited has been prepared in accordance with HM Treasury guidance.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement included within the Accountability Report for the financial year for which the financial statements are prepared] is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or Accountability Report which includes the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities**Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Qualifications Wales Act 2015 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Adrian Crompton

Auditor General for Wales

23 July 2020

24 Cathedral Road

Cardiff

CF11 9LJ

Financial statements

5 Statement of comprehensive net expenditure

Statement of Comprehensive Net Expenditure			
	Notes	2019-20	2018-19
		£'000	£'000
Revenue from contracts with customers	2.1	(54)	(42)
Other operating income	2.2	(3)	
Total Operating Income		(57)	(42)
Expenditure			
Staff Costs	**	5,000	4,543
Programme Costs			
Grants	3	850	915
Other	4	1036	898
Other operating expenditure	5	1,220	1,204
Provision expense	11	3	7
Depreciation, Amortisation and Impairment	6&7	226	185
Total Operating Expenditure for year ended 31 March 2018		8,335	7,752
Net Operating Expenditure		8,278	7,710
Net Expenditure for the year		8,278	7,710
Comprehensive net expenditure for the year		8,278	7,710

** See remuneration report on page 59 for a breakdown of staff costs.

All activities are continuing.

There are no recognised gains or losses for the period to 31 March 2020.

The notes on pages 71-86 form part of these accounts.

6 Statement of financial position

Statement of Financial Position			
		2019-20	2018-19
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	6	297	347
Intangible assets	7	503	453
Total non-current assets		800	800
Current assets			
Cash and cash equivalents	9	301	367
Trade and Other Receivables	8	102	52
Total current assets		403	419
Total assets		1,203	1,219
Current liabilities			
Trade and other payables	10	(315)	(373)
Provisions within one year	11	(10)	(38)
Total current liabilities		(325)	(411)
Total assets less current liabilities		878	808
Non-current liabilities			
Provisions	11	(175)	(182)
Total assets less total liabilities		703	626
Taxpayers' equity and other reserves			
General Fund		421	273
Usable Reserve		282	353
		703	626

The notes on pages 71-86 form part of these accounts.

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 16 July 2020</p>
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7 Statement of cash flows

Statement of Cash Flows			
		2019-20	2018-19
	Notes	£'000	£'000
Cash flows from operating activities			
Net operating cost		(8,278)	(7,710)
Adjustments for non-cash transactions			
Depreciation	6&7	226	185
(Increase) / Decrease in trade and other receivables	8	(50)	19
Increase / (Decrease) in trade and other payables	10	(58)	(329)
Movement in provisions	11	(35)	(31)
<i>Net cash outflow from operating activities</i>		<i>(8,195)</i>	<i>(7,866)</i>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(50)	(172)
Purchase / Enhancement of intangible assets	7	(177)	(105)
<i>Net cash outflow from investing activities</i>		<i>(227)</i>	<i>(277)</i>
Cash flow from financing activities			
Funding from Welsh Government		8,355	7,487
Net increase in cash and cash equivalents		(67)	(656)
Cash and cash equivalents at the beginning of the period	9	367	1,023
Cash and cash equivalents at the end of the period	9	301	367

The notes on pages 71-86 form part of these accounts.

8 Statement of changes in taxpayers' equity

Statement of Changes in Taxpayers' Equity			
	General Fund £'000	Usable Reserve £'000	Total £'000
Balance as at 31 March 2018	361	488	849
Grant in aid from Welsh Government	7,487		7,487
Comprehensive net expenditure for the year	(7,710)		(7,710)
Transfers between reserves	135	(135)	-
Balance as at 31 March 2019	273	353	626
Grant in aid from Welsh Government	8,355	0	8,355
Comprehensive net expenditure for the year	(8,278)		(8,278)
Transfers between reserves	71	(71)	-
Balance as at 31 March 2020	421	282	703

The notes on pages 71-86 form part of these accounts.

