

## 2021 Audit Plan – Education through Regional Working Joint Committee

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This document is also available in Welsh.

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# 2021 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2021 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 Education through Regional Working Joint Committee's (the Joint Committee) financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Joint Committee 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.

## Impact of COVID-19

- 5 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit work.
- 6 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and wellbeing of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 7 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

- 8 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the Joint Committee as the 2021 position becomes clearer.

## Audit of the financial statements

- 9 It is my responsibility to issue a certificate and report on the financial statements. This includes:
- an opinion on the on the 'truth and fairness' of the Joint Committee's financial statements for the financial year ended 31 March 2021; and
  - an assessment as to whether the Joint Committee'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 Joint Committee.
- 10 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 Joint Committee prior to completion of the audit.
- 11 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.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 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

- 14 The following table sets out the significant risks I have identified for the audit of the Joint Committee.

## 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   |
|---|---|
| <b>Significant risks</b>  |   |
| <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 240.31-33].</p>   | <p>My audit team will:</p> <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> |
| <p><b>Future direction of the Joint Committee.</b></p> <p>It is expected that ERW will cease on 30 November 2021 and a new partnership of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council will commence from 1 December 2021 – although a formal legal agreement has yet to be finalised. We would expect appropriate disclosures to be made in the financial statements bringing these matters to the attention of the reader.</p> | <p>My audit team will ensure that appropriate disclosures are included in the financial statements which reference the future direction of the joint committee.</p>   |

| Audit risk  | Proposed audit response   |
|---|---|
| <b>Significant risks</b>  |   |
| <p><b>Impact of COVID-19 – quality of the financial statements</b></p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, particularly around estimates, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and resource availability.</p>       | <p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p> |
| <p><b>Impact of COVID-19 – funding support provided by the Welsh Government</b></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 flexibility in the funding provided to the Joint Committee during 2020-21. The amounts involved are potentially material to the accounts and there is a risk that these 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 Joint Committee.</p>   |
| <p><b>Senior officer disclosures.</b></p> <p>There have been changes to senior staff during 2020-21 which may impact on disclosures in the accounts.</p>  | <p>My audit team will review senior officer disclosures within the financial statements to ensure they are accurate and complete with regard to the materiality level set for such disclosures.</p>   |

## Statutory audit functions

- 15 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.
- 16 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

- 17 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.
- 18 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 19 Your estimated fee for 2021 is set out in **Exhibit 2**. This is in line with the 2020 fee.

## Exhibit 2: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

| Audit area                     | Proposed fee (£) <sup>1</sup> | Actual fee last year (£) |
|--------------------------------|-------------------------------|--------------------------|
| Audit of accounts <sup>2</sup> | 13,000                        | 13,000                   |
| Total fee                      | 13,000                        | 13,000                   |

20 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 Joint Committee.

21 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

22 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              |
|-----------------|-----------------|----------------|-----------------------------|
| Anthony Veale   | Engagement Lead | 07896 271873   | anthony.veale@audit.wales   |
| Jeremy Saunders | Audit Manager   | 029 20829329   | jeremy.saunders@audit.wales |
| Julie Owens     | Senior Auditor  | 07581 499092   | julie.owens@audit.wales     |

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

<sup>2</sup> Payable November 2020 to October 2021.

## Timetable

- 23 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

### Exhibit 4: audit timetable

| Planned output  | Work undertaken             | Report finalised |
|---|-----------------------------|------------------|
| 2021 Audit Plan   | June 2021                   | July 2021        |
| <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> | July 2021 to September 2021 | To be confirmed  |

- 24 I can confirm that my team members are all independent of Joint Committee and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.





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