

# North Wales Economic Ambition Board Joint Committee – Audit Plan 2025

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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.

# Introduction

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**Adrian Crompton**

Auditor General  
for Wales

I am pleased to share my 2025 Audit Plan for the North Wales Economic Ambition Board (the Joint Committee), covering the final year of its operations prior to the transfer of its functions to the North Wales Corporate Joint Committee on 1 April 2025. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My Code of Audit Practice provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 15) sets out how we will ensure those standards of quality are met. Our latest annual quality report, Audit Quality Report 2024, provides more information about our audit quality arrangements.

My audit team will work constructively with your staff, ensuring the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

# Our aims and ambitions

## Our purpose



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

## Our vision



Fully exploiting our unique perspective, expertise and depth of insight



Strengthening our position as an authoritative, trusted and independent voice



Increasing our visibility, influence, and relevance



Being a model organisation for the public sector in Wales and beyond

## Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

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

# Financial audit work

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## 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 their proper preparation in accordance with accounting and legal requirements.

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

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

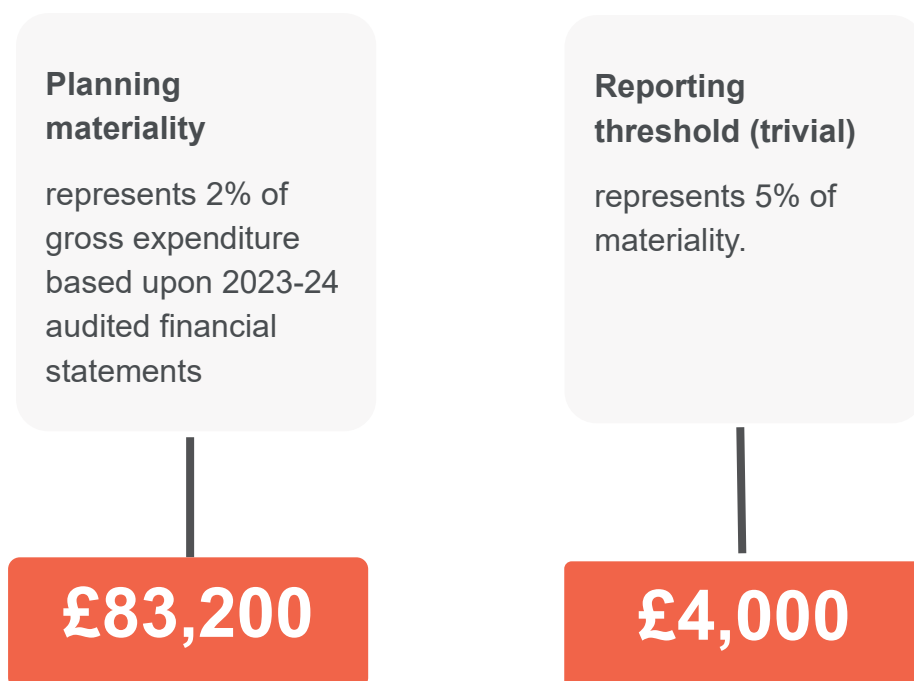
## Financial statements materiality

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 and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- Determine the level of misstatement that could cause the user of the accounts to be misled.
- Assist in the scoping of our audit approach and resultant audit tests.
- Determine sample sizes.
- Assess the effect of known and likely misstatements in the financial statements.
- Report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



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:



My audit team will assess materiality levels throughout the audit.

## 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 International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

## **Risk of management override**

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].

### **Our planned response**

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

## **Other areas of focus**

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

### **Valuation of pension fund net liability/surplus**

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.

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.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability. For example, at 31 March 2024, the liability was in fact a surplus, primarily due to higher interest rates.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.



## **Our planned response**

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Joint Committee to the actuary to estimate the liability;
- test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;
- 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
- 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.

## **Implementation of International Accounting Standard (IFRS) 16 - Leases**

Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.

This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.

There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.

## **Our planned response**

My audit team will:

- review the Joint Committee’s working papers to ensure that all leases falling within the scope of the standard have been included in calculations;
- test a sample of asset and liability calculations to ensure that the assumptions are reasonable, and the calculations have been correctly prepared; and
- confirm that asset and liability values have been correctly accounted for and disclosed in the financial statements.

## **Financial statements audit timetable**

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

## Exhibit 1: Financial statements audit timetable

<b>Planning</b>	Planning meeting
<b>February to April 2025</b>	High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment
<b>Interim</b>	Information flows
<b>May to June 2025</b>	Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing Audit Plan
<b>Fieldwork</b>	Update risk assessment
<b>July to October 2025</b>	Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
<b>Reporting</b>	Audit of Accounts Report
<b>October 2025</b>	Recommendations for improvement Present findings to those charged with governance Auditor General certification

## Other 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. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- 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, my auditors will discuss the potential impact on audit fees with the Head of Finance.

## Audit fee

In January 2025 we published our [2025-26 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 1.7%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

**Your estimated total audit fee 2024-25: £15,279**  
(2023-24 £15,023)

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 my auditors first discussing them with the Head of Finance.

**I base my audit fee 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.

# Audit team

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My audit team will continue to work and engage remotely using technology but will explore some onsite working should the opportunity arise some on. The main members of my team, together with their contact details, are summarised in **Exhibit 2**.

## Exhibit 2: My local audit team

<b>Engagement Director</b>	Matthew Edwards <a href="mailto:Matthew.Edwards@audit.wales">Matthew.Edwards@audit.wales</a>
<b>Audit Manager</b>	Yvonne Thomas <a href="mailto:Yvonne.Thomas@audit.wales">Yvonne.Thomas@audit.wales</a>
<b>Senior Auditor</b>	Siwan Glyn <a href="mailto:Siwan.Glyn@audit.wales">Siwan.Glyn@audit.wales</a>

There is a threat to independence that I need to bring to your attention relating to the Audit Manager who is an acquaintance of a member of the Joint Committee's Executive Group. The work of the Audit Manager does not require any direct contact with the member outside of Joint Committee meetings, and appropriate steps will be implemented to ensure that any potential conflicts are managed. Except for this, I can confirm that all other members of my team are independent of the Joint Committee.

# 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 the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



## Our People

- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

# Supporting you

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

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Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.





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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.