

Audit and Corporate Services Review Committee

12 July 2023

Present: Councillor S Alderman, Dr R Heath Davies, Dr M Havard, Mrs S Hoss, Councillor M James, Councillor R Owens, Councillor B Price, and Councillor S Skyrme-Blackhall.

[Councillor R Owens joined the meeting during consideration of report 16/23, the Internal Audit Report 2022/23; Councillor S Skyrme-Blackhall arrived prior to consideration of item 2 – Election of Deputy Chair.]

(Virtual Meeting: 10.00am – 11.20am; 11.30am -13.27pm)

1. Election of Chair

The Chief Executive opened the meeting and reported that only one nomination had been received for the office of Chair: Dr R Heath Davies.

As proposed by Councillor B Price, Seconded by Councillor S Alderman, it was **RESOLVED** that Dr R Heath-Davies be elected Chair for the ensuing year.

Dr R Heath Davies then took the Chair.

2. Election of Deputy Chair

The Chair reported that only one nomination had been received for the Office of Deputy Chair: Councillor S Alderman.

As proposed by Councillor B Price, Seconded by Councillor M James, it was **resolved** that Councillor S Alderman be elected Deputy Chair for the ensuing year.

3. Apologies

An apology for absence was received from Councillor D Clements.

4. Disclosures

There were no disclosures of interest.

5. Minutes

The minutes of the meeting held on the 17 May 2023 were presented for confirmation and authentication.

On the proposal of Councillor S Alderman, seconded by Councillor M James, it was **RESOLVED** that the minutes of the meeting held on 17 May 2023 be confirmed and authenticated.



6. Action Log and Matters Arising

a) Cyber Awareness Training (Minute 13) 9 November 2022)

It was agreed that this action be removed from the log as it was also on the National Park Authority's Action log.

Noted.

7. Audit Wales Audit Plan 2023

The Chair welcomed Jason Blewitt and Matt Brushett from Audit Wales who presented the report that featured the programme of work for the next year and the costs involved. He noted that an outline report had been presented to the previous Committee.

Jason clarified that the deadline for this year's financial audit was 30 November 2023. This was due to a delay in finalising the audits of Councils in 2021/22 as a result of a need to account for infrastructure assets that subsequently delayed 2022-23 work. Jason added that a revised National Auditing Standard (ISA 315) had been implemented which created additional work, demanded a richer skill set from the team which caused further delay and had an impact on the fee.

It was requested that an explanation of the timetable delay be communicated in the report and Audit Wales confirmed they would provide an ISA 260 report on completion of the audit, which would include a narrative to explain why the deadline had moved. The Chief Executive voiced his concerns regarding the delay and asked that a firm date be set. Jason apologised for the delay in timings previously agreed. He added that the new date of the first week of September was a date that could be depended on.

Jason went on to explain the fee and confirmed that there had been a 4.8% inflationary increase to all fees, and due to the extra skill set and work required for the new ISA 315 requirements, there was an additional 10.2% increase to fees relating to financial audit elements. Based on these increases, there was a 4.8% increase for performance audit fees and a 15% increase for the financial audit. Jason confirmed that the fee for the Authority had come in slightly under these percentages with the financial audit fee increased by £3700 (14.6% increase) and the performance audit element gone up by £350 (2% increase). It was concluded that overall, the fee for the Authority had increased by just over £4,000 (overall 9% increase).

One member asked if the fee would decrease next year or remain the same. Jason explained that the 4.8% increase was subject to change as



this was inflationary however the 10.2% increase would remain as this was related to the additional work caused by the ISA 315 requirements.

The presentation was then handed to Matt Brushett who covered the performance audit elements of the report. Matt confirmed that Audit Wales was concluding the National Review into governance within National Park Authorities and confirmed that the report would be available in the Autumn.

As this was a national report, the Chief Executive asked if feedback, specific to the Authority, could be provided on what could be improved with regards to governance. Matt confirmed that Audit Wales would be happy to share this information.

