

## 2021-22 Audit Plan – The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils

Audit year: 2021-22

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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.

## Audit of financial statements

- 2 I am required to issue a report on The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend, and Merthyr Tydfil County Borough Councils' financial statements which includes an opinion on their 'truth and fairness'. In preparing such a report, I will:
  - give an opinion on your financial statements; and
  - assess whether the Trustee's Annual Report presented with the financial statements is prepared in line with guidance and consistent with the financial statements.
- 3 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 our work.
- 4 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 Full Council prior to completion of the audit.
- 5 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.
- 6 There have been no limitations imposed on me in planning the scope of this audit.

## Audit of financial statement risks

- 7 The following table sets out the significant risks that have been identified for the audit of your financial statements.

## Exhibit 1: audit of financial statement risks

Financial audit risks	Proposed audit response
<b>Significant risks</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].	The audit team will: <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>

## Fee, audit team and timetable

- 8 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;
  - 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;
- 9 If I do receive questions or objections, I will discuss potential audit fees at the time

## Fee

- 10 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.

- 11 The estimated fee for 2022 is set out in **Exhibit 2**. This represents an increase of £2,209 compared to your actual 2021 fee, and reflects the fee rates referred to above, and the estimated skill mix and audit days required.

### 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 for 2022 (£) <sup>1</sup>	Actual fee for 2021 (£)
Audit of financial statements	8,549	6,340

- 12 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 Responsible Financial Officer.
- 13 Further information can be found in my [Fee Scheme 2022-23](#).

### Audit team

- 14 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 Lead	07789 397018	<a href="mailto:richard.harries@audit.wales">richard.harries@audit.wales</a>
Mike Jones	Audit Manager	07879 848673	<a href="mailto:mike.jones@audit.wales">mike.jones@audit.wales</a>
Helen Williams	Audit Lead	02920 320708	<a href="mailto:helen.williams@audit.wales">helen.williams@audit.wales</a>

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

Name	Role	Contact number	E-mail address
Gareth Lewis	IT Specialist	02920 320588	<a href="mailto:gareth.lewis@audit.wales">gareth.lewis@audit.wales</a>

- 15 I can confirm that my team members are all independent of the Charity and your officers.

## Timetable

- 16 We will continue to undertake such remote work as is possible during the COVID-19 national emergency and may need to revise the timetable as work progresses.

### Exhibit 4: timetable

This table sets out the key milestones for the planned audit outputs

Planned output	Work undertaken	Report finalised
2022 Audit Plan	November 2022	November 2022
<b>Audit of financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	November to December 2022	January 2023
2023 Audit Plan	To be confirmed	To be confirmed

# Appendix 1

## Other future developments

### Future changes to UK GAAP

Following the introduction of the new UK GAAP accounting regime in 2015-16, and the replacement of the Financial Reporting Standard for Smaller Entities (FRSSE) by Section 1A of FRS 102 in 2016-17, there have been only limited changes to FRS 102 since.

More significant amendments are expected from 2022-23, reflecting recent changes in International Financial Reporting Standards, including accounting for financial instruments and leases.

### Good Practice Exchange

Audit Wales' Good Practice (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. This year the work has focused on COVID-19 learning. Further information on this can be found on our [website](#).

### Brexit: The United Kingdom's future outside the European Union

The United Kingdom left the European Union on 31 January 2020 under the terms of the Withdrawal Agreement. Between then and 31 December 2020, the UK entered a transition period, during which it continued to participate in EU programmes and follow EU regulations. On 31 December 2020, the transition period ended, and a new relationship between the UK and EU started, on the basis of a new free trade agreement.

The new agreement means some substantial changes in the trading relationship between the UK and the EU. There will also potentially be changes in administrative areas previously covered by EU law. In the short term, the UK has incorporated EU rules into domestic law. However, it is likely that in some key areas, such as public procurement, agricultural support and state aid, the UK will seek to diverge over time. In changing these rules, there will be some important constitutional issues around the relationship between the UK Government and devolved governments.

The wider opportunities and risks for Wales' economy, society and environment will become clearer as public services move from managing the short-term risks, especially around disruption to supply chains, to adapting to a different relationship with the EU and the wider world. We are also awaiting further details on the UK Government's plans to replace EU funding schemes for regional development and rural development.

The Auditor General will continue to keep a watching brief over developments. In November 2020, he wrote a [letter](#) to the Chair of the External Affairs and Additional Legislation Committee, setting out some observations on the latest position with respect to preparations for the end of the transition period. He also previously published a [report](#)



in February 2019 on public bodies' Brexit preparations and a [follow-up on progress](#) in September 2019.



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