Welsh Government gave their approval in 2016-17 to create a 'usable reserve'. As planned, we used £125k of this reserve in 2019-20 to cover some of the additional Curriculum Reform costs we were incurring. We also generated income of £54k during 2019-20, which we have had approval to retain, and we have added this to our usable reserve. The net effect is a £71k reduction in this reserve during 2019-20. Welsh Government have confirmed this can be used over the next two years to cover any costs associated with the retender (and potential replacement) of our Finance and HR systems.

Notes to the Accounts for the year ended 31 March 2020

1. Statement of accounting policies

(a) Basis of accounting

These accounts are prepared in accordance with a direction issued by Welsh Ministers, in exercise of the powers conferred by paragraph 32(2) of schedule 1 of the Qualifications Wales Act 2015.

The Direction requires compliance with the Government Financial Reporting Manual (FReM). The accounting policies contained within the FReM apply International Financial Reporting Standards (IFRS) for the public-sector context and are issued by HM Treasury.

Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. They have been applied consistently in dealing with items that are considered material to the accounts.

(b) Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of certain assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of the Financial Reporting Manual standards.

(c) Funding

Qualifications Wales receives funding from Welsh Government (known as the grant allocation) to finance its revenue and capital activities. In accordance with the FReM, these amounts are regarded as financing, rather than income, and are credited to the General Fund. The FReM also confirms that this financing is to be accounted for on a cash basis unless an alternative agreement has been agreed with the sponsoring department.

(d) Going Concern

The fact that Qualifications Wales receives its funding from Welsh Government, and is expected to remain in existence and funded by Welsh Government for the foreseeable future, means it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.

(e) Property, plant and equipment

Property, plant and equipment are carried at fair value. Depreciated historic cost is used as a proxy for fair value for all classes of assets, as all have either short useful lives, low value, or

both. All property plant and equipment are essentially grouped into one of three classes: Property, IT assets or Fixtures, Furniture and Equipment (F+E).

During the initial set-up phase, IT and F+E assets were purchased by Welsh Government on behalf of Qualifications Wales, totalling £378,800. These assets were all transferred over to Qualifications Wales, and an invoice was raised by Welsh Government in 2015-16 to recover these costs. All these initial costs have been capitalised.

Thereafter, IT assets costing £500 or more, and F+E assets costing £1,000 or more, are capitalised.

The premises are leased, but it is possible for internal or external adaptations to be carried out following discussion with the landlord. Any such works over £10,000 will be capitalised.

Depreciation is provided for on all these assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, shown below. A full year's depreciation is charged in the year the asset is brought into use.

Surface Pros / Notebooks, and associated equipment	three years
Room Screens, video conferencing facilities, and associated peripherals	four years
LAN / Servers and associated peripherals	five years
Fittings, Furniture and equipment	Up to 10 years
Property	The shorter of the remaining life of the lease or the life of the work

Assets are assessed each year for any indications of impairment. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

(f) Intangible fixed assets

An intangible asset is an identifiable non-monetary asset without physical substance. Qualifications Wales will capitalise intangible assets in excess of £10,000, including software licences of a duration in excess of one year, and software developments. They are valued at historic cost less accumulated amortisation and impairment losses as a proxy for depreciated replacement cost.

Where intangible assets have a finite useful life, they are amortised in equal instalments over their anticipated useful economic life. A full year's amortisation is charged in the year the asset is brought into use.

Qualifications Wales currently has one intangible asset, i.e. the QIW database. This was developed during 2015-16, went live on 1 April 2016, and has initially been amortised over five years. This amortisation period will be reviewed annually.

Where intangible assets are assessed as having an indefinite useful life, they are not amortised. This position will also be reviewed annually.

(g) VAT

Qualifications Wales is not VAT registered. Consequently, all transactions in the accounts are stated inclusive of any attributable VAT.

(h) Operating leases

Operating lease rentals are charged to the statement of comprehensive net expenditure in the year to which they relate. Annual operating lease charges could vary in accordance with the lease agreement, whereas the annual economic benefit derived from the lease remains constant. This applies to the lease in place for the building. In these circumstances, IAS 17 allows the charge to the statement of comprehensive net expenditure to be adjusted to 'equalise' the annual lease charges, through the creation of, or utilisation of, a provision.

