



Audit of Financial Statements Report

Welsh Church Act Fund

Audit year: 2015-16

Issued: December 2016

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Status of report

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The team who delivered the work were Ann-Marie Harkin, Terry Lewis & Anthony Ford

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We intend to issue an unqualified audit report on the financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

1. We are responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Welsh Church Act Fund at 31 March 2016 and its income and expenditure for the year then ended.
2. We are reporting to you the more significant issues arising from the audit, which we believe you should consider prior to approving the financial statements. The audit team has already discussed these issues with officers.
3. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify that the financial statements are materially correct and are not materially misstated, namely, those that might mislead a reader of the accounts.

Proposed audit report

4. It is our intention to issue an unqualified audit report on the financial statements. The proposed audit report is set out in [Appendix 1](#).

Issues arising from the audit

Corrected misstatements

5. A small number of misstatements were identified during our audit and whilst they have been corrected by management, we consider that they should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 2](#).
6. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. We summarise our findings below:
 - **We have identified one issue in relation to the qualitative aspects of your accounting practices and financial reporting which will need to be addressed in 2016-17.** The introduction of the new Charities SORP requires investment land and property valuations to reflect market value each year end. The Fund will need to discuss this matter further the Council's Estates department to ensure the general assurance statement they currently provide on asset valuations (as part of the Councils accounts process) is tailored to specifically consider and comment on the WCA assets.
 - **We did not encounter any significant difficulties during the audit.**
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**

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- **We did not identify any material weaknesses in your internal controls.**

There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.

Appendix 1

Proposed audit report of the Auditor General for Wales to the Trustee of the Monmouthshire County Council Welsh Church Act Fund

Report of the Auditor General for Wales to the trustee of the Monmouthshire County Council Welsh Church Act Fund

I have audited the financial statements of Welsh Church Act Fund for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustee and independent auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the trustee is responsible for the preparation of financial statements which give a true and fair view.

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee[s]; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Trustees' Annual Report, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2016 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011.

Opinion on other matters

In my opinion the information which comprises the report of the Trustee in the Annual Report is consistent with the financial statements.

Ann-Marie Harkin
On behalf of the Auditor General for Wales
Date

Wales Audit Office
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Cardiff CF11 9LJ

Appendix 2

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
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December 2016

Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and Charities SORP 2015 in preference to the Charities SORP 2005 which is referred to in the extant regulations but has been withdrawn, in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

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- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
 - The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - Our knowledge of fraud or suspected fraud that we are aware of and that affects Monmouthshire County Council Welsh Church Act Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
 - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Trustee on [insert date].

Signed by:

Signed by:

Date:

Date:

Appendix 3

Summary of corrections made to the draft financial statements

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Nature and value of correction

Changes to the SORP introduced the need to produce a Cashflow statement. Corrections have been made to the Cashflow statement to ensure entries within it are consistent with corresponding entries in the accounts.

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