

Name of Committee:	Audit Committee
Date of Meeting:	30/04/2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	External Audit Plan 2019
Purpose of Report:	To present to Members the Council's External Audit Plan 2019 which is produced annually by the Wales Audit Office.
Report Owner:	Managing Director
Responsible Officer:	Head of Finance
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.

Executive Summary:

- The Auditor General Wales is required to carry out an audit which discharges its statutory duties and fulfils its obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, the Local Government Act 1999 and the Code of Audit Practice.
- The Auditor General Wales has the responsibility to issue a certificate and report on the financial statements which includes an opinion on their truth and fairness providing assurance they are free from material misstatement, comply with statutory and other applicable requirements and comply with all relevant requirements for accounting presentation and disclosure.
- The External Audit Plan 2019 outlines work to be undertaken in the Council during the period April 2019 to March 2020 by and on behalf of the Auditor General and how much the work will cost.

1. Recommendation

That Audit Committee consider the External Audit Plan for 2019.

2. Reasons for Recommendations

- 2.1** To progress the External Audit work programme and to ensure that robust scrutiny of the External Audit Plan takes place.

3. Background

- 3.1** The Auditor General Wales is required to carry out an audit which discharges its statutory duties and fulfils its obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999 and the Code of Audit Practice. This involves:
- Examination and certification of the Council's financial statements to ensure they are 'true and fair';
 - Assessment of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - Audit and assessment of whether the Council has discharged its duties and met requirements of the Measure; and

- Bespoke pieces of work aimed at enabling the Council to make improvements in economy, efficiency and effectiveness or financial or other management practices.
- 3.2** The External Audit Plan 2019 outlines work to be undertaken in the Council during the period April 2019 to March 2020 by and on behalf of the Auditor General.

4. Key Issues for Consideration

- 4.1** A copy of the External Audit Plan is attached at Appendix 1 . Key areas are as follows.
- 4.2** Audit of Accounts - to issue a certificate and report on the Council's financial statements which includes an opinion on their "truth and fairness". Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 4.3** Other financial audit work - to audit / independently examine the Joint Committee arrangements which are hosted by the Council, these being Shared Regulatory Services and Adoption Service. In addition an independent examination of the Welsh Church Fund.
- 4.4** Performance audit - meaningful, risk based and proportionate audits and assessments will continue, these are detailed in within Appendix 1 at exhibit 3

5. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 5.1** The Audit Plan proposes further examination to assess the extent to which the Council is applying the sustainable development principle when taking steps towards meeting its well-being objectives.

6. Resources and Legal Considerations

Financial

- 6.1** The proposed fees for the work associated with the External Audit Plan 2019 is £261.405. There is an additional fee of £50,000 for the grant certification work

which is invoiced as the work is undertaken as well as an estimated fee of £14,374 for the Joint Committees and Welsh Church Fund audit works.

Employment

6.2 None as a direct consequence of this report.

Legal (Including Equalities)

6.3 The Council has a duty to improve under the Local Government (Wales) Measure 2009 (as amended from time to time) and the Local Government Act 1999.

7. Background Papers

OT Appendix 1: Vale of Glamorgan Audit Plan 2019

2019 Audit Plan – Vale of Glamorgan County Council

Audit year: 2019-20

Date issued: April 2019

Document reference: 1212A2019-20

This document has been prepared as part of work performed in accordance with statutory functions.

Further information on this is provided in [Appendix 1](#).

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the auditor acting on behalf of the Auditor General are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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2019 Audit Plan

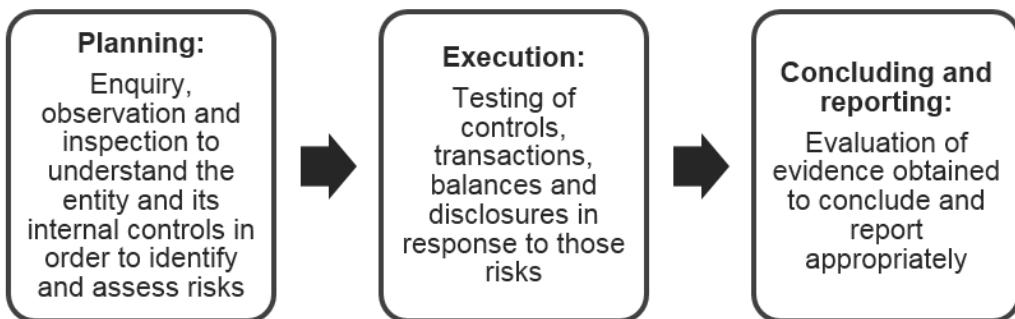
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not the Vale of Glamorgan County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
Significant risks	
Management Override 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>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 bias; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
Care Home Pooled Budget The Council, since April 2018, has been party to a pooled budget arrangement in respect of residential care for older people, along with Cardiff County Council (the host body) and the Cardiff and Vale University Health Board. The total contribution made by the Council under this arrangement in 2018/19 is expected to be in the region of £6 million.	We will review the accounting treatment and associated disclosures relating to this new pooled budget arrangement to ensure that they are appropriate and compliant with the CIPFA Code.

