

Blackwood Arts Centre Charity: 2023-24 Audit Plan

Audit year: 2023-24

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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

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Introduction

This 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. The risks are based on my audit planning. If necessary, I will provide an update on any further significant risks that arise during my audit.

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.

In accordance with the Charity Commission's thresholds for a 'full audit', for 2023-24 I am required to undertake a full audit, replacing the limited assurance 'independent examination' that I have done in past years. This means that the 2023-24 audit is more detailed and thorough, with more extensive audit opinions.



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

For 2023-24 I am required to issue a report on Blackwood Arts Centre Charity's (the Charity's) financial statements which includes an opinion on their 'truth and fairness'. In preparing such a report, I will:

- give an opinion on your financial statements; and
- assess whether the Trustee's Annual Report presented with the financial statements are prepared in line with guidance and consistent with the financial statements.

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

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.

If any limitations arise that affect my audit work, I will raise them with management and the Trustee Members as those charged with governance. The Council has determined that its Cabinet Members are those charged with governance.

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 significant financial statement risks in the following areas:

- management's override of the controls in place;
- 'cash and cash equivalent' balances and cashflows;
- property, plant and equipment;
- related party disclosures.

Other areas of audit focus include:

- the accuracy and completeness of the brought forward balances on the balance sheet.
- the classification of grant income



Materiality

Related parties	£5,000
Remainder of the accounts	£22,300
Reporting thresholds (triviality):	
Related parties	£250
Remainder of the accounts	£1,115

Materiality



Materiality £22,300

My aim is to identify and correct material misstatements, that is, those that might cause the user of the financial statements into being misled.

Materiality is calculated using:

- an estimate, being the 2023-24 gross expenditure of £1.114 million; and
- a materiality percentage of 2%.

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality, including for the lower materiality explained below).



Areas of specific interest

There is one area of the financial statements, the related party disclosures, that I judge may be of more importance to the user of the statements. I therefore set a lower materiality of £5,000 for the disclosures.

Significant financial statement 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].	I will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for biases;• evaluate the rationale for any significant transactions outside the normal course of business;• and I may add additional procedures to address any specific risks of management override which are not addressed by the mandatory work above.
The lack of the required disclosures for the Charity's the year-end cash and cash equivalent balances, and the in-year cash flows within a statement of cash flows.	Since 2020-21 I have qualified the annual accounts on this matter. Over that period the Charity has not rectified the problem and therefore for 2023-24 I expect to qualify my true and fair opinion.
The accuracy and completeness of the Charity's property, plant and equipment (PPE) The draft accounts only include the Charity's Arts Centre and no other assets.	I will test the accuracy, existence and rights and obligations of the PPE disclosures in the accounts. I will also review the completeness of the underlying records and disclosures.
I judge related parties to be material by nature and I set a lower level of materiality, at £5,000. These disclosures	I will: <ul style="list-style-type: none">• make enquiries of management to understand the process in

Significant risk	Our planned response
<p>are therefore inherently prone to material misstatement. The related party disclosures are particularly at risk of being incomplete, with required disclosures not being identified and disclosure. This risk will significantly increase if there are no 2023-24 signed declarations of interest (DOI) from the Charity's senior officers.</p> <p>Cabinet Members, as trustees, should have DOIs, as they are provided for the preparation of the Council's annual accounts.</p>	<p>place to identify required related party disclosures;</p> <ul style="list-style-type: none"> • review all the related-party declaration forms, and ensure that all of them have been received; • examine the evidenced checks by finance officers, of the declarations to the financial ledger, and to the financial statements; and • review and consider relevant Companies House records.

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
2023-24 is the first year of full audit, with a limited assurance audit having been undertaken in 2022-23 and previous years. As a result, brought-forward balances on the balance sheet have not been tested in previous years and are therefore at higher risk of material misstatement.	I will undertake substantive testing on certain prior year balances, such as for creditors, debtors, and property, plant and equipment, to provide sufficient assurance that the prior year balances are materially correct.
Blackwood Arts Centre receives grant income from the Arts Council for Wales. There is the risk that the income and is misclassified between restricted and unrestricted income and/or not used in accordance with the grant conditions in place.	I will undertake substantive testing on grant income received to provide sufficient assurance that the income has been classified correctly.

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 Audit Plan	We started our audit planning in January 2025.	February
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	January to March.	March/April March/April

Fee and audit team

I estimate that your audit fee will be £32,500 for the 2023-24 full audit. The audit fee for the 2022-23 limited-assurance audit was £3,560. I shall make no changes to my 2023-24 fee estimate without first discussing them with the Section 151 Officer. As usual, I will also update the Section 151 Officer should I anticipate that the fee estimate will be exceeded. For example, if difficult audit issues arise that require extended audit testing.

My fee estimate is based on the following assumptions:

the draft financial statements are provided in good time, to the quality expected and have been subject to the appropriate management review;

- all the information provided to support the financial statements is relevant and clearly referenced to the ledger and financial statements;
- timely and appropriate access to documents is provided to enable my team to deliver my audit in an efficient manner;
- the relevant officers will be available during the audit;
- you have all the necessary controls and checks in place to enable the Leader of the Council and Trustees Chair 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 any issues that could affect the financial statements.

The members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my local audit team

Name	Role	Contact details
Gareth Lucey	Audit Director	gareth.lucey@audit.wales 02920 829398
Mark Jones	Audit Manager	mark.jones@audit.wales 02920 320631
Kathryn Watts	Audit Lead	kathryn.watts@audit.wales 02920 320681
Vaughan Davies	Auditor	vaughan.davies@audit.wales
Jordan Ryder	Auditor	jordan.ryder@audit.wales

I can confirm that my team members are all independent of the Charity and officers. I will update you of any new circumstances that arise during the audit.

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

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Visit our website to find:

	our <u>Good Practice</u> 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 <u>newsletter</u> which provides you with regular updates on our public service audit work, good practice, and events.
	our <u>publications</u> which cover our audit work completed at public bodies.
	information on our <u>forward performance audit work programme 2023-2026</u> which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various <u>data tools</u> and <u>infographics</u> 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](#).



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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.