

2022 Audit Plan – Swansea Bay City Deal Region Joint Committee

Audit year: 2021-22

Date issued: June 2022

Document reference: 3024A2022

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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 Each year I audit the Joint Committee's 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 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.

- 9 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.
- 10 There have been no limitations imposed on me in planning the scope of this audit.
- 11 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

- 12 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>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>	<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
Significant risks	
<p>Related parties</p> <p>Disclosure of related party transactions are important as these transactions identify relationships that might materially prevent a body pursuing its separate interests or allow the body to prevent another party from pursuing its interests independently.</p> <p>We have identified related party transactions as material to the accounts as they can provide scope to distort financial information and/or obscure the substance of transactions.</p> <p>We have previously reported, in our ISA260 Report, weaknesses in the Joint Committee’s system for identifying and recording related party transactions.</p>	<p>We will review the arrangements in place for monitoring and recording declarations of interest.</p> <p>We will carry out detailed audit testing to ensure that related party transactions are accurately recorded, relate to the financial period.</p>

Performance audit

- 13 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.
- 14 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.
- 15 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 3: 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

- 16 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.
- 17 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

- 18 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.

19 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

20 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by an average of 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.

21 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 22.7% increase compared to your 2021 fee. The performance fee has increased beyond the 3.7% fee increase to cover additional work potentially needed 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 and the ongoing delivery of City Deal. Given the ongoing discussion on the future arrangements we will keep this fee and associated work in view with the Joint Committee.

Exhibit 2: 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	Estimated fee last year (£)
Audit of accounts ²	11,330	10,925
Performance audit work ³	10,500	6,860
Total fee	21,830	17,785

22 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.

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

Audit team

24 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

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

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director	07789 397018	Richard.Harries@audit.wales
Jason Blewitt	Audit Manager (Financial Audit)	07970 737478	Jason.Blewitt@audit.wales
Non Jenkins	Audit Manager (Performance Audit)	07879 848671	Non.Jenkins@audit.wales
Lucy Herman	Audit Lead (Financial Audit)	02920 320680	Lucy.Herman@audit.wales

25 We can confirm that team members are all independent of you and your officers.

Timetable

26 The key milestones for the work set out in this plan are shown in **Exhibit 4**.

27 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority'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 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	June 2022	June 2022
Audit of Financial Statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	June – July 2022	July 2022
Performance audit work: <ul style="list-style-type: none">• Assurance and Risk Assessment	Timescales for our work will be discussed with you and detailed within the specific project briefings.	



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