

2020 Audit Plan – Rhondda Cynon Taf County Borough Council

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2020 Audit Plan

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 Each year we audit the Rhondda Cynon Taf County Borough Council's (the Council) financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Council has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Continuous improvement

- 4 The Council also has to put in place arrangements to make continuous improvements and we also check if it has done this.

Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

Impact of COVID-19

- 6 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on local authorities' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.
- 7 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many local authorities will not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 8 In response to the government advice and subsequent restrictions, we have ceased on all on-site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 9 Consequently, this audit plan does not include any details in relation to completion of our audit work. We will discuss a timetable with the authority once the current

national emergency situation is over and the authority is in a position to prepare its accounts.

- 10 We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
- we plan to give an opinion on the Council's financial statements
 - assess whether the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they are consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- 12 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - auditing the Council's pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
 - the Limited Assurance report for Llwydcoed Crematorium joint committee; and
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 13 There have been no limitations imposed on me in planning the scope of this audit.
- 14 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

- 15 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Due to adverse weather within the financial year there will be significant damage to the Council's property, plant and equipment which lead to impairments in the financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the impairment exercise to ensure relevant assets have been considered; and • review estimates of impairments are on a reasonable basis.
<p>McCloud judgement In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgment applies to all of the main public service pension schemes. The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the LG/Police/Firefighters pensions scheme</p>

Audit risk	Proposed audit response
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency will see a significant delay in the preparation and publication of accounts. There is a risk that the quality of the accounts and supporting working papers eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
Other areas of audit attention	
<p>Introduction of IFRS 16 Leases has been deferred until; 2021-22. There is considerable work required to identify leases and the COVID-19 national emergency may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>

Performance audit

- 16 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on **page 4** in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2020-21

This table summarises the performance audit programme for 2020-21

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examination	A project common to all local councils that will focus on the theme of 'prevention'.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.
Local performance audit work	To be confirmed.

Certification of grant claims and returns

- 17 I have been requested to undertake certification work on Rhondda Cynon Taf County Borough Council's grant claims and returns.
- 18 As was the case last year, I am not required to provide any report of factual findings related to any activity levels or outcomes
- 19 My audit fee for this work is set out in **Exhibit 3**.

Fee, audit team and timetable

- 20 My fees and planned timescales for completion of the audit are based on the following assumptions:
 - the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit; and
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me.
- 21 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 22 Your estimated fee for 2020 is set out in **Exhibit 3**. There have been some small changes to my fees rates for 2019, however, my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	229,562	239,562
Performance audit work ³	94,084	94,084
Limited Assurance Report – Llwydcoed Crematorium Joint Committee	2,043	2,043
Audit of financial statements – Welsh Church	6,340	6,340
Total fee	332,029	342,029
Grant certification work ⁴	32,000-38,000	57,080

- 23 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 24 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 25 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

⁴ Payable as work is undertaken

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Director	02920320707	Huw.Rees@audit.wales
Richard Harries	Director with responsibility for financial audit work	02920320636	Richard.Harries@audit.wales
Mike Jones	Audit Manager (Financial Audit)	02920320649	Mike.Jones@audit.wales
Carwyn Rees	Audit Lead (Financial Audit)	02920829375	Carwyn.Rees@audit.wales
Colin Davies	Audit Manager (Performance Audit)	02920320666	Colin.Davies@audit.wales
Justine Morgan	Audit Lead (Performance Audit)	02920320567	Justine.Morgan@audit.wales

Timetable

- 26 We will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, we will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed.
- 27 Therefore, we will report on a timetable for our audit work in due course.
- 28 I can confirm that my team members are all independent of Rhondda Cynon Taf County Borough Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



Audit Wales

24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Chris Bradshaw, Chief Executive
Barrie Davies, Director of Finance
and Digital Services
Rhondda Cynon Taf
County Borough Council

By e-mail

Reference: HR20-03

Date issued: 30 April 2020

Dear Chris and Barrie

Annual Audit Plan 2020 – Impact of COVID-19

The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on public bodies' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.

Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many public bodies will not be able to prepare accounts in line with the timetables set out.

Alongside the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.

In response to the government advice and subsequent restrictions, we have ceased all on site work at audited bodies and our own offices have closed. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.

We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on dealing with the COVID-19 national emergency.

Amendments to the audit plan issued April 2020

In light of the above, the audit plan that we recently agreed already needs to be amended.