(i) Cash and cash equivalents

Cash and cash equivalents solely comprise the balances Qualifications Wales holds with the Government Banking Service.

(j) Income

Income will be recognised in the statement of comprehensive net expenditure in accordance with IFRS 15 – Revenue from contracts with customers, as adapted for the public sector by the FReM, and will be categorised as either 'operating' – generated in pursuit of its activities, or 'non-operating' – generated from the sale of non-current assets. Whilst Qualifications Wales is not established as a trading entity, it did generate some operating income during 2019-20 through the provision of some services. Further information, demonstrating the application of IFRS 15 to our 2019-20 income, is shown in Note 2.

(k) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 7 requires an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk exposure. Given the nature of Qualifications Wales's funding arrangements, i.e. funded entirely by Welsh Government grant, and its contract arrangements, i.e. for the supply of non-financial items in line with expected purchasing and usage requirements, it is not considered to be exposed to any significant level of credit, liquidity or interest rate risk.

(l) Segmental reporting

IFRS 8 requires entities to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information. Qualifications Wales is not deemed to have operating segments as defined, but provides supplementary spend information in support of the statement of comprehensive net expenditure.

(m) Provisions

A provision is recognised in the financial statements when Qualifications Wales considers it has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

As noted above in (h) Operating leases, Qualifications Wales utilises a provision for the Building lease, where annual operating lease costs vary, but where the economic benefit derived is constant. This will equalise the annual charge to the statement of comprehensive net expenditure.

Where a general provision is created, and cash flows are expressed at current prices, costs are discounted in accordance with HM Treasury Guidance. A general provision has been created to meet the dilapidation provision contained within the building lease.

(n) Grants payable

Qualifications Wales has the power to make grants to external bodies where this is consistent with its Principal Aims.

Grant claim reimbursements are charged to the statement of comprehensive net expenditure in the period in which the expenditure is incurred.

(o) Employee benefits

Salaries and National Insurance contributions for current employees are recognised in the statement of comprehensive net expenditure as the employee's services are rendered. Qualifications Wales accounts for short-term compensated absences (paid annual leave) as a liability (accrued expenses), where the compensation for absence is due to be settled within 12 months after the end of the period.

(p) Pension costs

Employers' pension costs are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) arrangements. In accordance with the FReM, Qualifications Wales has treated this scheme as a defined contribution plan and has accordingly recognised the Employer's contributions due in 2019-20. A summary of the total employer's pension contributions is shown in the table on page 59.

(q) Inventories

IAS 2 defines inventories as assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials). IAS 2 also prescribes the accounting treatment for inventories. Qualifications Wales does not have any inventory items as defined by this standard.

(r) Contingent liabilities

A contingent liability arises where an event has taken place that gives an entity a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the body.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

In accordance with IAS 37, contingent liabilities are not recognised in the balance sheet, but disclosed in a note to the Accounts.

2. Income

2.1 Revenue from contracts with customers

Whilst not established as a trading entity, Qualifications Wales has entered into agreements to provide services to other bodies. *Managing Welsh Public Money* confirms the approach public sector bodies should take to determine the charges that apply to such service provision, namely 'to set charges to recover full costs', which 'should be calculated on an accruals basis, including overheads, depreciation and the cost of capital'. The table below summarises the income received during 2019-20, and how IFRS 15 has been applied to its treatment.

