

2022 Audit Plan – Brecon Beacons National Park Authority

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[Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.]

Contents

| | |
|-------------------------------|---|
| 2022 Audit Plan | |
| About this document | 4 |
| My duties | 4 |
| Impact of COVID-19 | 4 |
| Audit of financial statements | 4 |
| Performance audit | 8 |
| Statutory audit functions | 9 |
| Fee, audit team and timetable | 9 |

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.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit Brecon Beacon's National Park Authority's (the Authority's) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Authority has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has met this requirement.

Sustainable development principle

- 5 The Authority needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 6 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

- 7 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Authority's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Authority's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant

guidance and is consistent with the financial statements and with my knowledge of the Authority.

- 8 In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for responding to questions and objections about the financial statements from local electors (see **paragraphs 26 and 27**). Additional fees will be charged for this work if necessary.
- 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 financial statements being misled. The levels at which I judge such misstatements to be material will be reported to the Audit and Scrutiny Committee prior to completion of the audit.
- 10 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 11 Thus far, there have been no limitations imposed on me in planning the scope of this audit.
- 12 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

Audit of financial statements risks

- 13 The following exhibit sets out the significant risks that I have currently identified for the audit of your financial statements. My assessment of risk continues throughout the audit.

Exhibit 1: financial statement audit risks

This exhibit summarises the key financial statement audit risks identified at the planning stage of the audit.

| Audit risk | 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; • evaluate the rationale for any significant transactions outside the normal course of business; and • undertake any additional procedures to address any specific risks of management override which are not addressed by the mandatory work above. |
| <p>Accounting for property, plant and equipment and intangible assets continues to be one of the most challenging areas of the financial statements.</p> <p>In light of matters such the significant inflationary increases during 2021-22, and uncertainties over market values for assets since the start of the pandemic, there is the risk that the carrying value of assets reported in the financial statements may be materially different to the current value of assets as at 31 March 2022.</p> <p>This risk may be more prominent where assets are valued on a rolling basis across financial years and not at the financial year-end.</p> | <p>I will review the Authority's asset valuation programme to establish when individual groups of assets were valued; and I will seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p> |

| Audit risk | Proposed audit response |
|---|--|
| Significant risks | |
| <p>Since March 2022, the Authority has had a high turnover of officers who had been important to the Authority's financial management and reporting, and governance. The extent of the recent changes increases the inherent risk that the financial statements could be materially misstated and/or that the governance statement does not comply with guidance.</p> <p>Regarding the replacement of the Authority's statutory responsible finance officer (Section 151), since March 2022 I have repeatedly sought confirmation of the approval and formal appointment of a Section 151 officer, but I have not received a reply.</p> | <p>As part of my ongoing audit work and engagement, I will continue to discuss and assess this area with officers.</p> |
| <p>Last year, I reported eight recommendations in respect of the financial statements. The Authority's management accepted all of them and provided agreed actions and dates for implementation.</p> <p>Any recommendations that management has not addressed by the agreed dates would represent a risk to the financial statements.</p> | <p>I will review management's actions against each recommendation, which will inform my assessment of the key risks and what they mean for my audit.</p> |
| <p>I judge some of the disclosures in the financial statements, such as related parties and the remuneration of senior officers and councillors, to be material by nature, with a far lower level of materiality. These disclosures are therefore inherently prone to material misstatement.</p> | <p>I will enhance my examination of all areas that I determine to be material by nature, to ensure that they are complete and accurate.</p> |

Performance audit

- 14 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraph 4 in relation to value for money and sustainable development.
- 15 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 16 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly
- 17 Given the high degree of commonality in the risks facing National Park Authorities I also intend to deliver a thematic project examining risks common to all three.
- 18 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 19 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include:
- carrying out specific examinations of how public bodies have set their well-being objectives; and
 - integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 20 My auditors are liaising with the Authority to agree the most appropriate time to examine the setting of well-being objectives. The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 21 For 2022-23, my performance audit work at the Authority is set out below.

Exhibit 2: performance audit programme 2022-23

This exhibit summarises the performance audit programme for 2022-23

| Performance audit programme | Brief description |
|-----------------------------|--|
| National Park review | To be confirmed following recent the Auditor General for Wales consultation. |

| Performance audit programme | Brief description |
|-----------------------------|--|
| Governance | Tracking delivery of past recommendations of governance of the change programme. |

- 22 In March 2022, I published a consultation inviting views to inform my future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through my national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As I develop and deliver my future work programme, I will be putting into practice key themes in my new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
 - a targeted and impactful approach to communicating and influencing.
- 23 The possible areas of focus for future audit work that I set out in the consultation were framed in the context of three key themes from my [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. I also invited views on possible areas for follow-up work.
- 24 I will provide updates on the performance audit programme through my regular updates to those charged with governance.

Statutory audit functions

- 25 In addition to the audit of the financial statements, I have statutory responsibilities to receive questions and objections to the financial statements from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 26 As this work is reactive, I have made no allowance in the fee exhibit below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 27 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the signed financial statements are provided to me in accordance with a timescale to be agreed;

- the financial statements are prepared to the quality expected and have been subject to a robust quality assurance review;
- all supporting information is provided to me alongside the signed financial statements;
- if required, appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate staff will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer 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; If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

28 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 our fee rates was in 2016. The estimated fee for 2022 is set out in **Exhibit 3**, alongside the previous year's actual fees. The estimated cost of this year's audits is 15% lower than last year's actual cost.

Exhibit 3: audit fee

| Audit area | Proposed fee (£) ¹ | Actual fee last year ² (£) |
|--|-------------------------------|---------------------------------------|
| Audit of financial statements ³ | 33,194 | 35,195 |
| Performance audit work ⁴ | 21,777 | 29,325 |
| Total fee | 54,971 | 64,547 |

29 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 Authority.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² The actual fee is £16,325 higher than my 2021 fee estimate.

³ Payable November 2021 to October 2022.

⁴ Payable April 2022 to March 2023.

Audit team

30 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my audit team

This exhibit lists the members of the local audit team and their contact details.

| Name | Role | Contact number | E-mail address |
|----------------|------------------------------------|----------------|--|
| Anthony Veale | Engagement Director | 02920 320585 | anthony.veale@audit.wales |
| Mark Jones | Audit Manager (Financial Audit) | 02920 320631 | mark.jones@audit.wales |
| Nick Selwyn | Audit Manager (Performance Audit) | 02920 320612 | nick.selwyn@audit.wales |
| Harrie Clemens | Senior Auditor (Financial Audit) | 02920 320500 | angharad.clemens@audit.wales |
| Philippa Dixon | Senior Auditor (Performance Audit) | 02920 320628 | philippa.dixon@audit.wales |

31 I can confirm that team members are all independent of the Authority and its officers and members.

Timetable

32 The key milestones for the work set out in this plan are shown in **Exhibit 5**.

33 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's financial statements to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the financial statements that are also set out in the 2004

Act. I have not yet set a date for the exercise of electors' rights. I expect to agree a date with the Section 151 Officer soon.

Exhibit 5: audit timetable

| Planned output | Work undertaken | Report finalised |
|---|---|-------------------------|
| 2022 Audit Plan | March and April 2022 | May 2022 |
| Audit of the financial statements: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on the financial statements | September 2022 | October 2022 |
| Performance audit work: <ul style="list-style-type: none"> • National park Review • Governance | Timescales for individual projects will be discussed with the Authority and detailed within the specific project briefings produced for each piece of work. | |
| Annual Audit Summary | N/A | December 2022 |



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