

AUDIT AND CORPORATE SERVICES REVIEW COMMITTEE

27 July 2016

Present: Mr A Archer, Mrs G Hayward, Councillor M James, Councillor L Jenkins, Councillor RM Lewis, Councillor R Owens and Councillor M Williams.

(NPA Offices, Llanion Park, Pembroke Dock: 12.30pm – 2.00pm)

1. Appointment of Chair

It was **UNANIMOUSLY RESOLVED** that Councillor M Williams be appointed Chair for the ensuing year.

2. Appointment of Deputy Chair

It was **UNANIMOUSLY RESOLVED** that Mr A Archer be appointed Deputy Chair for the ensuing year.

3. Apologies

Apologies for absence were received from Mr D Ellis and Councillor DWM Rees. Councillor RM Lewis, Councillor M James and Mrs G Hayward noted that they would have to leave at 1.30pm.

4. Disclosures

Mr A Archer disclosed a personal but not prejudicial interest in report 13/16 ISA260 Report to those charged with Governance but remained in the room and took full part in the discussion thereon.

5. Minutes

The minutes of the meeting held on the 11 May 2016 were presented for confirmation and signature.

It was **RESOLVED** that the minutes of the meeting held on 11 May 2016 be confirmed and signed.

6. Health and Safety Group: report of meeting

Members considered the report of the meeting of the Health and Safety Group held on 21 April 2016.

It was **RESOLVED** that the report of the meeting of the Health and Safety Group held on 21 April 2016 be received.

7. Welcome

The Chair welcomed Mr Robin Pritchard, the Engagement Director at Gateway Assure, the Authority's internal auditors and Mr Deryck Evans, Financial Audit Manager from the Wales Audit Office, to the meeting.



8. Wales Audit Office Audit Plan 2016

It was reported that the Audit Plan prepared by the Wales Audit Office set out their proposed work in respect of both financial and performance audit of the Authority, which would ensure that proper arrangement had been made for securing economy, efficiency and effectiveness in its use of resources. However, in presenting the 2016 Plan, the Financial Audit Manager acknowledged that the financial audit was largely complete, having taken place in recent weeks. The performance audit would take place later in the year and would focus on a review of governance arrangements over a four year programme. A common approach would be undertaken across the three Welsh National Parks.

With regard to Audit fees, the Manager noted that efforts were made to make the audit as efficient as possible and the fees were kept under review. To this end, the fee for the financial audit 2015/16 had been reduced due to a revised approach and this had been held static for 2016/17. The performance audit fee had previously been subsidised by a Welsh Government grant which had been withdrawn, so for 2016/17 the full cost would have to be borne by the Authority.

Members were interested to hear of the performance audit work being carried out across the three National Parks, and welcomed the reduction in the financial audit fees, hoping that this reflected the fact that this was not a Local Authority. The Financial Audit Manager replied that a different approach did apply for larger and smaller bodies, however there were certain standards that had to be complied with irrespective of the size of the organisation.

NOTED.

9. ISA260 Report to those Charged with Governance

It was reported that the ISA260 report provided an opinion on whether the financial statements gave a true and fair view of the Authority's financial position at 31 March 2016 and its income and expenditure for the year then ended. In carrying out the audit, the Wales Audit Office (WAO) adopted the concept of materiality, seeking to identify material misstatements that might result in a reader of the accounts being misled.

It was the Auditor General's intention to issue an unqualified audit report on the financial statements once a letter of representation had been provided as set out in Appendix 1 to the report. The final, bilingual, ISA260 report would then be presented to the meeting of the National Park Authority in August.

The Financial Audit Manager reported that the timetable for receipt of the accounts had been brought forward this year and they had been received



by the WAO two weeks before the deadline with no impact on their quality; he wished to commend the Finance Manager and his team for their work. There were no material misstatements identified in the financial statements that remained uncorrected, however there was one material and a number of non-material disclosure amendments that had been corrected by management. The material amendment related to a decrease in the value of property, plant and equipment due to an error in a prior period's valuation exercise as the valuer, Carmarthenshire County Council, had included finance costs when valuing assets that should not have been included. There had also been some presentational adjustments. There were no concerns regarding the quantitative aspects of reporting in the accounts and the Manager wished to thank the Finance Manager and his team for their assistance.

The Chairman asked about the letter from the Auditor General appended to the report making enquiries to those charged with governance and management. The Audit Manager explained that the WAO were required to obtain written confirmation, for example, that the Authority had an anti-fraud and bribery policy and that reports were received by the Authority regarding any potential risks. The Finance Manager reported that the Authority's Anti-fraud and Bribery policy had been updated in 2015 and brought to Members for approval. He also noted that an attempt at fraud in the form of an email purporting to come from the Chief Executive had been identified and subsequently reported verbally to the Committee.

