

Mid and West Wales
Corporate Joint Committee

Via email

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Dear Colleagues

Approach to auditing the Corporate Joint Committees and understanding their evolving arrangements

As the appointed auditor of the Corporate Joint Committees (CJCs), I set out in this letter that I will be doing an early landscape review to understand the CJCs' evolving arrangements. I also set out my approach to auditing the CJCs for 2021-22 and 2022-23 to meet my requirements under the Public Audit Wales Act 2004 and the Well-being of Future Generations (Wales) Act 2015.

CJC commentary/landscape review

In my work programme consultation paper in March 2022, I set out that I would be keeping track of governance arrangements around the creation of new bodies, including the new CJCs in local government, where I have a statutory role.

In the autumn 2022, my team will be doing some work to gain an understanding of the CJCs' evolving arrangements and their plans. I will publish a summary of my findings. The commentary will also:

- provide an overview of the progress of the CJCs in setting up their arrangements to carry out their three functions and meet their legislative requirements;
- compare and contrast the approaches of the four CJCs;

- gain assurance that the CJs are putting in place proper arrangements to secure value for money in the use of their resources;
- provide early feedback to help the CJs learn and improve, and make recommendations where relevant to improve the economy, efficiency and effectiveness in the discharge of functions of the CJs;
- understand the approach the CJs are taking to respond to the WFG Act, including setting their well-being objectives;
- identify any emerging areas for improvement or issues that need to be addressed in order to facilitate regional collaboration; and
- help inform the focus of future audit work relating to the CJs.

This work will be done under Section 41 of the Public Audit Wales Act 2004. This Act places a duty on me to undertake studies designed to enable me to make recommendations for improving economy, efficiency and effectiveness in the discharge of the functions or services of local government bodies in Wales. The work will also support my responsibilities under the Well-being of Future Generations (Wales) 2015 Act (the 'Act') as the CJs are now named bodies under the Act. My team will shortly share a project brief providing more information about this work.

My audit requirements

As the CJs are considered to be local government bodies under Part 2 of the Public Audit (Wales) Act 2004 (the 2004 Act), I am required to:

- Give an opinion on the annual accounts of the CJC;
- Satisfy myself that the CJC has proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
- Provide opportunity for electors to ask questions or make objections at audit; and
- Consider whether there are any matters that come to my attention that should be brought to the attention of the public and/or whether I should make written recommendations under section 25 of the 2004 Act.

As the CJs are also now named bodies under the Well-being of Future Generations (Wales) Act 2015, I am also required to:

- assess the extent to which the CJs have acted in accordance with the sustainable development principle when:
 - setting well-being objectives; and
 - taking steps to meet them.

- carry out such an examination of each public body at least once in a reporting period and report on the results of those examinations to the Senedd.

2021-22 audit

Proper accounting practice will be determined by the income and expenditure recognised by the CJs. For the 2021-22 Statement of accounts, where there have been no transactions in the year for the CJC, I would accept a statement of accounts that simply states that the CJC has had no transactions in the year. As such, there would be no specific proper arrangements audit work. I do not anticipate charging a fee to those CJs that fall into this category.

As with the accounts, we would accept an Annual Governance Statement that simply states that the CJC was established on 1 April 2021 but has largely been inactive throughout the year.

My audit opinion would simply confirm that we agree there has been no activity or minimal activity.

Those CJs with income and expenditure below £2.5 million will need to prepare accounts in the form of the normal small body annual return. The annual return includes a proforma annual governance statement. My accounts audit and proper arrangements work to inform my 2021-22 opinion will reflect the low level of activity during 2021-22. My audit opinion will be a limited assurance opinion confirming that no matters have been identified during my audit that indicate that the annual return has not been properly prepared or that the CJC has not complied with its statutory responsibilities. In addition to this work, my teams have been engaging with you over the year to understand your evolving governance arrangements. They will continue to do this. I anticipate charging a fee of approximately £2,000 for this work, but my team will discuss this with any CJs that fall within this category.

2022-23 audit

At this stage, the CJs have set budgets for 2022-23 which sit below the £2.5 million threshold which would require a full set of financial statements. The CJs will, therefore, be required to prepare accounts in the form of the normal small body annual return. As for 2021-22, our audit work will reflect the extent of the CJs' activities.

However, I recognise that as the CJs develop, their budgets and levels of income and expenditure may change. For those CJs with income or expenditure exceeding £2.5 million, a full set of financial statements will be required as set out in the CIPFA/LASAAC Code. Where this is the case, I will discuss with each of the CJs

my intended work on the accounts and to satisfy myself that the CJC has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Well-being of Future Generations Act

The CJs are required to publish their well-being objectives by April 2023. I am required to undertake a dedicated examination of the extent to which each CJC has acted in accordance with the sustainable development principle when setting their well-being objectives. I will seek to incorporate this examination into my commentary work in a proportionate way.

I am also required to carry out examinations to assess the extent to which CJs have applied the sustainable development principle when taking steps to meet their well-being objectives. I will adopt a proportionate approach to this work. I will also integrate this work with my proper arrangements work in future audit plans.

If you have any queries about the commentary work or audits please contact Derwyn Owen (Derwyn.owen@audit.wales) or Sara-Jane Byrne (sara-jane.byrne@audit.wales).

Yours sincerely



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