Audit of accounts

CIPFA/LASAAC Code of Accounting Practice

You will be aware that the CIPFA/LASAAC Code Board recently considered a proposed Code Update 2019-20 that would have disapplied large parts of the 2019-20 Code. After discussion, the CIPFA/LASAAC Code Board decided not to adopt the proposed Code Update. Therefore, the 2019-20 Code (the Code) will apply in full for this year. We understand that the authority is working towards preparing accounts in accordance with the full Code.

Audit risks

As a result of the COVID-19 national emergency, we need to update our assessment of audit risks. The schedule at [Annex A](#) adds to Exhibit 1 in the 2020 audit plan.

Potential audit issues

We are aware of concerns expressed by a number of local authorities about various aspects of the accounts.

Specific areas of concern raised with us include:

- Increased use of estimates. Due to the UK lockdown, authorities may be required to use more estimations for their accounts than in previous years. Our auditors are used to dealing with estimates and applying auditing standards in relation to estimates. We will discuss with you the key assumptions and evidence bases underlying estimates and will do this at an early stage.
- Asset valuations. Authorities have raised concerns about professional valuers applying disclaimers to their valuations and the potential impact on audit opinions. We will discuss these valuations and any necessary disclosures related to the valuations with you to ensure that the financial statements as a whole present a true and fair view.
- Pensions valuations. Due to the significant movements in investment markets, there are concerns over whether valuations provided by actuaries will be acceptable. Our audit process includes the use of a consulting actuary to provide audit assurance over the methodology and assumptions used by actuaries in providing data for IAS19 disclosures. We will review

your actuary's IAS19 reports and our consulting actuary's assessment and discuss any concerns with you at an early stage.

- Removal of disclosure notes to simplify the accounts preparation process. We have been asked for our views on the potential for excluding disclosure notes where it is felt that the notes add limited value to the user of the accounts. Examples quoted include the remuneration notes and related party disclosures. The remuneration notes are required by statute and therefore cannot be removed from the accounts. For the other notes, we draw your attention to the Code's provisions related to materiality. The Code sets out that omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. The nature or size of the item, or a combination of both, could be the determining factor. The Authority should consider the Code's provisions related to materiality when reviewing the disclosure notes and discuss any concerns with the audit team. Further detail on materiality can be found in the following paragraphs in the Code: 1.7.1, 2.1.2.14, 3.3.2.4, 3.4.2.7 and 3.9.2.17.

If you have any further areas of concern, please raise these with your audit team as soon as possible. Our auditors will seek to be pragmatic about the timely provision of information and evidence and sympathetic in our verbal and written communication and reporting on issues brought about by current events.

However, we must continue to undertake our audit work in accordance with auditing standards. We will seek to obtain sufficient audit evidence required to form unqualified audit opinions on the financial statements.

Audit timetable

In respect of our accounts work, we are aware that there may be difficulties in meeting the accounts preparation and publication dates set by the Accounts and Audit (Wales) Regulations 2014. Welsh Government have indicated that the Regulations will not be amended as they already provide sufficient flexibility to deal with any delays resulting from COVID-19.

The Regulations require the publication of a notice where the authority does not expect to achieve the dates specified by the Regulations. I have included further detail in [Annex B](#) and example notices in [Annex C](#) that the Authority may wish to consider using.

The requirements for the exercise of electors' rights under the Public Audit (Wales) Act 2004 continue to apply. This presents some practical difficulties while lockdown restrictions still apply e.g. public access to the authority's accounting records.

Therefore, the audit team will discuss with you an appropriate timetable for public inspection when we have a clear idea of the date on which the accounts will be available and when lockdown restrictions have been sufficiently relaxed.

The audit team will issue an audit notice in due course setting out the appointed date.

This may mean that there is a delay before we can issue our audit opinion.

We will need to discuss any amendments to the timetables for the production and audit of accounts with you but will continue to work as flexibly as we can. It will be vital that this engagement continues over the next few months, against what will doubtless be a fast-changing backdrop. My assessment is that our ability to meet revised audit completion dates will mainly depend on:

- the extent to which remote working and auditing is possible if the current lockdown restrictions are not lifted;
- the quality of the draft accounts and supporting working papers made available to us (driven in part by the extent of any pre-audit management reviews of that material);
- the continued availability of audited body staff to respond promptly to audit queries (given the potential pressures of sickness absences, carer and back-filling responsibilities etc);
- the continued availability of Audit Wales staff to conduct the audit work; and
- the ability of those charged with governance to convene (potentially on a virtual basis) to approve accounts.

