

# Cyngor Gwynedd – Detailed Audit Plan 2024

Audit year: 2023-24

Date issued: July 2024

Document reference: 4339A2024



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

# About Audit Wales

## Our aims and ambitions

### 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



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

# Contents

Introduction	5
Your audit at a glance	8
Financial statements' materiality	9
Significant financial statements' risks	10
Other areas of focus	11
Financial statements' audit timetable	13
Planned performance audit work	14
Certification of grant claims and returns	15
Statutory audit functions	15
Fee and audit team	16
Audit quality	18
Supporting you	19

# Introduction

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



**Adrian Crompton**

Auditor General for  
Wales

## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and the proper preparation in accordance with accounting requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

In addition to my responsibilities for auditing Cyngor Gwynedd's (the Council) financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the audit of Gwynedd Harbours Authority where a separate plan is not produced;
- the audit of GwE and the North Wales Economic Ambition Board joint committees where separate plans will be prepared; and
- the certification of a number of grant claims and returns as agreed with 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 is set out later in this plan.

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

## Performance audit work

I must satisfy myself that the Council:

- has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.
- is acting in accordance with the sustainable development principle when setting and taking steps to meet their well-being objectives.

My work programme is informed by specific issues and risks facing the Council and wider local government in Wales. I have also taken account of the work that is being undertaken or planned by other external review bodies and by internal audit.

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.

My performance audit work is designed to comply with auditing standards set out by the International Organisation of Supreme Audit Institutions (INTOSAI). This is a global

umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

# Your audit at a glance



## My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

### Significant financial statement risk

- Management Override

### Other areas of audit focus

- Valuation of land and buildings
- Valuations of pension fund net liability



## My performance audit will include:

- Assurance and Risk Assessment
- Local work – Responding to the current demand in domiciliary care
- Local work – Strategy for the use of reserves



## Materiality

Materiality	£5.703 million
Reporting threshold	£285,000



# Financial statements' materiality



## Materiality £5.703 million

My aim is to identify and correct material misstatements, that is, those that might otherwise mislead the user of the accounts.

Materiality is calculated using:

- 2023-24 gross expenditure of £570.3 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



## Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- Senior Officer Remuneration £1,000
- Related party disclosures (individuals) £10,000

# Significant financial statements' risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

## Exhibit 1: significant financial statement risks

Significant risk	Our planned response
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 240.32-33].	The audit team will: <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for bias; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>

The audit team is yet to conclude all areas of the risk assessment. Should any further significant financial risks arise on completion of this work, we will update the Head of Finance and the Governance and Audit Committee via its Chair and re-issue my Detailed Audit Plan if required.

# Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

## Exhibit 2: other areas of focus

Audit risk	Our planned response
<p><b>Valuation of pension fund net liability</b></p> <p>The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.</p> <p>The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.</p> <p>The impact of economic conditions, particularly interest rate levels also have a significant impact on the liability for example, the liability was in fact a surplus, primarily due to higher interest rates.</p> <p>There are also several LGPS legal cases potentially impacting on the valuation of the fund.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary’s work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the valuations;</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>• test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;</li> <li>• assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor’s expert) and undertaking any additional procedures required; and</li> <li>• assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.</li> </ul>

Audit risk	Our planned response
<p><b>Valuation of land and buildings</b></p> <p>The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.</p> <p>Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.</p> <p>Assets are required to be revalued every five years, but values may also change year on year, and there is a risk that the carrying value of assets reflected in the accounts could be materially different to the current value of assets as at 31 March 2024, particularly in the current economic environment.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• review the information provided to the valuer to assess for completeness;</li> <li>• evaluate the competence, capabilities and objectivity of the professional valuer;</li> <li>• test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements; and</li> <li>• test the reconciliation between the financial ledger and the asset register.</li> </ul>

# Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

## Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Detailed Audit Plan	May to July 2024	July 2024
Audit of financial statements work: <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on the Financial Statements</li></ul>	September to November 2024	November 2024

# Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

## Exhibit 4: key dates for delivery of planned outputs

Title	Description	Work undertaken
<b>Assurance and risk assessment</b>	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	Ongoing
<b>Local project work – Responding to the current demand in domiciliary care</b>	A review of the arrangements that the Council has in place to respond to the current unmet demand in domiciliary care support.	Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit.
<b>Local project work – Strategy for the use of reserves</b>	A review of the arrangements that the Council has in place to strategically manage its reserves and balances.	Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit.

# Certification of grant claims and returns, and statutory audit functions

## Certification of grant claims and returns

I have also been requested to undertake certification work on Gwynedd Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions and NDR.

## Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts 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.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, I will discuss potential audit fees at the time.

# Fee and Audit Team

In January 2024, we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £381,244.

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 the Head of Finance.

## Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

## Exhibit 5: breakdown of audit fee

Audit area	Proposed fee for 2024 (£) <sup>1</sup>	Actual fee for 2023 (£)
Audit of financial statements <sup>2</sup>	228,859	215,093
Performance audit work <sup>3</sup>	114,215	107,345
Grant certification work <sup>4</sup>	35,000-40,000	32,749
Other financial audit work <sup>5</sup>	670	1,259
<b>Total fee</b>	<b>381,244</b>	<b>356,446</b>

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 the Council.

<sup>1</sup> The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2023 to October 2024.

<sup>3</sup> Payable April 2024 to March 2025.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Payable November 2023 to October 2024 for work undertaken on Gwynedd Council Harbours.



The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

**Exhibit 6: my local audit team**

Name	Role	Contact details
Matthew Edwards	Engagement Director	<a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
Gary Emery	Engagement Director/Audit Director (Performance Audit)	<a href="mailto:gary.emery@audit.wales">gary.emery@audit.wales</a>
Yvonne Thomas	Audit Manager (Financial Audit)	<a href="mailto:yvonne.thomas@audit.wales">yvonne.thomas@audit.wales</a>
Carwyn Rees	Audit Manager (Performance Audit)	<a href="mailto:carwyn.rees@audit.wales">carwyn.rees@audit.wales</a>
Sioned Owen	Audit Lead (Financial Audit)	<a href="mailto:sioned.owen@audit.wales">sioned.owen@audit.wales</a>
Alan Hughes	Audit Lead (Performance Audit)	<a href="mailto:alan.hughes@audit.wales">alan.hughes@audit.wales</a>

There are some threats to independence that I need to bring to your attention relating the Audit Manager (Financial Audit) and the Audit Leads (Financial Audit and Performance Audit). All three have acquaintances and/or family employed by the Council. As a result, they will either not be involved in any work in relation to the relevant services, or appropriate steps will be implemented to ensure that any potential conflicts are managed.

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We 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 QAD\* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

## 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

\* QAD is the quality monitoring arm of ICAEW.

# Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies, and to support those bodies in continuing to improve the services they provide to the people of Wales.

## Visit our website to find:

	our <a href="#">Good Practice</a> work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our <a href="#">newsletter</a> which provides you with regular updates on our public service audit work, good practice, and events.
	our <a href="#">publications</a> which cover our audit work completed at public bodies.
	information on our <a href="#">forward performance audit work programme 2023-2026</a> which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various <a href="#">data tools</a> and <a href="#">infographics</a> to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.