

2020 Audit Plan – The Monmouthshire County Council Welsh Church Act Fund

Audit year: 2019-20

Date issued: July 2020

Document reference: 1949A2020-21

This document has been prepared as part of work performed in accordance with statutory functions. Further information on this is found in **Appendix 1**.

No responsibility is taken by the Auditor General, the staff of Audit Wales 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.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, Audit Wales and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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.

Contents

2020 Audit Plan

Summary	4
Impact of COVID-19	4
Financial audit	4
Fee, audit team and timetable	7
Appendices	
Appendix 1 – respective responsibilities	10

2020 Audit Plan

Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice, namely to examine and certify whether your financial statements are true and fair.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in **Appendix 1**.

Impact of COVID-19

- 5 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on public bodies' preparation of the 2019-20 accounts and our audit work.
- 6 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many bodies will not be able to prepare accounts in line with their usual timetable. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 7 In response to the government advice and subsequent restrictions, we have ceased all on-site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 8 Consequently, this audit plan aims to set out an initial timetable in relation to completion of our audit work, but this may need to be revisited.
- 9 We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

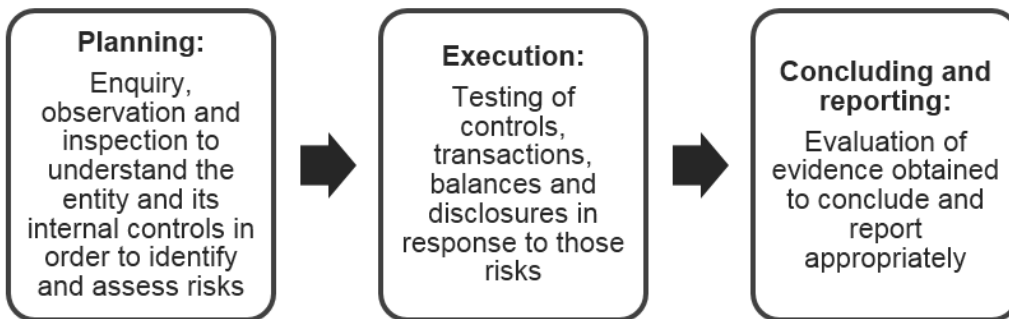
Financial audit

- 5 It is my responsibility to issue a report on the financial statements which includes an opinion on:
 - their truth and fairness, providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and

- comply with all relevant requirements for accounting presentation and disclosure;
 - the consistency of information in the Report of the Trustee with the financial statements.
- 6 It must also state, by exception, if sufficient accounting records have not been kept, if the financial statements are not in agreement with the accounting records and returns or if I have not received all the information and explanations I require for my audit. **Appendix 1** sets out my responsibilities in full.
- 7 The audit work we undertake to fulfil our responsibilities responds to our assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. Our audit approach consists of three phases as set out in **Exhibit 1**.

Exhibit 1: my audit approach

This table summarises the three phases of my financial audit approach, being planning, testing and reporting.



- 8 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration are set out in **Exhibit 2**, along with the work I intend to undertake to address them. Also included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

This table summarises financial audit risks and the corresponding audit work planned in response.

Financial audit risks	Proposed audit response
Significant risks	
<p>Risk of Management Override 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.
Other areas of audit attention	
<p>Impact of COVID-19 The COVID-19 national emergency may see a delay in the preparation and audit 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 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>

- 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 Committee prior to completion of the audit.
- 10 For reporting purposes, we will treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore we will not report them.

- 11 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales (which may need to be revised), to the quality expected and have been subject to quality assurance review;
 - information provided to support the financial statements is in line with agreed standards, and is provided in a timely manner;
 - appropriate accommodation and facilities (if possible) are provided to enable my audit team to deliver our audit in an efficient manner;
 - all appropriate officials will be available during the audit; and
 - you have all the necessary controls and checks in place to enable the Trustee to provide all the assurances that I require in the Letter of Representation addressed to me.

Fee, audit team and timetable

Fee

- 12 Your estimated fee for 2020 is set out in **Exhibit 3**. My fee rates for 2020 have increased overall by 3%, however, my audit teams will continue to drive efficiency in their audits to ensure fee increases are not passed onto you. The proposed fee level for 2019-20 remains the same as the actual cost incurred in 2018-19.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for 2019. This fee is net of VAT, which must be charged by the Auditor General on audits other than those carried out under statute.

Audit area	Proposed fee for 2020 (£)	Actual fee for 2019 (£)
Financial accounts	£6,255	£6,255

- 13 The fee for the financial audit is driven by the skill mix required to deliver the work, together with the daily charge rate for each grade of staff member. We estimate that a total of 13.5 days will be required to complete the audit. The proposed skill mix and fee breakdown is set out in **Exhibit 4**.

Exhibit 4: financial accounts fee analysis

This table breaks down the audit fee by daily charge out rate and estimated number of days required for each staff grade.

Role	Daily Rate	Number of days	% Input
Engagement Lead	£1,134	0.5	4
Audit Manager	£833	1	7
Senior Auditor	£539	4	30
Trainee	£336	8	59

- 14 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 Director of Resources.
- 15 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 16 The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: 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	029 2032 0585	anthony.veale@audit.wales
Gareth Lucey	Audit Manager	029 2082 9398	gareth.lucey@audit.wales
Erin Pollard	Senior Auditor	029 2082 9371	erin.pollard@audit.wales

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

Timetable

- 18 We will continue to undertake such remote work as is possible during the COVID-19 national emergency and may need to revise the timetable as work progresses.
- 19 I will provide reports, or other outputs as agreed, to the Trustee covering the areas of work identified in this document. My key milestones are set out in **Exhibit 6**.

Exhibit 6: timetable

This table sets out the key milestones for the planned audit outputs.

Planned output	Work undertaken	Report finalised
2020 Audit Plan	June-July 2020	July 2020
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	September-October 2020	November 2020
2021 Audit Plan	June-July 2021	July 2021

Appendix 1

Respective responsibilities

My powers and duty to undertake your financial audit are set out in the Public Audit (Wales) Act 2004. My responsibilities are set out in **paragraphs 5 and 6** of this document.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Trustee's Annual Report in accordance with applicable accounting standards and guidance; and
- the keeping of sufficient accounting records.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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