

# North Wales Corporate Joint Committee – Audit Plan 2026

Date issued: May 2026



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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email [info@audit.wales](mailto:info@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.

# Introduction

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**Adrian Crompton**

Auditor General  
for Wales

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 22) sets out how we will ensure those standards of quality are met. Our latest [annual quality report](#), provides more information about our audit quality

arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.





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 2025-26](#) and [Our Strategy 2022-27](#).

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# 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 standards 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](#).

I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).

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

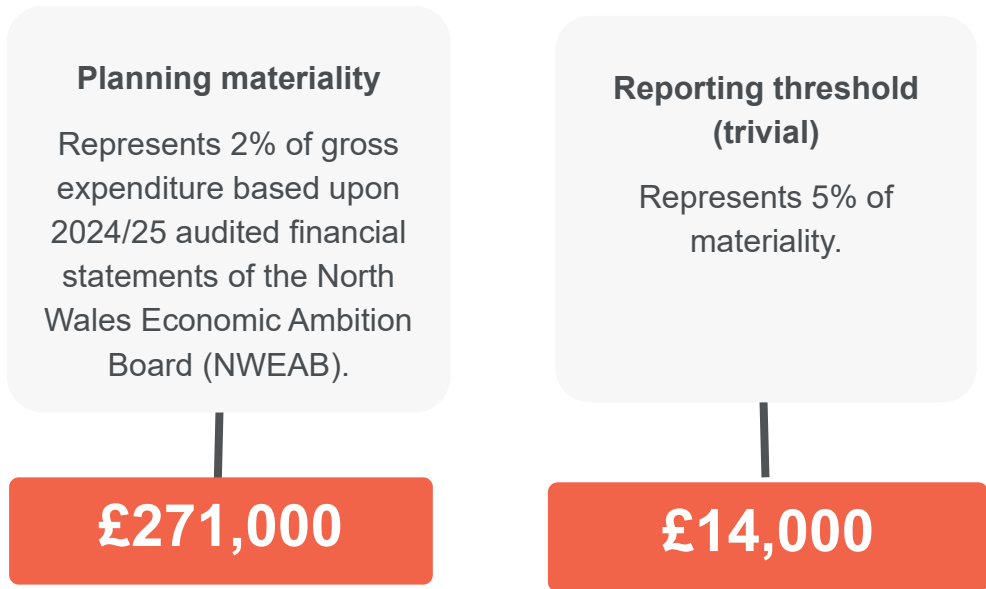
## Financial statements materiality

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; and
- 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.



As this is the first year of full accounts for the North Wales CJC, materiality has been determined on a provisional basis using the prior year gross expenditure of the NWEAB as this is expected to represent a significant proportion of the North Wales CJC’s financial activity. Materiality levels will be reviewed upon receipt of the draft accounts.

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.

## Transition to the North Wales Corporate Joint Committee

In June 2022, the North Wales CJC assumed its functions, with the former NWEAB arrangements transferring to it on 1 April 2025. This change requires the accounts to include additional disclosures and to reflect the transfer of balances and data from the former body.

Consequently, there is an increased risk that reporting requirements may not be fully complied with or that the transfer of information may not be fully met or that the information may not be completed accurately. If not appropriately managed, this could result in material misstatements in the financial statements.

#### Our planned response

My audit team will:

- engage with finance officers during the accounts preparation process to discuss planned changes to disclosure requirements;
- assess all disclosures against the CIPFA Code and Disclosure Checklist to identify any missing or incorrect requirements;
- perform detailed testing of new disclosures to confirm they are complete and that the underlying accounting treatment is accurate; and
- audit the opening balances of the North Wales CJC accounts, including a review of the procedures for transferring balances from the previous NWEAB arrangements.

## 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/surplus 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/surplus.

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the North Wales CJC's financial statements for the first time in the 2025-26 financial year.

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 North Wales CJC 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
- undertake a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation.

### **Senior officer remuneration**

Remuneration paid to senior officers are of high interest and is material by nature.

There is a risk that the structure of the senior officers, following the transfer of the NWEAB to the North Wales CJC, may not be fully or appropriately disclosed in the financial statements.

There is therefore a risk that even low value errors in the disclosure could result a material misstatement.

### **Our planned response**

My audit team will:

- understand the senior management team structure in place during 2025-26;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the North Wales CJC; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

## Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the North Wales CJC and the other body/party.

The North Wales CJC has many relationships that could be considered a related party. Many are well known for example, Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature.

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

### Our planned response

My audit team will:

- review the North Wales CJC's process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

## Leases

As this is the first year of full accounts for the North Wales CJC financial statements following the transfer of the NWEAB on 1 April 2025, there is a risk that lease arrangements have not been fully identified or appropriately assessed under the requirements of the revised IFRS 16 'Lease accounting' standard (IFRS16). Contracts that contain leases may be omitted or incorrectly classified. This could result in material misstatement due to incomplete or inaccurate recognition, measurement and disclosure of right-of-use assets and corresponding lease liabilities in the financial statements.

### Our planned response

My audit team will:

- obtain an understanding of management’s process for identifying leases;
- review the North Wales CJC’s working papers to ensure that all leases falling within the scope of IFRS16 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.

## **Recognition of new Collaborative Arrangement**

The North Wales CJC entered a new collaborative arrangement with the Welsh Government for the development of a project, whereby the Welsh Government provides land, and the North Wales CJC provides funding.