Service Provided and nature of arrangements	Key IFRS 15 Judgements	Income Recognised	
		2019-20 £'000	2018-19 £'000
Revenue From Contracts with Customers			
The provision of an agreed number of days per month of 'ongoing ICT support', via 'shared service agreements', to two other Welsh Government Sponsored Bodies. Invoices are raised in arrears, based on agreed daily rates.	Each of these arrangements has been treated as a single, distinct performance obligation, on the basis that the components are highly interdependent, and the inputs are substantially the same each month following the set up period. Revenue will be recognised over time for each agreement, on the basis that the customer receives and consumes the benefits at the same time. Charges are based on inputs, calculated in accordance with the principles of 'Managing Welsh Public Money', which requires all costs to be recovered.	45	24
Commissioned to carry out all the necessary work to reference the Credit and Qualifications Framework to the European Qualifications Framework. A schedule of work has been agreed, running from 1 April 2018 to 31 August 2019, which will culminate in the production and presentation of the referencing report. Invoices are raised in arrears, based on agreed daily rates.	This has been treated as a single, distinct performance obligation, as the ultimate product will be a referencing report. Revenue has been recognised over time, on the basis that there are specific deliverables over time that QW has an enforceable right to payment. Charges are based on inputs, calculated in accordance with the principles of 'Managing Welsh Public Money', which requires all costs to be recovered.	9	18
Total revenue from contracts with customers		54	42

Due to these charges being raised in arrears, income of circa £1k was outstanding at 31 March 2020, and is recognised as a trade receivable (£21k 2018-19). The nature of the service provided, and the content of the agreements in place means that there is not considered to be any risk to this outstanding income, or any risk of returns, refunds or other similar obligations.

As at 31 March 2020, there were no contract assets or contract liabilities (£nil 2018-19)

As all the current IT agreements extend into 2020-21, there will continue to be income generated in 2020-21 of circa £40k.

Both IT support service agreements are reviewed annually and are expected to be renewed.

2.2 Other operating income

During 2019-20, Qualifications Wales disposed of some obsolete IT equipment, for which it received income of £3k. There were no such disposals in 2018-19.

3. Summary of grant expenditure

Summary of Grant Expenditure	2019-20	2018-19
	£'000	£'000
Support for Welsh medium assessment		
WJEC	290	452
Pearson	28	50
Oxford Cambridge and RSA Examinations	-	1
Agored Cymru	-	16
City and Guilds of London Institute	31	42
British Canoeing	5	4
Swimming Teachers Association	36	-
Vocational Training Charitable Trust	52	-
Highfield Awarding Body for Compliance	-	3
Rock School Limited	38	46
sub-total	480	614
Support for Qualification Reform		
Colegau Cymru	13	-
WJEC	167	70
City and Guilds of London Institute	-	18
National Training Federation for Wales	-	33
sub-total	180	121
Welsh for Adults Qualifications Support		
WJEC	190	180
Overall Total	850	915

4. Summary of other programme expenditure

Summary of Other Programme Expenditure	2019-20	2018-19
	£'000	£'000
Use of subject experts / stakeholder engagement	538	528
Research Costs	314	215
Communications Activities	184	155
Overall Total	1,036	898

5. Summary of other operating costs

Summary of 'Other Operating Expenditure'	2019-20	2018-19
	£'000	£'000
Facilities related costs	361	324
HR Related Costs	160	163
ICT Related Costs	251	258
Board Costs	109	108
Legal Support Costs	39	60
External Audit Fees	19	19
Other professional support *	120	96
Travel and Subsistence	103	116
Admin and Office costs	58	60
Overall total	1,220	1,204

* Other professional support includes internal audit fees, translation costs, etc.

6. PPE analysis

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Information Technology Under Development	Buildings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2019	202	454	-	66	722
Additions in the period	20	30	-	-	50
Transfers from 'under development'	-	-	-	-	-
Disposals in the period	-	(67)	-	-	(67)
Impairments in the period	-	-	-	-	-
At 31 March 2020	222	417	-	66	705
Depreciation					
At 1 April 2019	72	286	-	17	375
Charged in the year	22	70	-	8	100
Disposals for the period	-	(67)	-	-	(67)
Impairments in the period	-	-	-	-	-
At 31 March 2020	94	289	-	25	408
Carrying Value at 31 March 2019	130	168	-	49	347
Carrying Value at 31 March 2020	128	128	-	41	297

7. Intangible assets

Intangible Assets	Information Technology £'000
Cost	
At 1 April 2019	800
Additions in the period	177
Transfers from 'under development'	-
Disposals in the period	-
At 31 March 2020	976
Amortisation	
At 1 April 2019	347
Charged in the year	126
Disposals for the period	-
At 31 March 2020	473
Carrying Value at 1 April 2019	453
Carrying Value at 31 March 2020	503

During 2019-20, a number of enhancements were made to the QiW database and, in accordance with IAS 38, the associated costs have been treated as 'additions'. Also, an obsolescence review has concluded that this database will remain technologically viable for a further five years, and an amortisation charge has been calculated based on this revised useful life. Had the remaining useful life not been changed, the amortisation charge in 2019-20 would have been circa £157k.