Matt discussed the proposed thematic work for the coming year which would be 'Ensuring Access to National Parks by underrepresented groups' and confirmed that although the methodology was being finalised, they would aim to look at available data and interview both Officers and service users as part of this work. Matt explained that field work would likely take place from September and the report would be available around May/June 2024.

In response to a question raised by a Member, it was confirmed that the risks included in the audit plan were common risks for local government. Jason explained that the Management Override risk was included in all audit plans across all sectors, the risk related to Pensions was featured as a triannual valuation was due this year and the final risk related to land and buildings was included as capital often involved more risk.

Noted.

8. Internal Audit Report 2022/23

The Chair welcomed Helen Cargill from TIAA, the Authority's current Internal Auditors, who presented the remaining reports related to the Information and Communications Technology (ICT) review of Disaster Recovery and the final Annual Report 2022/23.

It was reported that the ICT Disaster Recovery Plan had been given a limited assurance, and the key strategic findings were reported which included that both the Business Continuity (BC) and Disaster Recovery (DR) Plans needed to be updated, made available and tested with staff training to ensure Officers understood their responsibilities as part of these plans. It was noted that management had accepted all recommendations.

The Internal Audit Annual Report was then discussed, and the Head of Internal Audit's Annual Opinion confirmed that TIAA was satisfied that the



Authority had reasonable and effective risk management, control and governance processes in place. It was noted that the DR Report had a limited assurance however TIAA acknowledged that the Authority had accepted the recommendations, and an action plan was in place. The Finance Manager highlighted that the Audit Opinion was replicated in the Annual Governance Statement.

The Chair took the opportunity to reiterate the need for momentum in implementing the proposed recommendations and noted that an audit action log would be presented to the next meeting and TIAA would provide a list of outstanding actions to ensure all elements were completed.

Assurance was requested by a Member that the Head of Decarbonisation would receive sufficient support as it was a new role, and they would be responsible for many of the identified actions. The Chief Executive acknowledged the need for greater resilience within the IT team but noted that there were staffing changes currently taking place in the team, and external support could be sought to assist the organisation in this area.

The report highlighted IT backups as an area of potential risk and one Member voiced their concern regarding the potential of physical destruction of backups and asked whether action could be taken to address this. It was suggested that an IT Officer attend a future Audit Committee meeting to answer Members' questions on this topic and to provide an update on Microsoft 365.

The Chair thanked both TIAA and Helen Cargill for their hard work over the years and for their professionalism and asked that these be passed on to other colleagues. Helen responded by thanking the Authority and added that they had enjoyed working with the Authority.

Noted.

9. Draft Strategy for Internal Audit 2023/24-2025/26

The Chair welcomed Nigel Ireland (Chief Executive and Head of Internal Audit) and Ceri Kwiecinski (Internal Audit Manager) from Astari, the Authority's new Internal Auditors, who presented the Draft Strategy for Internal Audit.

Nigel provided a brief introduction to the company and went on to present the draft strategy for Internal Audit. He explained that the document was created following visits to the Authority to understand the culture, challenges, and key documents such as the corporate strategy. Nigel thanked the Chief Executive, Finance Manager and Chair for their support and input into this document and proceeded to take Members through the



report with a brief summary of each section. Nigel highlighted that this document would be reviewed each year to ensure it remained relevant with any updates coming to Members for approval. Nigel added that results from previous audits had been embedded in this strategy to ensure that all recommendations were completed.

One Member noted that the climate and biodiversity crises were scheduled for a review during 2024/25 and asked whether these could be looked at sooner. Nigel explained that with this scheduling, the Authority would have sufficient time to prepare, and implement planned actions which would then allow Astari to review and provide assurances. With this explanation, Members were happy with the proposed scheduling.