Financial audit risk	Proposed audit response
Asset Revaluations The Council's Social Services and Education fixed assets are scheduled for revaluation during 2018-19 by the external valuers. It is likely that the revaluation adjustment will be material.	We will review and sample test the asset revaluations undertaken during 2018-19.
Capital Commitments & Operating Lease Disclosures Significant amendments were made to the Capital Commitments and Operating Lease disclosures within both the 2016/17 and 2017/18 financial statements as a result of our audit. There remains therefore a risk of similar errors occurring within the 2018/19 Financial Statements.	We will discuss the proposed quality assurance arrangements with officers during our interim audit, and also review the disclosures for completeness and accuracy as part of our final accounts audit.
New accounting standards IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated. IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.	My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions and senior officer remuneration as sensitive areas of disclosure. The levels at which I judge such

misstatements to be material will be reported to the Audit Committee prior to completion of the audit.

- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:
 - the financial statements are provided in accordance with the agreed timescales, 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 document¹;
 - 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;
 - 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; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
 - Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 14 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 15 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 16 In addition, I am also responsible for:
 - the audit of the Shared Regulatory Services (SRS) Joint Committee's financial statements (a separate audit plan has been produced which was presented to the SRS Joint Committee on 26 February);
 - the limited assurance audit of the Vale, Valleys and Cardiff Adoptions Service Joint Committee's financial statements; and.

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

- the independent examination of the Vale of Glamorgan Welsh Church Fund.
- 17 My audit fee in respect of each of these audits is set out in [Exhibit 4](#).

Performance audit

- 18 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 19 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.
- 20 In my audit plan for 2018 I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 21 In 2018-19 I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20, I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.
- 22 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement

assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

- 23 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

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) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
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	Project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.
Waste/recycling review	Project to assess the Council's arrangements to improve recycling performance given the challenging statutory targets.
Reshaping Services Programme	Project to evaluate the arrangements that the Council has in place for delivering its Reshaping Services programme. As part of this, we will also consider how effective the Council's workforce planning arrangements are to support the Reshaping Services Programme.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

- 24 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 25 I have been requested to undertake certification work on the Council's grant claims and returns.
- 26 My audit fee for this work is set out in [Exhibit 4](#).

Fee, audit team and timetable

Fee

- 27 Your estimated fee for 2019 is set out in [Exhibit 4](#). 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.
- 28 The estimated fee represents a 2% decrease compared to your actual 2018 fee.

Exhibit 4: audit fee

Audit area	Proposed fee (£) ²	Actual fee last year (£)
Audit of accounts ³	164,000	164,000
Performance audit work ⁴	97,405	97,356
Grant certification work ⁵	50,000	56,500
Other financial audit work:		
• Shared Regulatory Service	11,844	11,844
• Adoption Services	1,130	1,130
• Welsh Church Fund	1,400	1,400
Total fee	325,779	332,230

- 29 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.
- 30 Further information on my [fee scales and fee setting](#) can be found on our website.

² The fees shown in this document are exclusive of VAT, which is not charged to you

³ Payable November 2018 to October 2019.

⁴ Payable April 2019 to March 2020.

⁵ Grant certification fee is estimated and payable as work is undertaken

Audit team

- 31 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director & Engagement Lead – Financial Audit	02920 320585	anthony.veale@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	Huw.rees@audit.wales
Steve Wyndham	Financial Audit Manager	02920 320664	steve.wyndham@audit.wales
Gareth Rees	Financial Audit Team Leader	02920 320500	gareth.rees@audit.wales
Sara-Jane Byrne	Performance Audit Manager	07786 111385	sara-jane.byrne@audit.wales
Samantha Clements	Performance Audit Lead	07837 825175	Samantha.clements@audit.wales

- 32 I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 33 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to February 2019	March 2019
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	January to September 2019	September 2019

Planned output	Work undertaken	Report finalised
Performance work:		
• Improvement Plan Audit	April 2019	April 2019
• Assessment of Performance Audit	November 2019	November 2019
• Assurance and Risk Assessment	April 2019 to December 2019	January 2020
• WFG Act Examinations	April 2019 to October 2019	November 2019
• Financial Sustainability	April 2019 to November 2019	December 2019
• Reshaping Services Programme	September 2019 to January 2020	February 2020
• Waste/recycling	October 2019 to February 2020	March 2020
Annual Improvement Report	April 2019 – May 2020	July 2020
Annual Audit Letter	May to November 2019	November 2019

* Subject to timely clearance of draft findings with Vale of Glamorgan County Council.

Future developments to my audit work

- 34 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Vale of Glamorgan County Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- 's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Vale of Glamorgan County's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Vale of Glamorgan County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- a) setting well-being objectives; and
- b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 7: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Well-being of Future Generations Act (Wales) 2015 examinations	On target	Draft report March 2019
Reshaping services - programme and delivery of savings	Planning. Following discussion with the Council, we have agreed to postpone this review and combine with a further review on this topic as part of 2019-20.	Draft report February 2020
Environmental health	Planning	Draft report June 2019
Corporate safeguarding arrangements	Planning. Fieldwork to take place March 2019	Draft report May 2019
Leisure services	Planning. Fieldwork to take place April 2019	Draft report June 2019
Annual Improvement Report	On target	Draft report July 2019

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put

in place. On 19 February, the Auditor General issued a report⁶ on preparations in Wales for a ‘no-deal’ Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

⁶ <http://www.audit.wales/publication/preparations-wales-no-deal-brexit>

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