8. Trade and other receivables

Trade and other receivables	2019-20	2018-19
	£'000	£'000
Amounts falling due within one year		
Trade Receivables	10	21
Other Receivables		
Prepayments	92	31
Total	102	52

9. Cash and cash equivalents

Cash and cash equivalents	2019-20	2018-19
	£'000	£'000
Balance at start of period	367	1,023
Net change in cash and cash equivalent balances	(66)	(656)
Balance as at 31 March	301	367

This is all held with the Government Banking Service.

The balance held at 31 March 2020 is within the level approved by Welsh Government, and is largely related to the usable reserve, further information on which is provided in the 'Statement of changes in taxpayers equity', shown on page 68.

10. Trade payables and other current liabilities

Trade payables and other current liabilities	2019-20	2018-19
	£'000	£'000
<u>Amounts falling due within one year</u>		
Trade Payables	128	227
Accruals	187	144
Receipts in advance	-	2
Total	315	373

11. Provisions for liabilities and charges

Provision for liabilities and charges	Dilapidation condition within Building Lease £'000	Annualised Building Lease Costs £'000	Total £'000
Balance as at 1 April 2019	129	91	220
Provided in the year	3	-	3
Utilised / released in the year	-	(38)	(38)
Balance as at 31 March 2020	132	53	185
Analysis of the expected timings of the future liabilities			
Not later than one year	-	10	10
Later than one year and not later than five years	-	42	42
Later than 5 years	132	1	133
Total	132	53	185

The 'dilapidation' provision has been set up to recognise the condition within the building lease to restore the premises to their original state upon termination of the lease. The current lease term ends on 17 May 2025. An approximate 'cost per square foot' was obtained, from an independent source, on which to base this calculation. The annualised building lease costs provision has been set up in recognition that the actual (fluctuating) annual lease costs do not match the annual economic benefit, which remains constant. Consequently, a provision has been set up to allow the 'equalising' of charges to the Statement of comprehensive net expenditure. This has created a provision that will now be utilised over the remaining life of the lease.

12. Capital commitments

Qualifications Wales had no capital commitments at 31 March 2020 (£nil at 31 March 2019).

13. Commitments under leases

Obligations under operating lease comprise:	2019-20			2018-19		
	Lease Costs	Service Charges	Total	Lease Costs	Service Charges	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Buildings						
Not later than one year	166	32	198	190	77	267
Later than one year and not later than five years	650	128	778	650	149	799
Later than 5 years	21	4	25	184	42	226
Total	837	164	1,001	1,024	268	1,292
Multi Functional Devices						
Not later than one year	4	6	10	4	13	17
Later than one year and not later than five years	2	3	5	6	18	24
Later than 5 years	-	-	-	-	-	-
Total	6	9	15	10	31	41

14. Related party transactions

The FReM confirms that IAS 24 (Related Party Transactions) applies. The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position may have been affected by the existence of related parties and by transactions with such parties. A related party is a person or entity that is 'related' to the entity that is preparing its financial statements (Qualifications Wales), i.e. has control, significant influence, or is a key member of management.

A related party transaction is a transfer of resources, services or obligations between a reporting entity, i.e. Qualifications Wales, and a related party.

As Qualifications Wales is a Welsh Government Sponsored Body, the Welsh Government is regarded as a related party. In addition, Ellen Donovan, Board Member at Qualifications Wales, is also a Non-executive director on the Welsh Government Board. During the year, we had a number of material transactions with Welsh Government, which is regarded as the parent department.

