

REPORT OF AUDIT WALES

SUBJECT:
AUDIT WALES AUDIT PLAN 2022

Summary

To receive the Audit Plan for 2022 from the Audit Wales.

Introduction

In accordance with the requirements of the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, the Local Government Act 1999, and the Code of Audit Practice, the Authority is audited by Audit Wales. The main aim of this process is to:

- examine and certify whether our financial statements are 'true and fair';
- assess whether we have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
- audit and assess whether we have discharged duties and met requirements of the Local Government Measure; and
- undertake studies to enable the Auditor General for Wales to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

The programme of work for the next year is outlined in the Audit Wales Audit Plan 2022, which is to follow and will be circulated to Members prior to the meeting.. Officers of Audit Wales will attend either meetings of the National Park Authority or the Audit and Corporate Services Review Committee to report on progress.

Financial Considerations

The Authority pays a fee for the Audit work. Over a number of years the Authority along with the other two National Park Authorities have argued that this fee is too high.

Risk Considerations

The work undertaken by the Audit Wales can contribute to managing risk and providing assurance for the work of the Authority.

Compliance

The work undertaken by the Audit Wales as part of this plan is part of our compliance framework.

Human Rights/Equality issues

There are no specific implications.

Biodiversity implications/Sustainability appraisal

There are no specific implications

Welsh Language considerations

There are no specific implications

Conclusion

Members are asked to Note the Audit Plan.

RECOMMENDATION:

Members are asked to Receive and Note the Audit Plan 2022

Background documents

(For further information, please contact Richard Griffiths, extension 4815 or at Richarddg@pembrokeshirecoast.org.uk)

2022 Audit Plan – Pembrokeshire Coast National Park Authority

Audit year: 2021-22

Date issued: April 2022

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This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

2022 Audit Plan

About this document	4
My duties	4
Impact of COVID-19	4
Audit of financial statements	4
Performance audit	7
Statutory audit functions	8
Fee, audit team and timetable	8

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 Authority's financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Authority 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.

Sustainable development principle

- 5 The Authority 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.

Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 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

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the 'truth and fairness' of the Pembrokeshire Coast National Park Authority's (the Authority) financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Authority'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 Authority.

- 9 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 Audit and Corporate Services Review prior to completion of the audit.
- 10 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.
- 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 Authority.

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	
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].	We will: <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
Other audit risks	
<p>Impact of COVID-19</p> <p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with officers and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available additional funding to the Authority. The amounts involved are potentially material to the accounts. There is a risk that these additional funds may not be appropriately accounted for in the year-end financial statements.</p>	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the Authority.</p>
<p>Asset valuations</p> <p>Accounting for Property, Plant and Equipment continues to be one of the most challenging areas of the accounts. In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.</p>	<p>We will review the Authority's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</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 and sustainable development.
- 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 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly.
- 16 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 17 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 18 My auditors are liaising with the National Park Authority to agree the most appropriate time to examine the setting of well-being objectives. The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 19 For 2022-23, my performance audit work at the Authority is set out below.

Exhibit 2: performance audit programme 2022-23

This table summarises the performance audit programme for 2022-23.

Performance audit programme	Brief description
Thematic review (to be confirmed)	To be confirmed following the consultation referred to in paragraph 20 below.

- 20 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely: the

delivery of a strategic, dynamic, and high-quality audit programme; supported by a targeted and impactful approach to communicating and influencing.

- 21 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 22 We will provide updates on the performance audit programme through our regular updates to the Authority.

Statutory audit functions

- 23 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.
- 24 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

- 25 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.
- 26 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 28 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.
- 29 The estimated fee for 2022 is set out in **Exhibit 3**.

Exhibit 3: 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	Actual fee last year (£)
Audit of accounts ²	25,666	24,696
Performance audit work ³	17,815	17,084
Total fee	43,481	41,780

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

Audit team

- 32 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

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.

Exhibit 4: my audit team

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

Name	Role	Contact number	E-mail address
Jason Blewitt	Audit Manager / Engagement Lead (Financial Audit)	02920 320700 07970 737478	jason.blewitt@audit.wales
Julie Owens	Senior Auditor (Financial Audit)	02920 829392	julie.owens@audit.wales
Nick Selwyn	Audit Manager (Performance Audit)	02920 320612	nick.selwyn@audit.wales
Matt Brushett	Senior Auditor (Performance Audit)	02920 320528	matthew.brushett@audit.wales

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

Timetable

34 The key milestones for the work set out in this plan are shown in **Exhibit 5**.

35 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 5: audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	April 2022	April 2022

Planned output	Work undertaken	Report finalised
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	March – July 2022	July 2022
Performance audit work: <ul style="list-style-type: none"> • To be confirmed following closure of current consultation programme 	Timescales for individual projects will be discussed with the Authority and detailed within the specific project briefings produced for each piece of work.	
Annual Audit Summary	N/A	December 2022



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.