

2022 Audit Plan – Carmarthenshire County Council

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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 Carmarthenshire County Council's (the Council's) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Council 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 Council 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 on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Council'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 Council.

- 9 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - the audit of the Swansea Bay City Deal Region Joint Committee's and the Dyfed Pension Fund's financial statements (separate audit plans will be prepared for these audits);
 - the independent examination of the Burry Port Harbour Authority and Wales Pension Partnership Joint Committee; and
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 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 Governance and Audit 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 Council.

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	
<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>We will:</p> <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.
<p>Accounting for Property, Plant and Equipment and Intangible Assets is a challenging area of the accounts. In light of uncertainties over market values for assets since the start of the pandemic and increasing building costs, 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 Council'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>

Audit risk	Proposed audit response
Other audit risks	
<p>The main Swansea Bay City Deal project being led by Carmarthenshire Council will be the Pentre Awel Life Science and Well-being Village. The total investment for this project is £200 million with the contract amount for 2022-23 being £87 million. £40 million of the total project investment will be met from Welsh Government Funding. The project is currently at the pre-construction stage, with the detailed design and price being finalised. This significant project will have financial, governance and delivery risks.</p>	<p>My team will review the contract entered into and audit any disclosures made in the financial statements in relation to the Pentre Awel project.</p>
<p>The COVID-19 pandemic has had a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the Council. In some cases, these monies provide financial support to the Council itself. In other cases, the funds have been administered by the Council, making payments to third parties on behalf of the Welsh Government. Payments have been made available through a number of different schemes over the course of 2021-22 and amounts involved are material to the accounts. There is a risk of incorrect accounting treatment for COVID-19 funding, ie. principal or agency arrangements.</p>	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>

Performance audit

- 15 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 in paragraphs 4 and 5 in relation to value for money and sustainable development.

- 16 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.
- 17 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. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils, I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 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.
- 20 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.
- 21 My auditors are liaising with the Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 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.
- 23 For 2022-23, my performance audit work at Carmarthenshire County Council 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
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.

Performance audit programme	Brief description
	<p>At Carmarthenshire County Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> • Financial position • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives
Thematic review – unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients into and out of hospital. This review will consider how Carmarthenshire County Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review (to be confirmed)	<p>To be confirmed following the consultation referred to in paragraph 24 below.</p>
Local work: Follow-up on the Council's progress in responding to the recommendations in our report on the review of the planning service	

- 24 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.
- 25 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.
- 26 We will provide updates on the performance audit programme through our regular updates to the Governance and Audit Committee.

Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions, NDR, NHS Money Transfers and NHS Pooled Budget returns.

Statutory audit functions

- 28 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.
- 29 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

- 30 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.

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

Fee

32 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by an average of 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.

33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 2.9% increase compared to the estimated fee in the Audit Plan 2021.

34 The 'Audit of accounts' fee should have increased by £6,806 this year (to £190,752) in line with the increased fee rates. However, we have only increased the fee by £4,684. The remaining £2,122 is included in the Dyfed Pension Fund audit fee (which the Council administers) to better reflect the cost of the work needed on each audit. This is reported in the Dyfed Pension Fund Audit Plan. The net effect of this is that the fees across the Council and Pension Fund have only increased in line with the increase in fee rates.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the estimated audit fee for last year.

Audit area	Proposed fee (£) ¹	Estimated fee last year (£)
Audit of accounts ²	£188,630	£183,946
Performance audit work ³	£103,852	£100,390
Grant certification work ⁴	£29,000	£28,000
Burry Port Harbour Authority Annual return examination	£1,245	£1,200
Wales Pension Partnership joint committee annual return examination	£5,660	£5,448
Total fee	£328,387	£318,984

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.

⁴ Payable as work is undertaken.

- 35 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 Council.
- 36 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

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

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
Richard Harries	Engagement Director	07789 397018	richard.harries@audit.wales
Jason Blewitt	Audit Manager (Financial Audit)	07970 737478	jason.blewitt@audit.wales
Anwen Worthy	Audit Lead (Financial Audit)	02920 320629	anwen.worthy@audit.wales
Non Jenkins	Audit Manager (Performance Audit)	02920 320500	non.jenkins@audit.wales
Alison Lewis	Audit Lead (Performance Audit)	02920 829314	non.jenkins@audit.wales

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

Timetable

- 39 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 40 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
2022 Audit Plan	January – May 2022	June 2022
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	January – September 2022	September/October 2022 September/October 2022 September/October 2022
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment project • Thematic Review – unscheduled care • Thematic Review [to be confirmed] • Follow up on the Council's progress in responding to the recommendations in our report on the review of the planning service 	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	
Grants certification work	September 2022 – January 2023	January 2023

Planned output	Work undertaken	Report finalised
Other financial audit work <ul style="list-style-type: none"> • Independent examination of 2021-22 Burry Port Harbour Authority Annual Return • Independent examination of 2021-22 Wales Pension Partnership Annual Return 	<p>September 2022</p> <p>June – July 2022</p>	<p>October 2022</p> <p>July 2022</p>
Annual Audit Summary	<p>N/A</p>	<p>December 2022</p>



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