We will of course be keeping a very close eye on all of these factors in the coming weeks and exploring options to overcome potential barriers to timely completion wherever possible, and will keep you and your team fully up to speed with any developments in this area.

Programme of performance work

Our annual audit plan also set out a programme of performance audit work at RCTCBC. On 18 March 2020, the Auditor General wrote to the Chief Executive explaining that, following Government guidance, he had decided to suspend all on-site performance audit work with immediate effect. We will make as much progress as possible with these activities by working remotely, if appropriate. However, the COVID-19 outbreak will have an inevitable impact on the delivery of our programme of performance audit work. We are keeping this under on-going review and will communicate further information on any revisions to our programme, timings and performance audit outputs when more is known about the duration of the COVID-19 restrictions and the wider impact of the outbreak on the local government sector.

We will provide further updates as and when necessary. In the meantime, if you have any questions, please contact one of our audit team.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Huw Rees', with a horizontal line extending to the right.

Huw Rees
Engagement Director

Annex A: Amended financial statement audit risks

The following exhibit adds to Exhibit 1 in the audit plan issued in April.

Financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>Impact of COVID-19 – general risks</p> <p>The COVID-19 national emergency is likely to have a significant impact on the Authority and its accounts production process. Potential risks include:</p> <p>Subsequent events. The Authority is at present, unlikely to prepare its accounts in accordance with the timetable laid down by the Accounts and Audit (Wales) Regulations 2014. The shifting reporting deadlines increases the period (and therefore the related risks) for events occurring between the date of the financial statements and the date of the auditor’s report. The consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed.</p> <p>Use of estimates. The uncertainties and delays caused by the UK wide lockdown may result in actual data being unavailable and greater use of estimates in preparing the accounts</p>	<p>My audit team will undertake the following steps to ensure the risks arising from COVID-19 are adequately addressed:</p> <p>We will extend the period of review of subsequent events in order to identify any material subsequent events related to COVID-19, and whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework.</p> <p>We will consider if there are areas that may require management to provide further evidence due to the fast-changing nature of this issue.</p> <p>We will ensure that appropriate changes been made to recognise any enhanced uncertainty in the calculation of accounting estimates (including impairment calculations).</p> <p>We will also consider whether assumptions are appropriate in the circumstances and</p> <p>We will adopt a greater focus on the following areas:</p> <ul style="list-style-type: none"> ○ The financial statement closing process (in particular journal entries and other adjustments made). ○ The auditor’s evaluation of the overall presentation of the financial statements, including consideration of whether

adequate disclosures have been made.

Annex B: Requirements of the Accounts and Audit (Wales) Regulations 2014

You may be aware that in England, the Local Government Secretary Robert Jenrick MP announced that the deadline for preparation of local government accounts will be extended to 31 August 2020 and publication of audited accounts to 30 November.

Audit Wales discussed this development with Welsh Government officials to establish if a similar announcement will be made for Wales. The Welsh Government position (as communicated to local government bodies) is currently as set out below.

Statutory requirements

The statutory position for local government bodies in Wales is set out in the Accounts and Audit (Wales) Regulations 2014 (as amended).

Welsh Government interpretation

Regulation 10 sets out the expected timetable for the preparation, approval and audit of the annual accounts. Due to the impact of COVID-19, Welsh Government recognises that it may not be possible for all local government bodies to meet this timetable. Regulation 10(4) provides local government bodies with sufficient flexibility to deal with delays caused by COVID-19. Its guidance on the Regulations, notes that:

“Where, extraordinarily, certification cannot happen before [31 May/15 June], action needs to be taken to publish a statement that clearly sets out the reasons why this has not happened before that date and agree a course of action to ensure this is done as soon as is practicable after [31 May/15 June].”

The guidance also notes that the accounts should be published by 31 July/15 September even if the accounts have not been approved.

On the basis that sufficient flexibility is built into the current Regulations, Welsh Government does not consider it necessary to amend the Regulations.

Audit Wales view and impact on the audit process

Audit Wales concurs with the Welsh Government assessment that sufficient flexibility already exists in the Regulations.

In the event that the accounts are not prepared by the statutory timetable, audited bodies should notify their audit team and publish a notice setting out there is a delay and the reason for the delay. Example wording is provided in [Annex C](#).

