

## 2022 Combined Audit Plan – Gwent Police and Crime Commissioner and Chief Constable, Gwent Police

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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.
- 2 This is a combined plan for my audit of both the Police and Crime Commissioner (the Commissioner) and the Chief Constable.

## My duties

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

## Audit of financial statements

- 4 Each year, I audit both the Commissioner's and the Chief Constable's financial statements to make sure that public money is being properly accounted for.

## Value for money

- 5 The Commissioner and the Chief Constable have to put in place arrangements to get value for money for the resources they use. I have to be satisfied that they have done 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.
- 7 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

- 8 It is my responsibility to issue a certificate and report on the financial statements. For both the Commissioner and the Chief Constable this includes:
  - an opinion on the on the 'truth and fairness' of the financial statements including the Police Pension Fund account for the financial year ended 31 March 2022; and
  - an assessment as to whether the 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 Commissioner and Chief Constable.

- 9 In addition to my responsibilities for auditing the financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information to support preparation of Whole of Government Accounts; and
  - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 10 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 will be reported to the Joint Audit Committee prior to completion of the audit.
- 11 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.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 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**

- 14 The following table sets out the significant risks I have identified for the audit of the financial statements of the Commissioner and the Chief Constable.

**Exhibit 1: financial statement audit risks**

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

Audit risk	Proposed audit response
<b>Significant risks</b>	
<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>We will:</p> <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 biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business;</li> </ul>
<p><b>Asset valuations</b> Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings. The quinquennial revaluation of land and buildings is being undertaken this year.</p>	<p>We will review the valuations undertaken to obtain assurance that there are no material misstatements in accounting and reporting.</p>

Audit risk	Proposed audit response
<b>Other areas of audit attention</b>	
<p>During the year there was a transfer of Police Pension Fund administration function from Capita to XPS.</p>	<p>As there will be a transfer of pension scheme member data from one organisation to another, my audit team will liaise with relevant officers to review the checks undertaken by the force to confirm that the transfer of member data was correctly carried out.</p>
<p><b>McCloud judgement – immediate detriment cases</b> The Force is currently reviewing the impact of the UK Government’s remedy for the McCloud judgement on pension benefits owed to retired members and those about to retire.</p>	<p>We will review the latest position during the audit and confirm that any transactions recognised and disclosures made in the financial statements are appropriate, and consistent with legislation and guidance.</p>
<p>Introduction of IFRS 16 Leases may be deferred for a further period of time. There is considerable work required to identify leases and the COVID-19 pandemic may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>

Audit risk	Proposed audit response
<b>Other areas of audit attention</b>	
<p><b>Impact of COVID-19</b> Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

## Use of resources

- 15 It is my responsibility to satisfy myself that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 16 In doing so, I place reliance on:
- the results of the audit work undertaken on the financial statements;
  - the results of the work of other external review bodies, eg HMIC and the National Audit Office, where relevant to my responsibilities;
  - the Commissioner’s and the Chief Constable’s systems of internal control;
  - as reported in the Annual Governance Statements and my report thereon; and
  - the results of other work carried out by the Auditor General and data-matching exercises.
- 17 My audit team will also identify audit areas where we need to obtain additional assurance to supplement the sources listed above. This work will focus on specific elements of the corporate governance and financial management processes in place for the Commissioner and Chief Constable and will include a focus on the financial pressures faced, the monitoring arrangements in place and the financial resilience of the Offices of the Commissioner and Chief Constable.



## Statutory audit functions

- 18 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.
- 19 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 20 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the 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 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.

## Fee

- 21 As set out in our Fee Scheme 2022-23, our 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.
- 22 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 3.6% increase compared to your actual 2021 fee.

## Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts	80,654	77,900
Use of resources	4,928	4,700
Total fee	85,582	82,600

- 23 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 you.
- 24 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

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

### Exhibit 3: my audit team

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

Name	Role	Contact number	E-mail address
Clare James	Engagement Director	02920 829330	<a href="mailto:clare.james@audit.wales">clare.james@audit.wales</a>
Tracy Veale	Audit Manager	02920 320596	<a href="mailto:tracy.veale@audit.wales">tracy.veale@audit.wales</a>

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you. The fees are payable from November 2021 to October 2022.

Name	Role	Contact number	E-mail address
Helen Williams	Audit Lead	02920 320708	<a href="mailto:helen.williams@audit.wales">helen.williams@audit.wales</a>

## Timetable

26 The key milestones for the work set out in this plan are shown in **Exhibit 4**.

### Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January to April 2022	May 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Financial Accounts Memorandum</li> </ul>	June to July 2022 January to July 2022 August to September 2022	July 2022 July 2022 September 2022

27 We can confirm that team members are all independent of you and your officers.



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We welcome correspondence and telephone calls in Welsh and English.  
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