

2022 Audit Plan – Cwm Taf Morgannwg Local Health Board Charitable Fund

Audit year: 2021-22

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2022 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

Impact of COVID-19

- 2 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations. While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 3 I am required to issue a report on Cwm taf Morgannwg University Local Health Board Charity's (the Charitable Fund's) 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;
 - comply with all relevant requirements for accounting presentation and disclosure; and
 - the consistency of information in the Trustee's Annual Report with the financial statements.
- 4 I will also report by exception on a number of matters which are set out in more detail in my [Statement of Responsibilities](#), along with further information about my work.
- 5 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 misstatements that might result in a reader of the accounts being misled. The quantitative level at which I judge such misstatements to be material is two per cent of total expenditure¹. I review materiality throughout an audit, for example a significant audit adjustment(s) can affect it.
- 6 Prior to the completion of my audit, I will report to trustee members (deemed to be 'those charged with governance') the financial levels at which I judge misstatements to be material. I judge any misstatements below a trivial level (set at

¹ For last year's 2020-21 accounts, this basis set materiality at £8,000. We will set this year's materiality once we know the 2021-22 total expenditure. We are also likely to set a lower materiality for related parties, at £5,000.

5% of materiality) as not requiring consideration by those charged with governance, and therefore I will not report them.

7 There have been no limitations imposed on me in planning the scope of this audit.

Audit of financial statement risks

8 Most of my audit planning is scheduled for the autumn. The following table therefore sets out the significant risks that I have currently identified.

Exhibit 1: audit of financial statement risks

Financial audit risks	Proposed audit response
Significant risks	
<p>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>I 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.
Financial audit risks	Proposed audit response
Other areas of audit attention	
<p>There is a risk that related party disclosures may be incomplete.</p>	<p>I will:</p> <ul style="list-style-type: none"> • make enquiries of management to understand the process in place for identifying related party transactions; and • review completed related party declaration forms for evidence of any potential related parties.

Fee, audit team and timetable

- 9 My audit fee and the planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided to the agreed timescales, to the quality expected and have been subject to a sound quality-assurance review;
 - all the information provided to support the financial statements is relevant, clearly referenced to the ledger and financial statements in accordance, and good quality;
 - timely and appropriate access to documents are provided to enable my team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Accounting Officer and Trustee Chair to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete, and management has responded to issues that may have affected the financial statements.

Fee

- 10 As set out in my Fee Scheme 2022-23, my fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures. The previous increase to my fee rates was in 2016. However, based on last year's positive experience and the assumptions at paragraph 9, I have held my fee estimate at £25,000². I will bill any additional audit costs that exceed my estimate. Rebates are also processed if the audit cost is lower than the estimate.

² This is an estimate because we are required to charge for the actual cost of the audit. The final audit cost could equate to the estimate, or result in a financial rebate or additional cost.

Audit team

11 The main members of the audit team, together with their contact details, are summarised in **Exhibit 2**.

Exhibit 2: my local audit team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead	02920 320585	richard.harries@audit.wales
Mark Jones	Audit Manager	02920 320631	mark.jones@audit.wales
Steve Stark	Audit Lead	02920 320500	steve.stark@audit.wales

12 I can confirm that team members are all independent of you and your officers.

Timetable

13 The key milestones for the work set out in this plan are shown in **Exhibit 3**.

Exhibit 3: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	August 2022	August 2022
Audit of Financial Statements work: <ul style="list-style-type: none">Audit of Financial Statements Report	To be confirmed	January 2023

Planned output	Work undertaken	Report finalised
<ul style="list-style-type: none">Opinion on the Financial Statements		



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