Annex C: Accounts and Audit (Wales) Regulations 2014 – suggested notice

Audit notice where RFO unable to certify the accounts either due to illness or because the accounts have not been prepared

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of Rhondda Cynon Taf CBC sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2020. Due to the COVID-19 outbreak, the authority has diverted resources to support key frontline services and the statement of accounts has not yet been prepared. The statement of accounts will be prepared and the Responsible Financial Officer will sign and certify the statement of accounts when the immediate pressures of the COVID-19 outbreak have subsided.

Audit notice where RFO has certified the accounts but the audited body is not meeting and therefore unable to approve the accounts

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of Rhondda Cynon Taf CBC sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

[The Responsible Financial Officer signed and certified the accounts on [date].

Regulation 10(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that following the certification by the Responsible Financial Officer referred to above, Rhondda Cynon Taf CBC approve and publish the audited statement of accounts. The Regulations required that this be completed by 15 September 2020.

[Due to the COVID-19 outbreak, the statement of accounts has not yet been prepared.]

OR

[Due to the COVID-19 outbreak, Rhondda Cynon Taf CBC has not met to approve the statement of accounts.]

OR

[Due to the COVID-19 outbreak, the audit of the 2019-20 statement of accounts has not yet been completed and no audit opinion has been provided. The statement of accounts that is published is the unaudited statement of accounts.]

Reference: AC/190/caf
Date issued: 30 April 2020

Dear Colleague

Audit Wales work programme

I am writing to update you on some important aspects of the work that my office will be undertaking over the coming weeks and months. Firstly though, I would like to pay tribute to all the public servants who are working so hard to see our country through this crisis. As the organisation responsible for scrutinising so many of these public bodies, we have a privileged insight into how vital they are to everyone's lives, every day – and even more so at a time like this. As Auditor General, on behalf of everyone at Audit Wales, and simply as a member of the public - thank you.

As you know, last month I decided to pull back from all on-site audit work as the public service focused on the pandemic. We have continued to make progress on other activity whilst working and engaging with you remotely. I remain committed to ensuring that our audit work does not have a detrimental impact on the efforts of severely stretched public bodies to deal with the national emergency. That is not to say, however, that I want us to be entirely passive. Well targeted and well delivered public audit has a vital part to play at this time in ensuring value for money, good governance and accountability. This letter explains how we will be approaching our work over the coming months.

Well-being of Future Generations report

In line with statutory requirements, we have published our Annual Plan for 2020-21, recognising that much of the performance audit work programme described in it will now need to be re-shaped or deferred.

One important exception to this is my national report under the Well-Being of Future Generations (Wales) Act 2015, which I am required by statute to lay by 5 May 2020. I have decided to lay my report 'without fanfare' before the Senedd on 5 May, and to defer any significant engagement with public service leaders and others regarding the key report messages until later in the year. I consider this to be a pragmatic way of discharging my statutory duty under the 2015 Act, whilst minimising any unnecessary distractions for the wider public sector at this difficult time. I hope the delay in engagement will also help to ensure that the impact of this important report in supporting constructive change is not significantly diminished.

Real-time audit work in respect of COVID-19

It is already apparent to my audit teams that people and organisations right across the Welsh public services are developing novel and innovative ways of working in response to COVID-19. The crisis is forcing us all to innovate and address long-standing issues with urgency. Both opportunities and risks will doubtless emerge during this period which, if acted upon sooner rather than later, can generate real-time benefits and help to mitigate other risks.

To that end, I want to deploy the capability and capacity of Audit Wales for the good of the wider public sector. Specifically, I propose to undertake work providing real-time capture and sharing of learning and experience across our audited bodies. This will involve our staff in gathering novel and other practice as it emerges and analysing it rapidly to draw out relevant points of learning. We are developing a software tool to assist us in gathering and processing this information. We will share the resulting insights swiftly to our key contacts across the Welsh public service.

I am acutely conscious that we will need to conduct any activity in a manner that doesn't impede the very important work that is happening across Wales, and which can add substantial value in informing that work. My intention is therefore to work closely with audited bodies to support them to improve their evolving responses to COVID-19, whilst preserving my objectivity and independence as Auditor General.

I am pleased to say that we have received support for this proposal from the Permanent Secretary and other senior officials at Welsh Government, the WLGA and the NHS Wales Confederation. As soon as we are able, my staff will be in touch to discuss practicalities which, as I say, will be designed to be as least intrusive as possible.

