



# Welsh Church Act Funds (RCT administered)

Outline Audit Plan 2023

Audit year: 2022-2023

Date issued: December

2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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# About Audit Wales

Our aims:

<b>Assure</b>	<b>Explain</b>	<b>Inspire</b>
		
the people of Wales that public money is well managed	how public money is being used to meet people's needs	and empower the Welsh public sector to improve

Our ambitions:

			
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

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# Introduction



**Adrian Crompton**  
Auditor General for  
Wales

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. Given the size of the audit I do not intend sharing a Detailed Audit Plan later in the year. This plan therefore also sets out my estimated audit fee and the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.

## **My audit responsibilities**

I complete work each year to meet the following duties:

- I audit Welsh Church Act Fund's (the Fund's) financial statements to make sure that public money is being properly accounted for.
- the Fund 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.
- The Fund needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## 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'.

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 are seen in table below.

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

Level	£'000
Materiality	264
Performance Materiality	198
Triviality	13
Reduced threshold for sensitive areas: <ul style="list-style-type: none"><li>• Related Parties</li></ul>	2.62

# Fees and audit team

In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights 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**.

The estimate fee for this year is £7540.

## Your engagement team:

<b>Richard Harries</b>	<b>Engagement Director</b>
<b>Tracy Veale</b>	<b>Audit Manager (Financial Audit)</b>
<b>Sara-Jane Byrne</b>	<b>Audit Manager (Performance Audit)</b>
<b>Angharad Clemens</b>	<b>Audit Lead (Financial Audit)</b>
<b>Ian Phillips</b>	<b>Audit Lead (Performance Audit)</b>

**We confirm that our audit team members are all independent of the Authority and your officers.**

# Significant financial statement 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.

Significant risk	Our planned response
<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 240.32-33].</p>	<p>The audit team will:</p> <ul style="list-style-type: none"><li>• assess the design and implementation of controls over journal entry processing;</li><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for bias; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>

There are no other risks identified to bring to your attention at this time.



# Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Audit of financial statements work: <ul style="list-style-type: none"><li data-bbox="152 596 730 628">• Audit of Financial Statements Report</li><li data-bbox="152 647 730 679">• Opinion on the Financial Statements.</li></ul>	November 2023	December 2023

# Audit quality

My commitment to audit quality in Audit Wales is absolute.

I 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<sup>1</sup> 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

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<sup>1</sup> QAD is the Quality Assurance Department of ICAEW.



# Appendix 1 – the key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
<b>More detailed and extensive risk identification and assessment procedures</b>	<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"><li>• information on your organisation’s business model and how it integrates the use of information technology (IT);</li><li>• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;</li><li>• 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</li><li>• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.</li></ul>
<b>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</b>	<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"><li>• IT applications relevant to financial reporting;</li><li>• the supporting IT infrastructure (e.g. the network, databases);</li><li>• IT processes (e.g. managing program changes, IT operations); and</li><li>• the IT personnel involved in the IT processes.</li></ul>

Key change	Potential impact on your organisation
	<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>
<p><b>Enhanced requirements relating to exercising professional scepticism</b></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><b>Risk assessments are scalable depending on the nature and complexity of the audited body</b></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><b>Audit teams may make greater use of technology in the performance of their audit</b></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>