In response to a question raised by a Member, it was confirmed that a thematic review of all centres would take place in 2024/25 with an earlier review of how the centres function taking place as part of the Estates Management Audit in 2023/24. The Chief Executive said that the schedule had been carefully considered to ensure that assurances could be provided for inclusion in the Annual Governance Statement.

As the Strategy for Internal Audit was a draft, Members were asked whether they had any suggestions of other areas that should be reviewed or were missing from the schedule of works. One Member suggested that the Sustainable Development Fund should be reviewed as there had been recent changes to the way that it was administered. Nigel made a note of this suggestion. The Chair suggested that a more thorough review of the first year should be conducted to allow feedback both ways once Astari were fully familiar with the Authority.

The Chair was pleased to see the risk register being used as a basis for the work programme but noted that as this paper was focused on performance audits rather than financial audits, she asked if Astari would be able to provide the Authority with assurance on the Financial Accounts elements for the next annual reporting accounts. Nigel confirmed that many of the upcoming audits featured an element of finance and the key financial controls audit in February 2024 would look at finance in more detail. It was added that should the Committee feel that finance required more of a focus, Astari would be able to increase this allocation however this would either impact other work or additional days would be required.

With the draft Internal Audit Strategy set to go to the National Park Authority for approval, it was requested that the answers provided to Members relating to climate & biodiversity crises, and visitor centre reviews be featured in the report to provide assurance and avoid additional comments from other Members.

Noted.



[The meeting was adjourned between 11:20am and 11:30am]

10. Hand Arm Vibration Syndrome (HAVS) – Update Report

The Chair welcomed James Parkin, Director of Nature and Tourism, who presented a report which featured an update on the work undertaken by the Authority since a Health & Safety Executive (HSE) Improvement notice was received in December of 2022 to improve the management of HAVS. This report provided an update with specific focus on the work of the Countryside Management Team and included information on the HSE Improvement Notice, the HAVS Plan of Action, areas of significant progress and the impact on Rights of Way Management.

In response to a question raised by the Chair, it was confirmed that the status of the HSE notice was closed and although no follow-up had been scheduled, officers were aware that as HSE do conduct random visits, a review of this nature could happen again in the future. It was added that despite this, the Authority was confident with the actions taken to address this issue and the Chair commended the Officers for having responded appropriately.

The Chair requested reassurance on how these changes had been embedded in the workplace culture. It was confirmed that as a result of team engagement through transparency and team meetings, all staff had approached the action plan with a determination to learn and improve. The Chief Executive added that in response to this notice, a new role had been created within the Authority which had a specific focus on Health & Safety to support the organisation in ensuring that better systems were in place.

The Chair noted that the Plan had originally been approved by the Authority in July 2022 but that the updated HAVS Policy had been agreed by the Management Team and asked whether this policy needed to be approved by the National Park Authority. The Chief Executive confirmed that because only minor amendments had been made, the Management Team were able to approve these. The Chief Executive clarified that the main change to the HAVS policy had been to lower the maximum daily exposure limit from 400 to 150 points.

The Chair then welcomed the Authority's Head of Nature Recovery and the Countryside Managers who gave a presentation that featured further detail relating to the HAVS policy, HAVS Risk Assessment, Baseline HAVS Assessments, Tool Survey Results, New Equipment and monitoring and compliance.

One Member praised the Officers for having dealt with this matter in an exemplary fashion with changes in approach and culture and asked



whether this had been shared with partners who could benefit from this information. It was confirmed that this information has been offered to various forums to share ideas and best practice and an appointment had been scheduled with Natural Resources Wales who had a similar system. It was reported that an assessment would take place during the middle of the season with all data sets to be collated by the end of the season.

Another Member asked whether new equipment was purchased from local distributors and with regards to old equipment, was this sold on to local good causes. The Finance Manager confirmed that the tender for new equipment had been awarded to a local supplier after having been advertised on the Sell2Wales website for transparency in the procurement process. With regards to the disposal of old equipment, this process was yet to be determined. It was confirmed that should the equipment be sold, the level of vibration would be communicated to buyers however this would only be relevant for those who used the equipment on a full-time, daily basis.

