

Year end Audit 2022/23

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

Content

- Audit Wales
- Key items affecting the accounts
- Timetable

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- **International Standards on Auditing (ISA) 315** – identifying and assessing the risks of material misstatement
- **Objective**
 - *Identify and assess the risks of material misstatement [...] thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement (ISA135.11)*
- **Why**
 - Increased complexity + Corporate audit failures => New ISA 315 to identify and assess risks of material misstatements in accounts
- **When**
 - Effective for audits of financial statements for periods beginning on or after 15 December 2021
 - Applies to all entities regardless of their nature, size or complexity

- What it means for Audit Wales?



Risk assessment

- More detailed & extensive risk identification & assessment procedures
- Tailored responses to every risk



IT

- Enhanced review of the info tech environment



Prof. scepticism

- Enhanced professional scepticism focusing on contradictory as well as confirmatory evidence

- What it means for us?



Risk assessment

- More enquiries at planning including on:
 - business model & use of IT
 - our risk assessment process & SIC
 - how transactions are initiated, processed and reported
 - discussions to support inherent risk assessment



IT

- More enquiries on IT environment:
 - relevant IT applications
 - IT infrastructure
 - IT processes
 - IT personnel
 - Operation of IT controls
- Information requests in a different format to facilitate use of automated tools on the audit



Prof. scepticism

- Additional enquiries where auditors identify information which appears to contradict previous evidence

- **Impact on audit plans**

- Outline audit plans in March and April
- Detailed plans in April and May
- Holistic audit approach (performance and financial audit)

- **Impact on audit fees**

- Higher level of auditor judgement
- Richer skill mix
- Increase in audit fees

- **Impact on timing of accounts audit work**

- More planning time
- Interim audit testing reduced
- More audit time needed at final accounts

- IFRS 16 – accounting for leases
- Quinquennial valuation
- Provisions – clinical negligence and other
- Accruals and cut off
- Senior officer remuneration and related party transactions
- Regularity opinion (scheme pays etc)

Identified by Audit Wales in preliminary audit risk assessment but would be the areas highlighted by Hywel Dda

- Areas of judgement
- Dental contracts underperformance

- 05 May 2023 - Submission of draft accounts
- 09 May 2023 – Audit of accounts commences
- 11 May 2023 – Review of draft accounts by ARAC
- 26 July 2023 – Sign off of final accounts by ARAC (TBC)
- 27 July 2023 – Approval of accounts by the Board (TBC)
- 31 July 2023 – Audit General certification of accounts

Next Steps

- Completion of the draft accounts by 5 May 2023
- Review of draft accounts by ARAC 11 May 2023