

Report of: Head of Finance & Fundraising

Subject: Approve the Audit Wales Enquiries Letter and Management response in respect of the audit of the financial statements for the year ended 31 March 2026.

Decision Required: Yes

Recommendation:

The Members are asked to:

- a. Approve the Audit Wales Enquires Letter and Management responses thereon.

1. Key Messages

- 1.1.1 As part of the audit planning process, Audit Wales require assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.
- 1.1.2 This letter formally seeks documented consideration and understanding on a number of governance areas that impact on their audit of our financial statements.
- 1.1.3 Management have updated their responses to the Audit enquires in Appendix 1 to Appendix 3 as requested.
- 1.1.4 The committee is requested to formally consider and approve the responses provided in the Appendices.

2. Background

2.1 The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance,' i.e. the Audit and Corporate Services Review Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

2.2 The areas of governance on which they are seeking our views are:

- Matters in relation to fraud

- Matters in relation to laws and regulations
- Matters in relation to related parties

These are detailed in the attached letter.

2.2 The information we provide will inform their understanding of the Pembrokeshire Coast National Park Authority and its business processes and support their work in providing an audit opinion on our 2025-26 financial statements.

3. Consultation

The responses have been prepared in consultation with senior leadership team and S151 officer.

4. Strategic Policy Context

The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic policy context.

5. Financial considerations

None.

6. Risk & Compliance Considerations

The key risks are discussed in the wider detail of the letter.

7. Impact on our Public Sector Duties

7.1 Integrated Assessment Completed: No

7.2 Equality, Socio-Economic, Health and Human Rights Impacts

7.2.1 The audit enquires letter is a technical process and will support the Authority to fulfil its Public Sector Equality Duty.

7.3 Welsh Language Impacts

7.3.1 The audit enquires letter is a technical process and has no impact on the number of Welsh speakers or compliance with Welsh Language standards but enables the Authority to fulfil its duties under the Welsh Language Measure.

7.4 Section 6 Biodiversity Duty and Carbon Emission Impacts

7.4.1 The audit enquires letter is a technical process that will support the Authority to fulfil its Section 6 Biodiversity Duty and elements of wider activities that support decarbonisation. The technical process has no impact on Carbon Emissions.

7.5 Well-being Goals for Wales and 5 Ways of Working (Sustainable Development Principles) Impacts

7.5.1 The audit enquires letter is a technical process that supports the Authority to conduct its strategic priorities in support of the Well-being Goals for Wales and the Sustainable Development Principles.

8. Conclusion

8.1 That Members

Approve the Audit Wales Enquires Letter and Management response as inserted in Appendix 1-3 in respect of the audit of the financial statements for the year ended 31 March 2026.

9. List Background Documentation:

None

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Mr Tegryn Jones, Chief Executive
Mrs Catrin Evans, Head of Finance
Pembrokeshire Coast National Park Authority
Llanion Park
Pembroke Dock
Pembrokeshire
SA72 6DY

Reference: PCNPA 2025-26

Date issued: 23rd March 2026

Dear Tegryn and Catrin

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Pembrokeshire Coast National Park Authority and 'those charged with governance' (the Audit and Corporate Services Review Committee).

I have set out below the areas of governance on which I am seeking your views:

- Matters in relation to fraud
- Matters in relation to laws and regulations
- Matters in relation to related parties

The information you provide will inform our understanding of the Pembrokeshire Coast National Park Authority and its business processes and support our work in providing an audit opinion on your 2025-26 financial statements.

I would be grateful if you could update the attached table in **Appendix 1** to **Appendix 3** for 2025-26. We have included the 2024-25 responses for reference.

The completed **Appendix 1** to **Appendix 3** should be formally considered and communicated to us on behalf of both management and those charged with governance by 30 June 2026. In the meantime, if you have queries, please contact Jason Blewitt on 07970 737478 or jason.blewitt@audit.wales.

Yours sincerely

Gareth Lucey

Engagement Lead

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2023-24 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Pembrokeshire Coast National Park Authority is the Audit and Corporate Services Review Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks, and the internal controls established to mitigate them.

Enquiries of management – in relation to financial reporting

Question	2024-25 Response	2025-26 Response
<p>Are there any significant matters or events which have occurred during the year which could influence our audit approach or the financial statements?</p>	<p>None known/identified</p>	<p>Introduction and use of new finance system on 1st April 2025</p>
<p>What are your general views on the entity's risk assessment process relating to financial reporting?</p>	<p>Timelines agreed in advance. S151 officer discussions. Additional resource in place to enable QA.</p>	<p>Timelines drafted in advance. Discussions with CEO & S151 officer re financial reporting deadlines & audit issues. Risk identifies reliance on one member of team to complete annual statement of accounts within a tight deadline as well as dealing with other daily tasks. This year new part time staff member started Jan 26 with experience of public sector accounting & audit process – qualified CIMA accountant although has been out of sector for some 10 years. May be able to strengthen QA together with qualified ACCA on team.</p>

Enquiries of management – in relation to financial reporting

Question	2024-25 Response	2025-26 Response
Are you aware of significant transactions that are outside the normal trading activities of the business?	None known/identified	None known/identified
Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?	None known/identified	None known/identified
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	None known/identified	None known other than new rules regarding indexation of assets etc
Have there been any changes in accounting policies in relation to significant estimates?	No	Last year recognition of right of use assets/IFRS 16 accounting policy notes. Indexation requirement 25-26 to be considered

Enquiries of management – in relation to financial reporting

Question	2024-25 Response	2025-26 Response
Have there been any issues that may impact the preparation of the accounts identified so far?	No	None
Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?	None	None

Enquiries of management – in relation to fraud

Question	2024-25 Response	2025-26 Response
What is management's assessment of the risk that the financial statements	The risk of material misstatement due to fraud is considered low. Financial	The risk of material misstatement due to fraud is considered low.

