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Hugh Thomas
Chair, Audit Committee
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Dear Governance and Audit Committee Chair

Audit Wales Reports and Recommendations

I hope you are well.

You may recall that at the end of November 2020, some Audit Wales staff came along to a meeting of the Audit Committee Wales chairs' network to talk about the implications for audit committees as a result of the then Local Government and Elections (Wales) Bill. As part of this session, we also briefly mentioned our expectation that audit committees actively consider our reports. The purpose of this letter is to clarify and expand upon this.

As you will be aware, our performance audit work comprises national studies, local government studies (such as our recent report about discretionary services), thematic work (such as our financial sustainability assessments) and more locally risk-based work. We consult audited bodies about potential topics for our national and local government studies, and our local risk-based work is determined through our assurance and risk assessment process. Our programme of work for each council is set out in our annual audit plans.

We have found that councils' approaches to dealing with our performance audit reports, proposals for improvement and Local Government studies' recommendations are variable. Councils' approaches vary from regular reviews, audit trackers and action plans to reports and recommendations only being seen when we present our annual audit summary. We are, therefore, not assured that all councils are consistently actively considering the findings of our reports.

Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.

To help councils to do this, we will have a more targeted approach of distributing final reports upon publishing, set out our expectations of how councils should deal with our recommendations and find out whether these expectations have been met. In addition, under the Local Government and Elections (Wales) Act, the Auditor General for Wales must produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. We intend to issue this timetable to councils and cc to Governance and Audit Committee chairs every quarter. We don't intend to formally present this to Governance and Audit Committees each quarter but will liaise with councils to discuss our local approach.

Audit Wales staff will continue to work flexibly to deliver our programme of work. In response to any government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

I hope you find this letter helpful. Please liaise with our local team if you have any specific needs or concerns.

Yours sincerely



Derwyn Owen

Audit Director