

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ

To:
Local Government Directors of Finance
Local Government Finance Policy
and Sustainability Division – Welsh
Government
WLGA

Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: AC/353/caf

Date issued: 23 March 2023

Dear Colleague

Local Government – Audit of Accounts 2022-23

We are about to commence our accounts audit work for all local government bodies in Wales and I am conscious that the closure of the 2022-23 financial statements will be challenging to both Audit Wales and the local government sector.

In the attached letter, my Executive Director of Audit Services provides some important information on the introduction of a new auditing standard. The new standard fundamentally impacts how we will undertake the 2022-23 audit and has implications for you and your teams. The letter gives more detail on the standard itself and its impact on fees and the 2022-23 audit certification deadline.

I am acutely conscious that the message is a difficult one, with our fee rates increasing and deadlines being later than desired, at a time when colleagues everywhere in the public service are under great pressure. It is for that reason that I wanted to write to you directly, to explain the drivers behind the changes and to give my assurance that Audit Wales will be doing all it can, in the coming years, to continue to provide high quality audit, delivered efficiently, and that we have a plan to bring audit deadlines forward. I would like to thank you for your continued communication and engagement, which are so vital if we are to deliver those things.

In respect of the certification deadlines, the introduction of the revised Standard, and a radically different audit approach, has implications for audit timetables and it is inevitable that the new approach will require additional time to implement.

You will also be aware that we have also been experiencing delays in completing our audit of the 21-22 accounts. These delays result from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets. These delays mean that Audit Wales is later commencing audit planning than that seen in prior years.

Given the circumstances set out above, I feel I have no option but to continue to extend the audit certification deadline to 30 November 2023 to ensure I build in sufficient time to deliver an audit that meets my high standard in terms of audit quality.

That said, it is essential I recover this position in future years. In terms of my proposed certification deadlines in 2023-24 and 2024-25, I have signalled to my colleagues at Audit Wales the importance of recovering the position and a continual and collaborative dialogue with colleagues within the local government sector is crucial.

To help us achieve the proposed certification deadlines set out in the attached letter, my Engagement Directors and audit teams will continue to liaise closely with you and your colleagues. Notwithstanding the ongoing dialogue taking place at a local level, we will ensure we attend all the relevant local government fora to discuss the content of this letter with you. I hope that this is a helpful update and I wish you all the very best for the forthcoming audit of accounts.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal flourish extending to the right.

ADRIAN CROMPTON
Auditor General for Wales