As this type of arrangement is not currently undertaken by the North Wales CJC, there is a risk that it has not been appropriately assessed and accounted for in accordance with the relevant accounting standards. This may result in incorrect recognition, classification, or disclosure of assets, liabilities, or interests in the arrangement within the financial statements.

### **Our planned response**

My audit team will:

- obtain and review the formal agreement for the project to understand the roles, responsibilities, and rights of each party;
- assess whether the arrangement meets the definition of a joint venture under the relevant accounting framework;
- assess how any asset, liability, or interest in the project should be recognised; and
- check calculations and supporting data for any amounts recognised.

## 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

<p><b>Planning</b></p> <p><b>March to May 2026</b></p>	<ul style="list-style-type: none"> <li>Planning meeting</li> <li>High level risk assessment procedures</li> <li>Fraud risk assessment</li> <li>Accounting estimates planning</li> <li>IT environment risk assessment</li> <li>Indicative audit fee</li> <li>Audit Plan</li> </ul>
<p><b>Fieldwork</b></p> <p><b>July to September 2026</b></p>	<ul style="list-style-type: none"> <li>Update risk assessment</li> <li>Audit of financial statements to include Narrative Report and Annual Governance Statement</li> <li>Complete audit testing</li> <li>Evaluate audit findings</li> <li>Audit closure meeting</li> </ul>
<p><b>Reporting</b></p> <p><b>September 2026</b></p> <p><b>Post certification</b></p>	<ul style="list-style-type: none"> <li>Audit of Accounts Report</li> <li>Recommendations for improvement</li> <li>Present findings to those charged with governance</li> <li>Auditor General certification</li> <li>Annual Audit Summary</li> <li>Post project learning</li> </ul>








# Performance audit work

## Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the North Wales CJC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the North Wales CJC and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the North Wales CJC.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI 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.

## Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Integration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the North Wales CJC. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

## Planned performance audit work 2025-26

I set out below details of my performance audit work to satisfy my duties for 2025-26.

## **Regional Transport Planning**

My objective for this audit is to assess if the North Wales CJC has put in place effective arrangements to discharge its statutory regional transport planning duties and deliver value for money. The audit will focus on whether its planning, resourcing and performance management arrangements are operating as intended.

## **Planned performance audit work 2026-27**

In this plan I will also set out below details of my performance audit work to satisfy my duties for 2026-27. Alongside my work I will perform a wider risk assessment to cover all significant arrangements to plan future work programmes at the North Wales CJC.

## **Strategic Development Plan**

My objective for this audit is to assess if the North Wales CJC has put in place effective arrangements to discharge its statutory strategic development plan duties and deliver value for money. The audit will focus on whether its planning, resourcing and performance management arrangements are operating as intended.

## **Timing of Performance Audit Work**

My team will work with officers in the North Wales CJC to arrange exact timescales for the individual projects and will be communicated regularly through our work programme and timetable and subsequent mid-year update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2027.

## Other statutory audit functions

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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 North Wales CJC's Statutory Finance Officer.

# Audit fee

In January 2026 I published my [2026-27 Fee Scheme](#).

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. The legislation does not allow fees to exceed the full cost of delivering the audit work. Below, I set out our estimate fee to complete the audits.

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 North Wales CJC's Statutory Finance Officer. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

As this is the first year in which a full audit is required, no comparative costs have been included. In a typical year, the performance audit plan is issued prospectively for the forthcoming year (2026-27). However, I also required to complete performance audit work to discharge my duties for 2025-26. The estimate fee for 2025-26 is £20,000. The fee estimate for 2026-27 is higher, reflecting the need to undertake a broader risk assessment covering all significant arrangements as part of our work programme.

## 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.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

## Exhibit 2: Breakdown of my estimated audit fee for 2026

### Estimated fee for 2026 (£)<sup>1</sup>

Audit of financial statements <sup>2</sup>	Performance audit work <sup>3</sup>
£34,832	£35,000
<b>Total fee: £69,832</b>	

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<sup>1</sup> The fees shown in this document are exclusive of VAT.

<sup>2</sup> Payable November 2025 to October 2026

<sup>3</sup> Payable April 2026 to March 2027.

# Audit team

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My audit team will continue to work and engage remotely using technology, while undertaking on-site audit work where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

## Exhibit 3: My local audit team

### Engagement Director

Matthew Edwards  
[matthew.edwards@audit.wales](mailto:matthew.edwards@audit.wales)

### Financial Audit

### Engagement Lead

Matthew Edwards  
[matthew.edwards@audit.wales](mailto:matthew.edwards@audit.wales)

### Performance Audit

Gary Emery  
[gary.emery@audit.wales](mailto:gary.emery@audit.wales)

### Audit Manager

Yvonne Thomas  
[yvonne.thomas@audit.wales](mailto:yvonne.thomas@audit.wales)

Carwyn Rees  
[carwyn.rees@audit.wales](mailto:carwyn.rees@audit.wales)

### Audit lead

Sara Leahy  
[sara.leahy@audit.wales](mailto:sara.leahy@audit.wales)

### Senior Auditor

Siwan Glyn  
[siwan.glyn@audit.wales](mailto:siwan.glyn@audit.wales)

There is one 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 North Wales CJC's Portfolio Board. The Audit Manager's role does not

require any direct contact with the member outside of committee meetings, and appropriate safeguards will be implemented to manage any potential conflicts. Other than this, I can confirm that all other members of my team are independent of the North Wales CJC.

# 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 annual [Audit Quality Report](#).



## 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

## Further information

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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.

Visit our [website](#) to find:



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.