I attach a short summary of the project for your information. If you have any queries or concerns with this approach, or if you can suggest particular areas where it could be usefully directed, please let me or a member of my team know.

Other audit work in respect of Wales' response to COVID-19

Given the impact of COVID-19, I will be re-shaping my previously planned programmes of audit work. You won't be surprised, for example, that I am tracking the various COVID-19 funding flows from both UK and Welsh Governments and considering how best I can assure the people of Wales that those funds are well managed and that there is appropriate governance and accountability for the use of public money. Looking a little further ahead, I envisage a focus on what the impact of the current crisis means both in terms of the resilience and the future shape of public services in Wales. Of course, timing is everything, and I will ensure that our work does not prejudice the efforts of the public sector to tackle the crisis, whilst still reporting sufficiently thoroughly and promptly to support both scrutiny and learning.

Audit of accounts

My Engagement Directors have written to each of you about the impact of the COVID-19 emergency on your audit plan. This includes specific audit risks, as well as

revisions to the audit timetable and accounting requirements (where relevant). My staff will continue our close engagement with you and your senior team over the coming weeks and months to ensure that we deliver a high quality audit of your accounts in these changed circumstances.

Other matters

As well as considering how best to deploy Audit Wales resources to support the COVID-19 effort through our audit work, I am very aware that staff resources across public services are being stretched as never before. I want to let you know that, subject to availability and provided that the future independence of our work is not compromised, I am very willing to consider how my staff can assist wherever their skills and expertise may be required. Please let me (or a member of my team) know if there is anything specific that we can do to assist.

And finally, you will have noticed the identity and name change in this letter. Such a secondary issue in the current climate, I know, but in response to feedback on how we communicate and engage, we took the decision last year to bring together the various strands of our work under a new, clearer umbrella identity – Audit Wales. While not affecting our formal legal status, we will operate as Audit Wales henceforth in the vast majority of our public facing work. It is just one part of a wider programme of change for our audit reports; our website; our communications style and the way we engage more generally, that I hope you will recognise and value.

In closing, I would like to pay tribute once again to my colleagues across the Welsh public service and the phenomenal work they are doing for the people of Wales.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Title

Project Briefing note:

The Auditor General for Wales plans to support the rapid collection, analysis and sharing of knowledge and insights during COVID-19

Novel Practice Emerges During a Crisis.

During any emergency or crisis people will develop solutions and work in ways that are novel. Practices will emerge that are outside the range of what could be described as business as usual.

The prolonged duration of COVID-19 provides the opportunity to capture and consider this novel practice from three perspectives:

1. The identification of opportunities to improve the current response to the situation, in as close to real time as possible;
2. The identification of emerging risks (for example widespread fraud attempts) that can then be mitigated before they develop to a large scale; and
3. The recording and consolidation of novel practice, that could be shared more widely in real time and also incorporated as good practice into 'business as usual' once COVID-19 has subsided.

Collecting and Recording Novel Practice

Organisations that are experienced in emergency and crisis situations often deploy observers / information gatherers alongside their recovery teams, to identify the novel practice as it emerges. This role is recognised as a vital part of learning from what has happened and facilitates being better prepared to face the future.

The collection of information can be achieved through a range of approaches that include impartial observation, conversations and document review. It is supported by rapid analysis to draw out key insights and feedback learning. This 'closes the loop' and supports a process of real time learning and improvement.

The role of Audit Wales in supporting the Welsh Public Services response to COVID-19

The Auditor General's statutory remit places Audit Wales in a unique position to observe activity wherever public resources are being used. Our staff have strong networks and trusted relationships with people across the Welsh public services. Consistent with preserving his independence, the Auditor General plans to deploy Audit Wales staff in the three areas identified above, in support of the 'team Wales' efforts to respond to COVID-19.

Importantly, the approach taken will not impose an additional burden upon public bodies and will be predicated upon sharing useful information and analysis in real time alongside collecting what might be useful insights and learning for others.

Specifically, this will involve:

- Audit Wales staff collecting information through methods including reviews of documents and published materials, discussions with individuals and groups and observations of meetings (generally via remote working);
- The collation of this material within and across our audit teams, using our SenseMaker data tool, to provide rapid analysis; and
- The rapid dissemination of insights, additional knowledge and potential shared learning points to their original data sources, and more widely across Welsh public services where appropriate.

