

**REPORT OF CHIEF EXECUTIVE**

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**SUBJECT: ANNUAL AUDIT SUMMARY 2022**

The Auditor General for Wales' Annual Audit summary shows the work completed since the last Annual Audit Summary, which was issued in February 2022. The audit summary forms part of the Auditor General for Wales' duties. The document is attached for Members' information.

**Recommendation**

**Members are asked to NOTE the Annual Audit Summary 2022.**

Background Documents  
None

*(For further information, please contact Richard Griffiths Ext 4815)*

## Pembrokeshire Coast National Park Authority Annual Audit Summary 2022

This is our audit summary for Pembrokeshire Coast National Park Authority. It shows the work completed since the last Annual Audit Summary, which was issued in February 2022. Our audit summary forms part of the Auditor General for Wales' duties.

More information about these duties can be found on our [website](#).



### About the National Park Authority

#### Some of the services the Authority provides



#### The role of the Authority

The Authority's purposes and duty form the basis of all the work undertaken by the Authority and are the starting point for the plans and strategies it develops. These are set out in the Environment Act 1995 and are as follows:

**Statutory Purposes** – to conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park; and to promote opportunities for public enjoyment and understanding of the special qualities of the National Park.

**Statutory Duty** – to foster the economic and social wellbeing of communities living within the National Park.

#### Key facts

The Authority is made up of 18 members who represent the following:

- Welsh Government Appointees – 6
- Pembrokeshire County Council – 12

## Key facts

As at 31 March 2022, the Authority had £6.5 million of usable financial reserves compared with £6.0 million at 31 March 2021. This is equivalent to 70% of the Authority's annual spending on services, a decrease from 78% in 2020-21.

## The Auditor General's duties

### We completed work during 2021-22 to meet the following duties

- **Audit of Accounts**  
Each year, the Auditor General audits the Authority's financial statements to make sure that public money is being properly accounted for.
- **Continuous improvement**  
During 2021-22, the Auditor General had to assess whether the Authority had met its performance reporting requirements in relation to 2020-21.
- **Value for money**  
The Auditor General examines whether the Authority has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**  
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## What we found

### Audit of Pembrokeshire Coast National Park Authority's 2021-22 Accounts

Each year we audit the Authority's financial statements.

#### For 2021-22:

- the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 29 July 2022, two days ahead of the statutory deadline.
- the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- the quality of the draft statements presented for audit on 13 June 2022 was generally good.

- a number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in July 2022.
- the Auditor General has issued the certificate confirming that the audit of accounts for 2021-22 has been completed.

## Local projects – Sustainable Tourism

In 2021-22, we completed a review looking the effectiveness of the Authority's approach to sustainable tourism. Overall, we found that the Authority leads on sustainable tourism in the National Park, but needs to communicate its vision, prioritise resources and fully involve communities and businesses in taking forward this agenda.

## Local government studies

As well as local work at each authority, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports.

### Sustainable Tourism in Wales' National Parks (July 2022)

In 2021-22, the Auditor General published three reports on how each of Wales' National Park Authorities are responding to the challenge of managing and helping to deliver sustainable tourism. Each of these reviews identified some difficulties faced by National Park Authorities and their partners in implementing their responsibilities. This report brings the findings together into a national position statement. We recommended that the Welsh Government consider these findings when developing and setting their priorities for National Park Authorities, in order to assist the effective implementation of national policy.

### Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our report looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

### 'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child

Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by 2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

### **‘A missed Opportunity’ – Social Enterprises (December 2022)**

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises.

### **‘Together we can’ – Community resilience and self-reliance (January 2023)**

At a time when there are likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition.

## Planned work for 2022-23

We also looked at the key challenges and opportunities facing the Authority. These could have an effect on the Authority's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned local work for 2022-23 includes:

- **Income diversification**

We are also undertaking a national review in 2023 looking at the effectiveness of governance of National Park Authorities.

The Auditor General is independent of government, and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government & Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.

This document is also available in Welsh.