Enquiries of management – in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>standards, CSOs and segregation of duties where possible operate. Scrutiny is undertaken by budget holders, members and internal & external audit.</p>	<p>Financial standards, CSOs and segregation of duties where possible operate. Regular reconciliations undertaken. Scrutiny is undertaken by budget holders, members and internal & external audit.</p>
<p>Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>None identified</p>	<p>None identified</p>
<p>What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>As prior years. No specific risks of fraud identified during the year.</p>	<p>No specific risks of material fraud identified during the year. Financial standards & procedures in place together with relevant Money Laundering & Anti Bribery polices etc</p>
<p>What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>As prior years including cash takings and stock management.</p>	<p>Cash takings, stock management</p>

Enquiries of management – in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?</p>	<p>None noted</p>	<p>None notified</p>
<p>What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>No change from prior year.</p>	<p>Regular meetings with Chair & CEO, regular reports to various committees. Financial Standards in place.</p>
<p>What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?</p>	<p>Staff handbook made available including compulsory staff training on IT policy, data protection, H&S, etc. Staff intranet and teams available for communication of policies. No changes from prior years.</p>	<p>Staff handbook made available including compulsory staff training on IT policy, data protection, H&S, etc. Staff intranet and teams available for communication of policies. Training undertaken e.g. On new CSO's and twice yearly staff meetings.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2024-25 Response	2025-26 Response
Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?	None identified.	None identified or notified.
What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?	Risk of material fraud considered low – risk areas considered principally around cash, stock and equipment.	Risk of material fraud considered low – risk areas considered principally around cash, stock and equipment. Asset registers maintained & cash takings reconciled.
<p>How do you exercise oversight of:</p> <ul style="list-style-type: none"> • management's processes for identifying and responding to the risk of fraud in the audited body, and • the controls that management has established to mitigate these risks? 	<p>Monthly scrutiny of management accounts by budget holders, senior management and members.</p> <p>Internal audit review/scrutiny.</p>	<p>Monthly scrutiny of management accounts by budget holders, senior management and members. Monthly/weekly reconciliations of cash transactions and variances investigated. Payroll procedures in place and asset registers.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2024-25 Response	2025-26 Response
		Internal audit review/scrutiny.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Pembrokeshire Coast National Park Authority's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Pembrokeshire Coast National Park Authority is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	CEO/Directors/S151 officer/Monitoring officer scrutiny	CEO/Directors/S151 officer/Monitoring officer scrutiny/Senior management team
Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?	None known	None known
What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?	CEO/Directors/S151 officer/Monitoring officer queried for any known arising claims and reviewed for financial disclosure.	CEO/Directors/S151 officer/Monitoring officer queried for any known or new claims and reviewed for financial disclosure. SLT & SMT meetings.
Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?	None	None known

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
Are there any potential litigations or claims that would affect the financial statements?	None known	None known
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None noted	None

Enquiries of those charged with governance – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	None identified	None identified/notified

Enquiries of those charged with governance – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
How does the Audit Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Quarterly reports to Audit & governance committee	Regular CEO meetings with Chairs/Quarterly reports to various committees including Audit & Corporate Services Review committee & NPA/Monitoring officer

Enquiries of management – in relation to control environment and IT systems

Question	2024-25 Response	2025-26 Response
Have there been any changes to significant IT systems or applications in the period?	No	Yes – new accounting system

Enquiries of management – in relation to risk and governance

Question	2024-25 Response	2025-26 Response
How do you communicate to those charged with governance regarding business risks including fraud?	Quarterly reports to various committees	Quarterly reports to various committees. Risk statement & risk register.
What is the allocation of responsibilities between those charged with governance and management?	No change from prior year	Detailed in Financial Standards & Scheme of delegation
What procedures are in place to ensure the compliance and completeness of Governance reports?	Review by CEO	Review by CEO/Senior Leadership Team
What procedures are in place to ensure the compliance and completeness of Sustainability reports?	No change from prior year	Review by CEO/Senior Leadership Team

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions. The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2024-25 Response	2025-26 Response
Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	As prior year	No changes notified.
What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	To be noted in note 34 Related Party transactions	To be noted in note 34 Related Party transactions – no changes on prior year anticipated
What controls are in place to identify, account for and disclose related party transactions and relationships?	Register in place for members and staff. Staff reminded at year end for any relevant transactions and disclosure requirements.	Register in place for members and staff. Staff reminded at year end for any relevant transactions and disclosure requirements.
What controls are in place to authorise and approve significant transactions and arrangements:	Financial standards & authorisation limits in place	Financial standards & authorisation limits in place

Enquiries of management – in relation to related parties

Question	2024-25 Response	2025-26 Response
<ul style="list-style-type: none"> • with related parties, and • outside the normal course of business? 		

Enquiries of those charged with governance – in relation to related parties

Question	2024-25 Response	2025-26 Response
<p>How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>No change from prior year</p>	<p>Regular reporting, Financial Standards & Annual Governance Statement. Policies in place e.g. bribery, gifts, conflict of interest disclosures & forms</p>