It was **RESOLVED** that the ISA260 Report be accepted.

10. Draft Statement of Accounts 2015/16

The Finance Manager reported that the Draft Statement of Accounts had been published on 14th July and were open for inspection for 20 days. They were before the Committee for information only as they would be presented to the National Park Authority on 10th August for approval.

While the accounts were a lengthy document, the key information could be found in the narrative report and summarised accounts. The Finance Manager took Members through this report, noting for example the reduction in National Park Grant and the increases in revenue from car parks and admission fees under the heading "Where the money came from" and the reduction in salaries and in supplies, services and grants (due to the withdrawal of the Service Level Agreement with Dyfed Archaeological Trust) under "What the money was spent on". The increase in premises related costs under that heading was due to the replacement of some pay and display machines. The summarised revenue account showed the net cost of services of £4.4 million and a saving of £422,000 against budget for the year; the reasons for the variances were set out in the report. After the non-cash adjustments and transfers to reserves the net surplus for the year was £192,000.



The final element of the accounts was the capital programme which had reduced significantly from last year when the Origins project at Castell Henllys had been undertaken. The summarised balance sheet showed no significant movement other than to cash reserves.

Members were pleased with the way the reduction in core revenue grant had been managed but some concern was expressed regarding the potential impact of efficiency savings on the Authority's outcomes, although none had been noted. It was suggested that increased resources should be spent on maintaining and improving the capability of staff within a contracting workforce.

NOTED.

[Councillor M James and RM Lewis tendered their apologies and left the meeting during consideration of the following item]

11. Health and Safety Annual Report 2015-16

The Personnel Manager, accompanied by the West Area Warden Manager, presented the report as members of the Health and Safety Group. The report was provided in two sections – Section 1 provided an annual report on 2015-16 in terms of issues and activities relating to health and safety management and practice across the Authority, while Section 2 provided performance reporting for 2015-16 and set out risk priorities and plans for 2016-17.

Included were the actions undertaken with regard to the risk priorities for 2015-16, accident and incident data and sickness absence levels. Some of the trends identified in these would be monitored over the coming year in terms of lessons learned and to gather background information to see if there were any areas of health where support could be focused.

Looking ahead to the risk priorities for 2016-17, work would focus on sedentary behaviour, exposure to noise, fitness for lifetime working and ensuring employees took personal responsibility and had individual awareness of risk. The indicators against which performance would be measured over the coming year were also set out.

Having asked a number of questions, Members thanked officers for an interesting report.

[Mrs G Hayward tendered her apologies and left the meeting before consideration of the following item]

12. Performance Report for the Year Ending 31 March 2016

The Finance Manager reminded Members that the structure of the Authority's Corporate Plan for 2016/17 reflected that of the Wellbeing of



Future Generations Act, with seven well-being objectives. The performance report had also been modified to follow these objectives, with an additional section providing general governance information.

Unfortunately after only a few weeks of the new financial year, limited data was available and a number of the measures and actions in the report were awaiting data, although in most cases work had already commenced and progress was as expected at this time of year.

It was reported that the Performance and Compliance Coordinator would start work with the Authority on 1st August and, in response to a request by the Operational Review Committee, she would look at the structure of the report in due course.

It was **RESOLVED** that the performance report be received.

13. Risk Register

The Finance Manager presented the latest risk register which had recently been reviewed by both the Authority's Management and Leadership Teams when progress and changes had been noted. Following the recent meeting of the Operational Review Committee, risks associated with the lease agreement with Coed Cymru concerning the Cilrehdyn workshop, and the unknown implication of "Brexit" were added to the register. No risks had been removed.

No risks had altered sufficiently to warrant a change in risk level, but following comments made at the previous meeting of the Committee, the target for risk 20 (IT failure) had been reduced to amber. Since the last report three risks had reduced slightly, indicated by the down arrow, but not sufficiently to change the coloured risk level.

NOTED.

14. Budget Performance

The Finance Manager explained that due to his work in closing the Authority's accounts, he had not produced a budget performance report for the first quarter of the year. However he circulated a table showing first quarter income versus budget and prior years for merchandise sales, admission fees and car park income. This showed that sales were on budget and admission fees and car park income were up, although car park income was down against the previous quarter, although it was noted that the 15/16 year contained two Easters.

Members asked about the significant variance for the quarter at Poppit Car Park, and the officer replied that this was due to the pay and display machine not working properly.



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.