We anticipate that this will be an ongoing process of 'collect, analyse, share and repeat'. Greater value will potentially be generated over time as more information is gathered and shared with the people who can use it to support their response to COVID-19. We will also keep the process itself under close review and adjust it as needed in response to feedback and changing circumstances.

The overall approach taken will be consistent with how our Good Practice work has been developed over the last decade - working with public services to support them to improve, whilst maintaining the objectivity and independence that is required of the Auditor General.

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Chris Bradshaw
Chief Executive
Rhondda Cynon Taf County
Borough Council

Reference: HR20-05

Date issued: 5 June 2020

Dear Chris

Performance Audit work programme

I hope this finds you in good health personally and that you are keeping yourself and family safe and well.

The challenges at hand are extraordinary, and I appreciate that the load you are carrying is significant at this time. Firstly, I would like to thank you and your staff, both for the incredible work that you are doing, and for the professional and sympathetic way that the limited engagement we have had over the last couple of months has been handled.

When the Auditor General wrote to you on 30 April, he set out our intention to re-shape previously planned programmes of work and to focus on the impact of the current crisis in terms of the resilience and the future shape of public services in Wales. I'm now writing to put more flesh on those bones.

In terms of the series of financial sustainability assessments conducted in the last audit year, all are now issued with the vast majority finalised. For the sake of completeness, we intend to finalise those few remaining in terms of factual accuracy, but I appreciate they are very much rooted in a point in time that is now consigned to history. Consequently, we have decided not to publish an all Wales summary position as this would no longer be relevant and would prove a distraction to current challenges. Instead, we intend to examine the financial impact of the pandemic on council budgets and their financial prospects, initially during the summer. This will follow the Welsh Government's supplementary budget in May and be at a point in time when first quarter outturn is known. This will enable us to produce an all-Wales view of the outlook for local government finance in Wales that also explores consequences and priorities for action. Our staff are in active discussions with the WLGA and the Society of Welsh Treasurers on this.

I'm sure that we are all collectively concerned that we focus on the future. With this in mind, we intend to deploy staff to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and

sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.

We appreciate things are fast moving, which is why we are keen to identify, share and learn quickly across public services through the COVID-19 learning project that Adrian described in his letter. This is not traditional work for a public audit institution, but we believe we can add considerable value and we very much see it as complementary to our work on the 'big-ticket' areas, such as financial impact and recovery planning, that I've described.

Lastly, I know that there will be local risk-based audit projects either planned or in progress. I appreciate that, given the significance and magnitude of the areas of focus set out above, there may be little space in our audit programme to accommodate them. Our local audit team will discuss any potential areas of work that there may be benefit in retaining.

Thank you for your willingness to engage constructively. Our local audit team will be in touch to discuss the programme of work further, and please feel free to raise any issues or concerns with them.

Best wishes and thanks to all at Rhondda Cynon Taf County Borough Council.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Huw Rees', with a stylized flourish at the end.

Huw Rees
Engagement Director

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Chris Bradshaw
Prif Weithredwr
Cyngor Bwrdeistref Sirol Rhondda
Cynon Taf

Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Cyfeirnod: HR20-05

Dyddiad Cyhoeddi: 5 Mehefin 2020

Annwyl Chris

Rhaglen Waith Archwilio Perfformiad

Gobeithio y bydd y llythyr hwn yn eich cael mewn iechyd da yn bersonol a'ch bod yn cadw eich hun a'ch teulu'n ddiogel ac yn iach.

Mae'r heriau o'n blaenau yn eithriadol, ac rwyf yn sylweddoli bod y baich yr ydych chi'n ei ysgwyddo ar hyn o bryd yn sylweddol. Yn gyntaf, hoffwn ddiolch i chi a'ch staff am y gwaith anhygoel yr ydych yn ei wneud, ac hefyd am y ffordd broffesiynol a charedig yr ymdriniwyd â'r ymgysylltiad cyfyngedig a fu rhyngom dros yr ychydig fisoedd diwethaf.

Pan ysgrifennodd yr Archwilydd Cyffredinol atoch ar 30 Ebrill, nododd ein bwriad i ailiapio'r rhaglenni gwaith oedd wedi eu cynllunio o'r blaen a chanolbwyntio ar effaith yr argyfwng presennol, o ran cadernid a ffurf gwasanaethau cyhoeddus yng Nghymru yn y dyfodol. Rwyf i yn awr yn ysgrifennu i roi mwy o gnawd ar yr esgryn hynny.

