

Caerphilly County Borough Council

Outline 2023 Audit Plan

Date issued: March 2023



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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 Council's statutory financial statements to make sure that public money is being properly accounted for;
- the Council must put in place arrangements to get value for money for the resources it uses, and I must be satisfied that it has done this; and
- the Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives, and I must assess the extent to which they are doing this.



Adrian Crompton
Auditor General for
Wales

Financial audit work

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness'. I also assess whether the Narrative Report and Annual Governance Statement are prepared in line with the CIPFA Code and relevant guidance; and are consistent with your financial statements and my knowledge of the Council.

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 charity accounts of the Blackwood Arts Centre; and
- the certification of numerous grant claims, as required by 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 write to you separately with an estimate of your fee, which will also be included in my Detailed Audit Plan following completion of my detailed risk assessment.

Your engagement team:

| | |
|-----------------------|---|
| Anthony Veale | Engagement Director & Audit Director Financial Audit |
| Gary Emery | Audit Director (Performance Audit) |
| Mark Jones | Audit Manager (Financial Audit) |
| Tim Buckle | Audit Manager (Performance Audit) |
| Rhodri Davies | Audit Lead (Financial Audit) |
| Bethan Roberts | Audit Lead (Performance Audit) |

We confirm that our audit team members are all independent of the Council 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 | March 2023 |
| Detailed Audit Plan 2023 | July to August 2023 | August 2023 |
| Financial audit work: <ul style="list-style-type: none"> • Audit of Financial Statements Report; • Opinion on the Financial Statements; and • Audit of Financial Statements Addendum Report. | July to November 2023 | November 2023 December 2023 |
| Performance audit work: <ul style="list-style-type: none"> • Assurance and risk assessment; • Thematic review – commissioning and contract management; • Thematic review – financial sustainability in local government; • Transformation; and • Counter Fraud and whistleblowing. | Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit. | |
| 2023 Annual Audit Summary | Throughout 2023 | January 2024 |

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 QAD¹ 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

¹ 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 |
|---|--|
| More detailed and extensive risk identification and assessment procedures | <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">• information on your organisation’s business model and how it integrates the use of information technology (IT);• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;• 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• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk. |
| Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT | <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">• IT applications relevant to financial reporting;• the supporting IT infrastructure (eg the network, databases);• IT processes (eg managing program changes, IT operations); and• the IT personnel involved in the IT processes. |

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