The Chair thanked the team for their hard work and for having provided a comprehensive action plan which provided reassurance to Members. It was asked whether a report could be presented at the end of the season on the impacts of HAVS on the Countryside Management Team and their work. The Chief Executive confirmed that this data would be presented at the November National Park Authority meeting. The Chief Executive thanked Officers both past and present who had worked hard and played a role in addressing the HSE notice.

Noted.

11. Performance Report for the period ending 31 May 2023

The report followed the structure of the Corporate and Resources Plan for 2022/23. As the Authority was going through a period of change, a transitional performance measurement framework had been put in place for 2022/23.

The report presented the performance to date up to 31 May and included Q1 – Q2 statistics for some data sets recorded quarterly and highlighted those areas where targets were in red or amber or where positive progress had been made since the previous report. It was highlighted that several actions were in Amber which was partly due to waiting for Officers to come into post.

The Chair questioned whether the monitoring of Delivery Plans would be included in this report in future. It was confirmed that the current reporting structure would be utilised for Q1 and Q2 of this year with the aim of developing a new performance reporting framework for Q3 and Q4.



The Chair requested further clarification regarding the Dawnsio ar y Dibyn item which had a red RAG rating. It was reported that this was due to the late submission of data from the project contractor and Members were reassured that Officers had frequently engaged with the contractors to ensure data was submitted on time. It was confirmed that the required data had now been received and was being processed.

Noted.

12. Health, Safety & Wellbeing Quarterly Report

The Chair welcomed Arfon Fry, Health & Safety Project Manager, who presented a report that featured information on Incidents & Accidents, Regular Safety Monitoring, First Aid, Fire Risk Assessments, HAVS, the Health & Safety (H&S) Group, H&S Audits, H&S Policies, Training, Safeguarding, Staff Sickness Absence, Annual H&S Report, H&S Culture Survey and the Visitor Safety Group.

It was reported that a review of First Aid provision would begin in July. One Member requested clarification that this review would include Mental Health First Aiders and would ensure that there would be sufficient coverage at each site, taking into account the flexible work patterns of staff. The H&S Project Manager confirmed that First Aid Coverage and Mental Health Champions would form part of the review.

With regards to HAVS, the Chair suggested in the future, that instances of staff being exposed to levels higher than that of the Exposure Limit Value should be reported to Members to ensure that appropriate action was being taken. This was noted by the H&S Project Manager.

As part of the report, staff sickness absence data was featured with a breakdown of the number of days lost. The Chair requested that the percentage of staff sickness absence be featured in future reports to assist with benchmarking; she also asked that any review of sickness absence provided to the HR Committee be presented to a future meeting of this Committee. This was noted by the H&S Project Manager.

Noted.

13. Risk Register

It was reported that the Risk Register had been reviewed by the Leadership Team, and the main changes since the previous report were highlighted.

One Member noted the risk of long-term impact from climate change and voiced their concern regarding coastal erosion and asked what was being done in Pembrokeshire to address this. The Chief Executive confirmed



that the Shoreline Management Plan which considered Coastal Erosion fell within the jurisdiction of the Pembrokeshire County Council. It was added that one of the Authority's key roles as part of the Public Service Board was climate adaptation which refers to how the Authority deals with communities and infrastructure that could be lost as a result of coastal erosion. The Chief Executive explained that an assessment of the Coast Path had been commissioned to understand which areas were more vulnerable to coastal erosion. It was hoped that this assessment would provide further data in future to assist in addressing the issue. The Chair requested that these points be added to the mitigation section against risk 5. The Chief Executive noted this and suggested that a possible action for the future could be to complete a sub risk register for risks such as climate change that have a broad scope, to address the individual risks in more detail. The Members agreed with this approach.

