

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Tuesday, 25 April 2023</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	<b>Audit Wales: Vale of Glamorgan Outline Audit Plan 2023</b>
Purpose of Report:	To present to Members the Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council.
Report Owner:	Tom Bowring, Director of Corporate Resources
Responsible Officer:	Tom Bowring, Director of Corporate Resources
Elected Member and Officer Consultation:	No specific ward member consultation has been undertaken. The Annual Audit Outline Plan and progress updates apply to the whole authority and inform the Governance & Audit Committee annual work programme, Scrutiny Committees' annual work programme, the Cabinet annual work programme and the Council's improvement programme.
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• Audit Wales (AW), as the nominated auditor for the Vale of Glamorgan Council, is required to undertake work in relation to the following: <ul style="list-style-type: none"> <li>- Audit of Financial Statements;</li> <li>- Value for money;</li> <li>- Continuous Improvement;</li> <li>- Sustainable Development principle.</li> </ul> </li> <li>• The report (<b>Appendix A</b>) provides details regarding how Audit Wales will complete this work in 2023.</li> <li>• It is recommended that the Governance &amp; Audit Committee consider and agree the proposed Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council and to refer the Plan to Corporate Performance &amp; Resources Scrutiny Committee and thereafter to Cabinet for their oversight.</li> </ul>	

## Recommendations

1. That members review and agree the proposed Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council.
2. That, subject to recommendation one, the report be referred to Corporate Performance and Resources Scrutiny Committee and thereafter to Cabinet for their oversight.

## Reasons for Recommendations

1. To provide for scrutiny and review of the Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council.
2. To enable members oversight of the Audit Wales work programme.

## 1. Background

- 1.1 As the external auditor, the objective of Audit Wales is to carry out an audit which discharges the statutory duties of Auditor General, which include:
  - Audit of Financial Statements;
  - Value for money;
  - Continuous Improvement;
  - Sustainable Development principle.
- 1.2 Audit Wales' Outline Audit Plan for the Vale of Glamorgan details the work planned by Audit Wales in the current year to meet the duties outlined above. The outputs of the Audit Plan are reported regularly to the Council to inform its self-assessment and areas for improvement.

## 2. Key Issues for Consideration

- 2.1 **Appendix A** details the work planned by Audit Wales in the current year to meet the duties outlined above.
- 2.2 During 2023 the following audit work is planned:
  - **Audit of financial statements work (incorporating audit of Financial Statements Report and Opinion on the Financial Statements)** with work undertaken during July and November culminating in a finalised report in November 2023.
  - **Assurance and Risk Assessment, thematic reviews on Commissioning and Contract management and Financial Sustainability in local government** as well as a **local review on Planning** will be undertaken as part of **performance audit work**. Timescales for individual projects will be discussed and agreed with the Council and detailed within the specific project briefings produced for each audit.

- 2.3** It is recommended that the Governance and Audit Committee consider and agree the proposed Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council and to refer the Plan to Corporate Performance and Resources Scrutiny Committee and thereafter to Cabinet for their oversight.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Performance Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan and its Well-being Outcomes. Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Outcomes and eight Well-being Objectives. By aligning our Well-being Outcomes in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.
- 3.2** External Regulation is an important vehicle for driving continuous improvement across our services. Progressing the improvement areas identified by our regulators not only enables us to demonstrate our commitment to continuous service improvement, but also contributes to further strengthening our impact on the national well-being goals through the achievement of our Well-being Objectives.

### **4. Climate Change and Nature Implications**

- 4.1** There are no implications directly arising from this report, although failure to respond to our regulatory recommendations could have a negative impact on any future external regulatory assessments and could result in a special inspection by the Auditor General for Wales if deemed that the Council is not meeting the performance requirements.
- 4.2** The climate change and nature implications in respect of our regulatory recommendations will be considered as part of the development of our response (action plan) and will identify mitigating actions required to minimise any adverse consequences.

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1** There is an annual audit fee aligned with the Vale of Glamorgan Annual Audit Work Programme. Any proposed changes to this will be discussed with the Section 151 Officer prior to implementation.

#### **Employment**

- 5.2** There are no direct workforce related implications associated with this report.

### **Legal (Including Equalities)**

- 5.3** The statutory duties of the Auditor General are contained within the Local Government & Elections (Wales) Act 2021, the Well-being of Future Generations (Wales) Act 2015, the Public Audit (Wales) Act 2004, the Local Government Act 1999 and the Code of Audit Practice.

### **6. Background Papers**

None.

# Vale of Glamorgan Council

Outline Audit Plan 2023

Audit year: 2022-23

Date issued: April 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](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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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.

# About Audit Wales

Our aims:

## Assure



the people of Wales  
that public money is  
well managed

## Explain



how public money  
is being used to  
meet people's  
needs

## Inspire



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

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 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 the financial statements of Vale of Glamorgan Council (the Council) to make sure that public money is being properly accounted for.
- 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.
- 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.



**Adrian Crompton**  
Auditor General for  
Wales

## **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' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Authority.

In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:

- 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 Welsh Church Act Fund;
- the audit of the Shared Regulatory Services and Adoption Service joint committees; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

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

## Performance audit work

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

# 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**.

I will provide an estimate of your fee in my Detailed Audit Plan in September 2023 following completion of my detailed risk assessment.

### Your engagement team:

<b>Anthony Veale</b>	<b>Engagement Director and Audit Director (Financial Audit)</b>
<b>Steve Wyndham</b>	<b>Audit Manager (Financial Audit)</b>
<b>Sara-Jane Byrne</b>	<b>Audit Manager (Performance Audit)</b>
<b>Julie Owens</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.**

# 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	April 2023
Detailed Audit Plan 2023	March – September 2023	September 2023
Audit of financial statements work: <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on the Financial Statements.</li> </ul>	July – November 2023	November 2023
Performance audit work: <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment</li> <li>• Thematic review – commissioning and contract management</li> <li>• Thematic review – financial sustainability in local government</li> <li>• Local work – Planning</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	

# 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

<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> <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>

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