Gyda golwg ar y gyfres o asesiadau cynladwyedd ariannol a gynhaliwyd yn ystod y flwyddyn archwilio ddiwethaf, mae pob un o'r rhain wedi cael ei gyhoeddi erbyn hyn gyda'r mwyafrif helaeth wedi eu cwblhau'n derfynol. Er mwyn cyflawnrwydd, rydym yn bwriadu cwblhau'r ychydig rai sy'n weddill o ran cywirdeb ffeithiol, ond rwyf yn sylweddoli bod y rhain bellach wedi'u gwreiddio'n ddwfn mewn cyfnod o amser sy'n prysur gael ei draddodi i hanes. O ganlyniad, rydym wedi penderfynu peidio â chyhoeddi sefyllfa gryno o ran Cymru gyfan gan na fyddai hyn yn berthnasol mwyach ac y byddai'n tynnu sylw oddi wrth yr heriau presennol. Yn hytrach, bwriadwn archwilio effaith ariannol y pandemig ar gyllidebau cynghorau a'u rhagolygon ariannol, yn ystod yr haf i ddechrau. Bydd hyn yn dilyn cyllideb atodol Llywodraeth Cymru ym mis Mai ac ar adeg pan fydd alldro'r chwarter cyntaf yn hysbys. Bydd hyn yn ein galluogi i greu darlun Cymru gyfan o'r rhagolygon ar gyfer cyllid llywodraeth leol yng Nghymru, fydd hefyd yn edrych i mewn i ganlyniadau a'r blaenoriaethau ar gyfer gweithredu. Mae ein staff wrthi'n trafod

hyn â Chymdeithas Llywodraeth Leol Cymru a Chymdeithas Trysoryddion Cymru ar hyn o bryd.

Rwy'n siŵr ein bod ni i gyd gyda'n gilydd yn awyddus i ganolbwyntio ar y dyfodol. Gyda hyn mewn golwg, ein bwriad yw defnyddio staff i gefnogi a herio'r ffordd y cynllunnir adferiad mewn amser real. Gyda'n gilydd, mae angen i ni gael sicrwydd y bydd yr adferiad yn talu'r sylw dyledus i'r llu o risgiau, ond y bydd hefyd yn cymryd gafael o'r cyfleoedd i gael dyfodol gwahanol a chynaliadwy. Rydym wedi penderfynu y bydd y gwaith hwn ar gynllunio adferiad yn cymryd lle'r gwaith ar y thema 'atal', a nodwyd gennym mewn cynlluniau archwilio.

Rydym yn deall bod pethau'n symud yn gyflym, a dyna pam yr ydym yn awyddus i nodi, rhannu a dysgu'n gyflym ar draws y gwasanaethau cyhoeddus drwy brosiect dysgu COVID-19, a ddisgrifiwyd gan Adrian yn ei lythyr. Nid yw hwn yn waith traddodiadol i sefydliad archwilio cyhoeddus, ond credwn y gallwn ychwanegu gwerth sylweddol, ac rydym yn ei weld yn ategu ein gwaith ar y meysydd 'tocynnau mawr', megis yr effaith ariannol a chynllunio adferiad, fel y disgrifiais.

Yn olaf, gwn y bydd yna brosiectau archwilio lleol, seiliedig ar risg, naill ai wedi'u cynllunio neu ar y gweill. Rwyf yn sylweddoli, o ystyried arwyddocâd a maint y meysydd ffocws a nodir uchod, mai ychydig o le fydd yna yn ein rhaglen archwilio i gynnwys y rhain. Bydd ein tîm archwilio lleol yn trafod unrhyw feysydd gwaith posibl y gallai fod yn fuddiol eu cadw.

Diolch i chi am eich parodrwydd i ymgysylltu'n adeiladol. Bydd ein tîm archwilio lleol yn cysylltu â chi i drafod y rhaglen waith ymhellach, a theimlwch yn rhydd, os gwelwch yn dda, i godi unrhyw faterion neu bryderon gyda hwy.

Dymuniadau gorau a diolch i bawb yn Cyngor Bwrdeistref Sirol Rhondda Cynon Taf.

Yn gywir



Huw Rees
Cyfarwyddwr Ymgysylltu