

## Report Of Chief Executive

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**Subject:**  
**Audit Wales Audit Plan 2026**

Summary

To receive the Audit Plan for 2026 from the Audit Wales.

Introduction

In accordance with the requirements of the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, the Local Government Act 1999, and the Code of Audit Practice, the Authority is audited by Audit Wales. Audit Wales undertake two audits:

- An audit of the Financial Statements
- A Performance Audit, with is normally one audit on a specific issue

The programme of work for the next year is outlined in the Audit Wales Audit Plan 2026, which is appended. This has been developed following a structured and risk-based planning process, which will remain ongoing throughout the audit.

Financial Considerations

The Authority pays a fee for the Audit work. Over a number of years the Authority along with the other two National Park Authorities have argued that this fee is too high.

Risk Considerations

The work undertaken by the Audit Wales can contribute to managing risk and providing assurance for the work of the Authority.

Compliance

The work undertaken by the Audit Wales as part of this plan is part of our compliance framework.

Human Rights/Equality issues

There are no specific implications.

Biodiversity implications/Sustainability appraisal

There are no specific implications

Welsh Language considerations

There are no specific implications

Conclusion

Members are asked to Note the Audit Plan.

**RECOMMENDATION:**

**Members are asked to Receive and Note the Audit Plan 2026**

Background documents

*(For further information, please contact Tegryn Jones at  
Tegrynj@pembrokeshirecoast.org.uk)*

# **Pembrokeshire Coast National Park Authority – Audit Plan 2026**

Date issued: April 2026



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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email [info@audit.wales](mailto:info@audit.wales).

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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Introduction

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**Adrian Crompton**

Auditor General  
for Wales

I am pleased to share my 2026 Audit Plan. The Plan sets out how I will undertake your audit. My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 21) sets out how we will ensure those standards

of quality are met. Our latest [annual quality report](#), provides more information about our audit quality arrangements.


My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.


Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

# Our aims and ambitions


## Our purpose



Assure people that public money is being managed well




Explain how that money is being spent




Inspire the public sector to improve


## Our vision




Fully exploiting our unique perspective, expertise and depth of insight



Strengthening our position as an authoritative, trusted and independent voice




Increasing our visibility, influence, and relevance




Being a model organisation for the public sector in Wales and beyond


## Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2025-26](#) and [Our Strategy 2022-27](#).

# Financial audit work

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## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting standards and legal requirements.

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

In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).

There have been no limitations imposed on me in planning the scope of this audit.

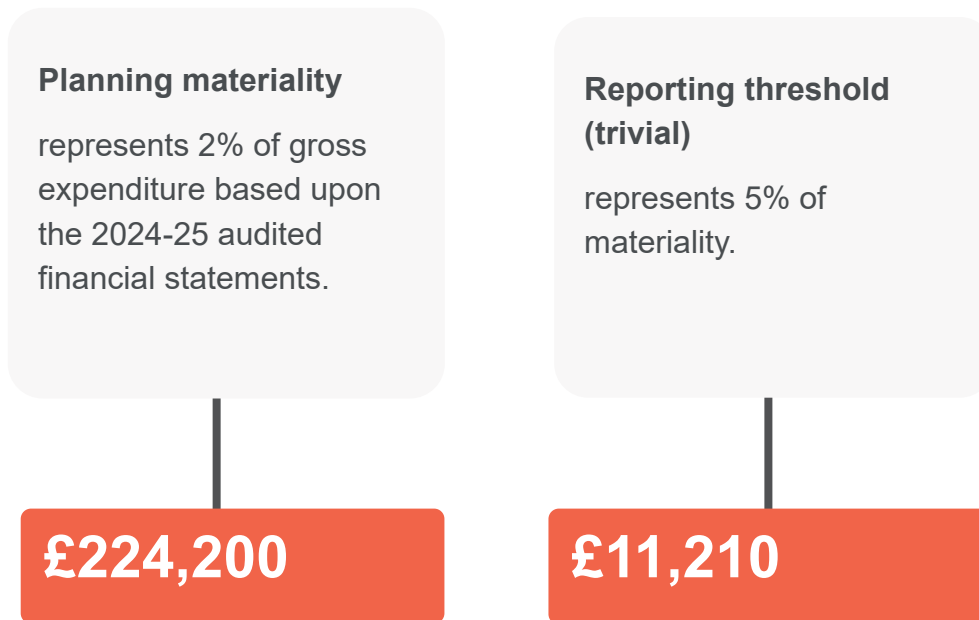
## Financial statements materiality

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 and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material are set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:



My audit team will assess materiality levels throughout the audit.

## Significant financial statements 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 International Standard on

Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

### **Risk of management override**

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.

#### **Our planned response**

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

### **Other areas of focus**

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

### **Valuation of pension fund net liability/surplus**

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels, also has a significant impact on the liability.

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the Authority's financial statements for the first time in the 2025-26 financial year.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

### **Our planned response**

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;
- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required;
- undertake a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

### **Valuation of land and buildings**

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.

Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

My audit team will:

- review the information provided to the valuer to assess for completeness;
- evaluate the competence, capabilities and objectivity of the professional valuer;
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements;
- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and
- test the reconciliation between the financial ledger and the asset register.

### Senior officer remuneration

Even though there are no significant changes in senior officers for 2025-26, remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a risk that even low value errors in the disclosure could result in a material misstatement.

### Our planned response

My audit team will:

- understand any movements in the senior management team during 2025-26;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Authority; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

## Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Authority and the other body/party.