- We recognised grant funding of £8.355m from Welsh Government (£7.487m in 2018-19).
- We made payments to Welsh Government, mainly to reimburse them for our payroll costs, including board costs, and payments for payroll services. Actual payments of £5.145m

were made (£4.983m in 2018-19), and further costs of £40k were accrued (£14k in 2018-19).

The FReM also confirms that related parties include 'the composition of the management board (including advisory and non-executive members). This means those who have influence upon the decisions of the entity as a whole.'

Whilst paragraph 11 of IAS 24 confirms that two entities are not related simply because they have a director or other member of key management personnel in common, we have listed below the transactions that have taken place with entities with whom we share Board members, or senior officers, or members of their immediate family.

Amount	Organisations	Nature of Transaction	Nature of Related Party
£5,800 (2018-19 £Nil)	University of Cambridge	Payments for QW staff training	Caroline Burt, Board Member, is the Director of Admissions at Pembroke College, Cambridge and her partner is the Senior Tutor and Senior Admissions tutor of Churchill College, Cambridge. He is also a member of the University of Cambridge Press and Assessment Board, which is part of the University of Cambridge Group
			Isabel Nisbet is an Affiliated Lecturer at the Faculty of Education, University of Cambridge
£3,604 (2018-19 £6,764)	Cardiff University	Payments towards training/tuition fees for QW staff; Payments for attendance of one member on QW's Research Advisory Group; Payment towards the Wales Institute of Social & Economic Research, Data & Methods Multi-Cohort Survey.	Claire Morgan, Board Member, is Interim Pro Vice-Chancellor, Education and Students, at Cardiff University
			The partner of Arun Midha, Board Member, is the Director of HR at Cardiff University.
£1,945 (2018-19 £792.27)	Cambridge Assessment	Payments for QW staff training	The partner of Caroline Burt, Board Member, is a member of the University of Cambridge Press and Assessment Board, which is the governing body of Cambridge Assessment, and as such holds the following relevant roles at Cambridge Assessment Non-executive director; The Chair of the Standards Committee; A member of the Regulatory Compliance Committee, A member of the Remuneration and Nomination Committee, and A Director of OCR;

Qualifications Wales has a 'Conflicts of Interest' Policy and maintains a register of other interests (as defined) relating to staff and directors. This policy prevents board members/senior management from participating in decisions involving organisations with whom they also have an interest.

Finally, in delivering its principal aims, Qualifications Wales has made grant payments during the year to third party organisations (see disclosure Note 3), but again does not regard these as being related parties.

15. Contingent liabilities

Qualifications Wales is currently awaiting confirmation from HMRC that its application to be exempted from VAT registration because it has temporarily breached the registration threshold has been accepted. Should the application not be successful, then it would be required to register for VAT from 1 March 2020, and would have to levy a VAT charge on the taxable supplies for that month.

The value of the taxable supplies for March 2020 was circa £8k, on which VAT at the standard rate would be chargeable. This would result in Qualifications Wales retrospectively recovering VAT totalling £1,600 from its customers, for payment over to HMRC.

16. Third party assets

Qualifications Wales does not hold any third-party assets (£nil at 31 March 2019).

17. Events after the reporting period

There were no events since the date of the statement of financial position that affect the understanding of these financial accounts.

18. Impact of standards not yet effective

Qualifications Wales has considered the impact of standards and interpretations which have been issued but are not yet effective and which have not been adopted early.

As previously reported, IFRS 16 largely removes the current classifications of finance and operating leases and introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position.

The new standard was expected to apply from 2020-21. However, HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2021 for public-sector financial reporting. This is because of the circumstances caused by Covid-19.

When implemented this will affect the way Qualifications Wales recognises transactions relating to its buildings lease, and will result in the recognition of a 'right of use asset' and a corresponding liability of circa £620k.

As the Accounting Officer for Qualifications Wales, I confirm that the statements made in this report are correct for the period from 1 April 2019 to 31 March 2020.

Signed Philip Blaker	Philip Blaker Accounting Officer 16 July 2020
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