

## 2022 Audit Plan – City and County of Swansea Pension Fund

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# 2022 Audit Plan

## Summary

- 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 to examine and certify whether the City and County of Swansea Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 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.

## Impact of COVID-19

- 4 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 5 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 pension fund accounts

- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole.
- 7 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 Pension Committee prior to completion of the audit.
- 8 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.
- 9 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.

## Financial audit risks

- 10 The following table sets out the key risks I have identified for the audit of the Pension Fund accounts.

**Exhibit 1: financial audit risks**

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

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p><b>Risk of management override</b> 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"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other areas of audit attention</b>	
<p><b>Private Equity Investments</b> Year-end valuation of private equity investments is provided by investment managers, which is based upon forward-looking estimates and judgements and industry guidelines. As there is no quoted market process, there is a greater risk for the reasonableness of the valuation bases of these investments.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• confirm the investment valuation to audited financial statements; and</li> <li>• seek additional assurance over the valuation basis from control assurance reports.</li> </ul>

## Statutory audit functions

- 11 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.
- 12 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 13 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.

## Fee

- 14 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.
- 15 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 3.3% increase compared to your actual 2021 fee.

## 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 (£) <sup>1</sup>	Actual fee last year (£)
Audit of pension fund accounts <sup>2</sup>	44,125	42,710

- 16 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 Director of Finance.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

- 18 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
Derwyn Owen	Engagement Lead	02920 320651	<a href="mailto:derwyn.owen@audit.wales">derwyn.owen@audit.wales</a>
Gillian Gillett	Audit Manager	02920 829305	<a href="mailto:gillian.gillett@audit.wales">gillian.gillett@audit.wales</a>
Dan King	Audit Lead	02920 829373	<a href="mailto:daniel.king@audit.wales">daniel.king@audit.wales</a>

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

<sup>2</sup> Payable November 2021 to October 2022.

## Timetable

- 19 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

### Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	February to April 2022	May 2022
<b>Audit of pension fund accounts:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on Financial Statements</li></ul>	March to October 2022	November 2022 November 2022

- 20 I can confirm that team members are all independent of you and your officers. I am not aware of any potential conflicts of interest that we need to bring to your attention.







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