The Authority has many relationships that could be considered a related party. Many are well known for example, the Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

### Our planned response

My audit team will:

- review the Authority's process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

## Financial Ledger system

The Authority introduced a new financial ledger system (SAGE Intacct) from 1 April 2025. This is the main system for the recording of all the Authority's financial information and the basis for production of the year-end financial statements.

There is a risk that transactions and balances are materially misstated due to:

- the data transfer between the old and the new ledger system not being complete and accurate; and
- insufficient controls within the system.

## **Our planned response**

My audit team will:

- test the completeness and accuracy of data transfer to the new ledger system; and
- consider the design and implementation of controls (if any) in place.

## Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

### Exhibit 1: Financial statements audit timetable

<p><b>Planning</b></p> <p><b>January to March 2026</b></p>	<ul style="list-style-type: none"> <li>Planning meeting</li> <li>High level risk assessment procedures</li> <li>Fraud risk assessment</li> <li>Accounting estimates planning</li> <li>IT environment risk assessment</li> <li>Indicative audit fee</li> <li>Draft Audit Plan</li> </ul>
<p><b>Interim</b></p> <p><b>January to March 2026</b></p>	<ul style="list-style-type: none"> <li>Information flows</li> <li>Detailed risk assessment procedures</li> <li>IT controls review</li> <li>Develop testing strategy</li> <li>Early sample testing</li> </ul>
<p><b>Fieldwork</b></p> <p><b>May to September 2026</b></p>	<ul style="list-style-type: none"> <li>Update risk assessment</li> <li>Audit of financial statements to include narrative report and annual governance statement</li> <li>Complete audit testing</li> <li>Evaluate audit findings</li> <li>Audit closure meeting</li> </ul>
<p><b>Reporting</b></p> <p><b>September to December 2026</b></p>	<ul style="list-style-type: none"> <li>Audit of Accounts Report</li> <li>Recommendations for improvement</li> <li>Present findings to those charged with governance</li> <li>Auditor General certification</li> <li>Annual Audit Summary</li> <li>Post project learning</li> </ul>








# Performance audit work

## Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Authority and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Authority.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special

consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

## Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Integration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Authority. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

## Planned performance audit work

I set out below details of my performance audit work to satisfy my duties for 2026-27.

### Review of cyber security arrangements

The [World Economic Forum's 2025 Global risks report](#) identified cyber security as one of the most significant risks facing society. Our objective for this audit is to gain assurance the Authority has proper cyber security and resilience arrangements in place.

The audit will cover the Authority's approach to managing cyber security and cyber resilience, including risk identification, protection controls, and response. We will also examine the Authority's response to any prior cyber-attacks and its learning to strengthen its own controls. We will not investigate any specific incident or causes.

### Timing of Performance Audit Work

My team will work with officers in the Authority to arrange exact timescales for the individual projects and they will be communicated regularly through our work programme and timetable and subsequent mid-year update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2027.

## Other statutory audit functions

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In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the Authority.

# Audit fee

In January 2026, we published our [2026-27 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

Based on those requirements, my estimated total audit fee for 2026 will be £53,732, an increase of 4.3% on my estimated 2025 fee (£51,493).

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Authority. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

## I base my audit fee on the following assumptions:

- Delivery of good quality draft financial statements and working papers by the draft accounts deadline of 30 June.
- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

## Exhibit 2: Breakdown of my estimated audit fee for 2026 (and 2025 for comparison)

### Estimated fee for 2026 (£)<sup>1</sup>

Audit of financial statements <sup>2</sup>	Performance audit work <sup>3</sup>
£33,523	£20,209
<b>Total fee: £53,732</b>	

### Estimated fee for 2025 (£)

Audit of financial statements	Performance audit work
£31,836 <sup>4</sup>	£19,657
<b>Total fee: £51,493</b>	

<sup>1</sup> The fees shown in this document are exclusive of VAT.

<sup>2</sup> Payable November 2025 to October 2026.

<sup>3</sup> Payable April 2026 to March 2027.

<sup>4</sup> The actual fee for the audit of financial statements work in 2025 was £33,795. An additional fee of £1,959 was charged due to additional audit work undertaken for issues/errors arising during the audit of the 2024-25 financial statements.

# Audit team

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My audit team will continue to work and engage remotely using technology, but some on-site audit work will resume where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

## Exhibit 3: My local audit team

<b>Engagement Director</b>	Gareth Lucey <a href="mailto:gareth.lucey@audit.wales">gareth.lucey@audit.wales</a>	
	<b>Financial Audit</b>	<b>Performance Audit</b>
<b>Engagement Lead</b>	Gareth Lucey <a href="mailto:gareth.lucey@audit.wales">gareth.lucey@audit.wales</a>	Gary Emery <a href="mailto:gary.emery@audit.wales">gary.emery@audit.wales</a>
<b>Audit Manager</b>	Jason Blewitt <a href="mailto:jason.blewitt@audit.wales">jason.blewitt@audit.wales</a>	Timothy Buckle <a href="mailto:timothy.buckle@audit.wales">timothy.buckle@audit.wales</a>
<b>Audit Lead</b>	Isabel Hammond <a href="mailto:isabel.hammond@audit.wales">isabel.hammond@audit.wales</a>	Gareth Lewis <a href="mailto:gareth.lewis2@audit.wales">gareth.lewis2@audit.wales</a>

I can confirm that my team members are all independent of the Authority and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

# Audit quality

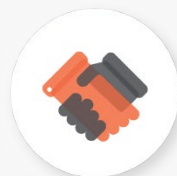
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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 the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our annual [Audit Quality Report](#).



## Our People

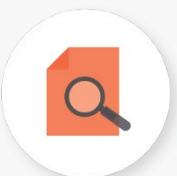
- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality

### Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

## Further information

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Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website to find:](#)



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

