

# Dyfed Pension Fund

Outline Audit Plan 2023

Audit year: 2022-2023

Date issued: March 2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our <u>Statement of</u> Responsibilities.

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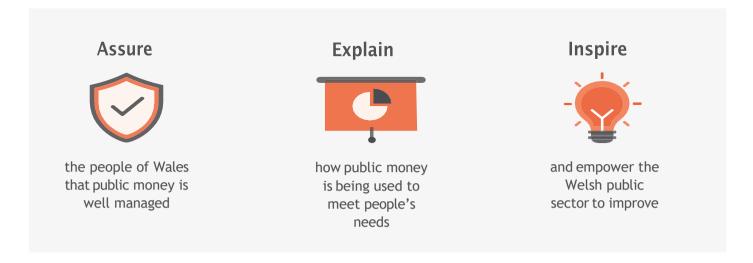
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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

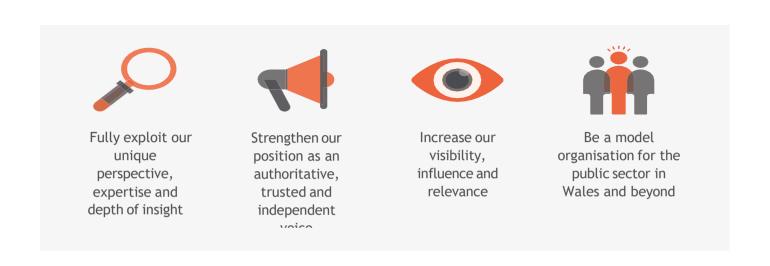
Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

### **About Audit Wales**

Our aims:



Our ambitions:



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### Introduction

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. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking.

### My audit responsibilities

I am required to certify whether Dyfed Pension Fund's financial statements are 'true and fair'. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund financial statements as a whole.

I also have responsibility to receive questions and objections to the financial statements from local electors.

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 you in my Detailed Audit Plan.

I will report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.



Adrian Crompton

Auditor General for

Wales

### Fees and audit team

In January 2023 I published the <u>fee scheme</u> 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**.

I will provide an estimate of your fee in my Detailed Audit Plan in the summer, following completion of my detailed risk assessment.

#### Your engagement team:

Derwyn Owen
Jason Blewitt
David Williams

Engagement Director Audit Manager Audit Lead

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

# Audit timeline

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

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	March 2023	March 2023
Detailed Audit Plan 2023	May to June 2023	June 2023
<ul><li>Audit of financial statements work:</li><li>Audit of Financial Statements Report</li><li>Opinion on the Financial Statements</li></ul>	October – November 2023	30 November 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 QAD¹ 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

<sup>&</sup>lt;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
More detailed and extensive risk identification and assessment procedures	<ul> <li>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:</li> <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>
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:  IT applications relevant to financial reporting; the supporting IT infrastructure (eg the network, databases); IT processes (eg managing program changes, IT operations); and the IT personnel involved in the IT processes.

Key change	Potential impact on your organisation
	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.  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.
Enhanced requirements relating to exercising professional scepticism	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
Risk assessments are scalable depending on the nature and complexity of the audited body	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.
Audit teams may make greater use of technology in the performance of their audit	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.