The Chair drew Members attention to items 8 (Risk of Major incident affecting the National Park) and 15 (Risk of major incident affecting Authority) on the Risk Register and asked the Finance Manager to clarify the difference between these items. It was confirmed that item 8 referred to The National Park as a whole and external influences that are out of the Authority's control and item 15 referred to the work of the Authority, the workforce, the infrastructure and other elements within the organisation which are within the control of the Authority.

Noted.

14. Draft Statement of Accounts

The Finance Manager presented the draft Statement of Accounts 2022/23 and confirmed that this draft would form part of the audit in September with an Audited set of accounts being presented to the Authority in November.

It was reported that the Authority's overall revenue funding increased by 0.8% in 2022/23 and for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 98p from other sources. It was added that the National Park Grant had increased as the Welsh Government had provided additional funding that was not subject to the levy.

The accounts detailed a breakdown of how the Authority had generated income during the year. It was highlighted that the Car Parking Income had fallen by 15% and it was noted that this trend was worth keeping in mind when making decisions regarding car parking facilities in future. It was reported that advertising in Coast to Coast was up compared to the previous year and it was agreed that this could be attributed to the publication having been made available online. The Finance Manager confirmed that the area marked 'Other' had increased by 43% as the



Authority had received a legacy donation of £50,000 and the Investment Income had increased significantly as a result of the interest rates having gone up.

The accounts provided a breakdown of what the Authority had spent money on in the past year. It was reported that Employee costs had risen from £4.3 million in 2021/22 to nearly £4.7 million in 2022/23 as a result of a significant pay award of £1,995 each and the number of full-time equivalents had also increased from 133 to 136. The Finance Manager explained that Premises related costs had decreased in 2022/23 due to major expenditure at Carew Castle in 2021/22 and Transport costs had decreased by 2% which was believed to be as a result of the new electric vehicles available to staff. It was added that costs related to Services, Supplies and Grants had increased by 27% compared to 2021/22 for several reasons including the increase of grants awarded to the Authority and the Authority having had £160,000 worth of electric vehicle charging points on private land which could therefore not be capitalised.

The Finance Manager moved on to the Revenue budget which featured a breakdown of how the Authority recorded its expenditure by service area and provided a brief summary of any major variances in figures. A breakdown of 2022/23 Income versus budget & prior years was provided and in response to a question from the Chair, it was confirmed that the 4 car parks which had begun charging in 2022/23 were Amroth, West Angle, Nolton and Penally car parks, with Amroth and West Angle having performed particularly well. A discussion ensued regarding the potential of having to make additional sites chargeable in the future as Audit Wales had suggested that the Authority look at other income opportunities.

The Finance Manager highlighted to Members that the total net cost of services was £6.2 million in 2022/23 compared to £5.5 million in the previous year. It was confirmed that this was caused by the Recreation and Park Management which went from a surplus of £267,000 in 2021/22 to a deficit of £117,000 in the current financial year. It was added that this was attributed to the projection in car park income which was down by £130,000 compared to the previous year and additionally, non-cash costs such as depreciation.

Finally, the Finance Manager drew the Members attention to the Pension Asset and Pension Liabilities figures and provided an explanation as to how these were calculated. It was noted that there had been a significant shift from a deficit of £7 million to an asset of £4 million and one Member said that this explained the reasoning behind Audit Wales being focused on Pensions as being a potential risk for the organisation.

The Chair thanked the Finance Manager and his team for their hard work in producing this set of accounts. The Chair also drew attention to the



letter from Welsh Government included at the end of the papers which confirmed that they had accepted the dates of the upcoming audit but had nevertheless asked all public sector bodies to continue to prepare accounts in the normal timeframe expected, to comply with legislation. She noted that Welsh Government would be amending regulations for future years to account for the delays in the audit programming.

Noted.

15. Delegation of any issues for consideration by the Continuous Improvement Group

It was **RESOLVED** that there were no issues of concern that the Committee wished to delegate to the Continuous Improvement Group for consideration.

Noted.

