

Central South Consortium Joint Education Service Joint Committee – Detailed Audit Plan 2023

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About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

Contents

Introduction	5
Financial statements' materiality	7
Significant financial statements' risks	8
Other areas of focus	9
Financial statements' audit timetable	10
Statutory audit functions	10
Fee and audit team	11
Audit quality	13
Appendices	
Appendix 1 – key ISA315 changes and impact	14

Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

My audit responsibilities

Each year I audit the Central South Consortium Joint Education Service Joint Committee's (the Joint Committee) financial statements to make sure that public money is being properly accounted for.

Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Joint Committee.

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).

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 is set out later in this plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

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



Materiality £1.96 million

My aim is to identify and correct material misstatements, that is, those that might otherwise cause the user of the accounts into being misled.

Materiality is calculated using:

- 2022-23 gross expenditure of £97.98 million
- Materiality percentage of 2%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts and we have set a lower materiality level for these:

- Senior officer remuneration £1,000
- Related party disclosures:
 - Transactions with Public Sector Bodies £1.96 million
 - Transactions with officers/elected members £1,000

Significant financial statements' risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
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 240.32-33].	The audit team will: <ul style="list-style-type: none"><li data-bbox="692 936 1114 1061">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;<li data-bbox="692 1070 1118 1133">• review accounting estimates for bias; and<li data-bbox="692 1142 1107 1236">• evaluate the rationale for any significant transactions outside the normal course of business.

My audit planning work is continuous, and if any further significant financial statement risks are identified during the remainder of my planning work, these will be reported to you accordingly.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>Valuation of pension fund net asset The Local Government Pension scheme (LGPS) pension fund asset as reflected in the financial statements represents a material estimate. The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work.• assess the competence, capabilities and objectivity of the actuary who carried out the valuations;• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the asset;• test the accuracy of the pension fund net asset and disclosures in the financial statements with the actuarial report from the actuary; and• assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required.

My audit planning work is continuous, and if any further areas of audit focus risks are identified during the remainder of my planning work, these will be reported to you accordingly.

Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Detailed Audit Plan	September 2023	November 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	September to October 2023	November 2023

Statutory audit functions

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.

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 and audit team

In January 2023 I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased by 4.8% for inflationary pressures. In addition, my financial audit fee has a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I estimate your total audit fee will be £20,970.

Exhibit 4: audit fee

This table sets out the proposed audit fee for 2023, 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	20,970	18,235

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.

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

Our financial audit fee is based on the following assumptions:

- the financial statements are provided in accordance with a timescale to be agreed 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;
- all appropriate officials will be available during the audit; and
- 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.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

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

² Payable November 2022 to October 2023.

The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my local audit team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director	02920 320636	richard.harries@audit.wales
Tracy Veale	Audit Manager	02920 320596	tracy.veale@audit.wales
Richard Griffiths	Audit Lead	02920 320688	richard.griffiths@audit.wales

I can confirm that all team members are independent of you and your officer

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Appendix 1

The key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none">• information on your organisation's business model and how it integrates the use of information technology (IT);• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none">• IT applications relevant to financial reporting;• the supporting IT infrastructure (e.g. the network, databases);• IT processes (e.g. managing program changes, IT operations); and• the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.