

2022 Audit Plan – North Wales Economic Ambition Board Joint Committee

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Contents

2022 Audit Plan	
About this document	4
My duties	4
Impact of COVID-19	4
Audit of financial statements	4
Performance audit	6
Statutory audit functions	7
Fee, audit team and timetable	8

2022 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Whilst the North Wales Economic Ambition Board Joint Committee (the Joint Committee) has previously prepared a minor Joint Committees Annual Return, this will be the first year that the Joint Committee will be producing full financial statements. We will audit the financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Joint Committee has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Impact of COVID-19

- 5 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 6 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 7 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Joint Committee's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Joint Committee's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Joint Committee.

- 8 In addition to my responsibilities for auditing the Joint Committee's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 9 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. The levels at which I judge such misstatements to be material will be reported to the Joint Committee prior to completion of the audit.
- 10 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 11 There have been no limitations imposed on me in planning the scope of this audit.
- 12 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 13 The following table sets out the significant risks I have identified for the audit of the Joint Committee.

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>We 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.

Audit risk	Proposed audit response
Other audit risks	
<p>As the Joint Committee will be producing full financial statements for the first time, they are inherently more susceptible to material misstatements. There is also an increased risk that they do not fully comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code).</p>	<p>We will work with your team to discuss the accounting treatment of income expenditure and other balances, including contributions from constituent bodies. We will also:</p> <ul style="list-style-type: none"> • verify prior-year balances and disclosures; • carry out detailed audit testing of income and expenditure and other balances; and • ensure that the financial statements have been properly prepared in accordance with the Code.
<p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, e.g. around estimates, 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>

Performance audit

- 14 In addition to my Audit of Financial Statements, I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money.
- 15 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.

16 We also understand that the introduction of Corporate Joint Committees under the Local Government and Elections (Wales) Act 2021 may impact on future organisational structure and governance arrangements for the Joint Committee. This may result in some additional audit work on any newly introduced arrangements. Should this occur, I will discuss any potential fee implications with the Joint Committee.

Exhibit 2: performance audit programme 2022-23

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>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 Joint Committee putting in place proper arrangements to secure value for money in the use of resources.</p> <p>This year the project is likely to focus on the range and availability of performance information and how the Committee uses this to assure itself that it is making the expected progress and delivering value for money in all its activities.</p>

Statutory audit functions

17 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.

18 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 19 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 taking into account the impact of COVID-19, 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;
 - 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.
- 20 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 21 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 22 The estimated fee for 2022 is set out in **Exhibit 4**.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, 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	12,239	1,800
Performance audit work ³	10,500	0
Total fee	22,739	1,800

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

² Payable November 2021 to October 2022.

³ Payable April 2022 to March 2023.

- 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 Joint Committee.
- 24 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

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

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
Matthew Edwards	Engagement Director	029 2032 0663	matthew.edwards@audit.wales
Yvonne Thomas	Audit Manager (Financial Audit)	029 2267 7830	yvonne.thomas@audit.wales
Jeremy Evans	Audit Manager (Performance Audit)	07825 052861	jeremy.evans@audit.wales
Sioned Owen	Audit Lead (Financial Audit)	029 2082 9338	sioned.owen@audit.wales
Alan Hughes	Audit Lead (Performance Audit)	029 2082 9349	alan.hughes@audit.wales

- 26 There are some threats to independence that I need to bring to your attention relating to the Audit Manager who is an acquaintance of a member of the Joint Committee's Executive Group. The work of the Audit Manager does not require any direct contact with the member outside of Joint Committee meetings, and appropriate steps will be implemented to ensure that any potential conflicts are

managed. With the exception of this, I can confirm that all other members of my team are independent of the Joint Committee.

Timetable

- 27 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 28 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Joint Committee’s accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors’ rights to inspect the accounts that are also set out in the 2004 Act.

Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	April to May 2022	June 2022
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	July to August 2022	October 2022
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment 	Timescales for the project will be discussed with the Joint Committee and detailed within a specific project briefing.	



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