

REPORT OF CHIEF EXECUTIVE

SUBJECT: WALES AUDIT OFFICE – ANNUAL IMPROVEMENT REPORT 2016-17

The Auditor General for Wales is required, under the Local Government (Wales) Measure 2009 to report the audit and assessment work in relation to whether Pembrokeshire Coast National Park Authority has discharged its duties and met the requirements of the Measure.

The Annual Improvement Report 2016-17 follows this report.

The Annual Report references the baseline review of governance at Pembrokeshire Coast National Park carried out in 2016/17. A copy of the letter outlining the process and findings of this review also follows this report.

The governance review identified two proposals for improvement:

P1: To support a culture of openness and transparency we recommend that the Authority communicate the key findings of the surveys and share the survey results with Authority members and staff.

P2: To strengthen governance arrangements and improve Authority decision making and service delivery we recommend that the Authority integrate its response to the findings of the surveys and workshops into its future governance work to support delivery of its responsibilities under the Well-being of Future Generations (Wales) Act 2015.

In response to the first proposal the results of the survey were circulated to staff and Members in March and April 2017 and also placed on the Authority's intranet.

In terms of the second proposal the Authority is using the findings of the surveys and workshops to inform the development of the Corporate Plan for 2018/19.

Recommendation:

Members are requested to receive and comment on the Annual Improvement Report

(For further information, please contact Tegryn Jones, Chief Executive)



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2016-17 Pembrokeshire National Park Authority

Issued: August 2017

Document reference: 395A2017



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Huw Rees, Nick Selwyn, Tim Buckle, John Roberts, Steve Frank and Katherine Simmons under the direction of Jane Holownia.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, 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 National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

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

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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.

Contents

Summary report

2016-17 performance audit work	4
The Authority is meeting its statutory requirements in relation to continuous improvement	4
Recommendations and proposals for improvement	5
Audit, regulatory and inspection work reported during 2016-17	6

Appendices

Appendix 1 – Status of this report	8
Appendix 2 – Annual Audit Letter	9

Summary report

2016-17 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Pembrokeshire National Park Authority's (the Authority) own mechanisms for review and evaluation. For 2016-17, we undertook improvement assessment work at all authorities under three themes: governance, use of resources, and improvement planning and reporting. At some authorities, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2016-17.
- 2 The work carried out since the last Annual Improvement Report (AIR) is set out in [Exhibit 1](#).

The Authority is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Measure during 2017-18.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, a number of proposals for improvement have been made and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2016-17

Exhibit 1: audit, regulatory and inspection work reported during 2016-17

Summary of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

Issue date	Brief description	Conclusions	Proposals for improvement
Governance			
May 2017	<p>Governance Review – Phase I First in a series of reviews of the Authority's governance arrangements in the context of the Well-being of Future Generations Act (WFG Act).</p>	<p>We produced a position statement collating perspectives on governance, arising from member and staff surveys, survey analysis and workshops. Our findings from the governance review were:</p> <ul style="list-style-type: none"> • Authority members and staff recognise the importance of good and effective governance arrangements within the Authority and the vast majority agree or strongly agree that they understand the values and behaviours they are expected to display; and • the Authority has well established governance arrangements and there is broad agreement amongst Authority members and staff on the strengths of current practice and areas for improvement; • improving communication internally and externally is recognised as an ongoing priority; and • members and staff recognise there are further opportunities to collaborate with other National Park Authorities and strongly support this. 	<p>P1 To support a culture of openness and transparency we recommend that the Authority communicate the key findings of the surveys and share the survey results with Authority members and staff.</p> <p>P2 To strengthen governance arrangements and improve Authority decision making and service delivery we recommend that the Authority integrate its response to the findings of the surveys and workshops into its future governance work to support delivery of its responsibilities under the Well-being of Future Generations (Wales) Act 2015.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
Use of resources			
November 2016	<p>Annual audit letter 2015-16 Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> • The Authority complied with its responsibilities relating to financial reporting and use of resources. • The Auditor General issued an unqualified audit opinion on 28 September 2016. • The Auditor General is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. 	None
Improvement planning and reporting			
July 2016	<p>Wales Audit Office annual improvement plan audit Review of the Authority's published plans for delivering on improvement objectives.</p>	The Authority has complied with its statutory improvement planning duties.	None
December 2016	<p>Wales Audit Office annual assessment of performance audit Review of the Authority's published performance assessment.</p>	The Authority has complied with its statutory improvement reporting duties.	None
Reviews by inspection and regulation bodies			
No reviews by inspection and regulation bodies have taken place during the time period covered in this report.			

Appendix 1

Status of this report

The Measure requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an AIR, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the AIR. The report discharges the Auditor General's duties (under section 24) of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties (under section 19) to issue a report certifying that he has carried out an improvement assessment (under section 18) and stating whether, as a result of his improvement plan audit (under section 17), he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Annual Audit Letter

Tegryn Jones
Pembrokeshire Coast National Park Authority
Llanion Park
Pembroke Dock
Pembrokeshire
SA72 6DY

30 November 2016

Dear Tegryn

Annual Audit Letter Pembrokeshire Coast National Park Authority 2015-16

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Authority complied with its responsibilities relating to financial reporting and use of resources.

It is the Authority's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

I issued an unqualified audit opinion on 28 September 2016

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 28 September 2016 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Authority's financial position and transactions. The key matters arising from the accounts audit were reported to members of the Audit and Corporate Services Review Committee in my Audit of Financial Statements report on 27 July 2016.

I am satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General highlights areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made in his Annual Improvement Report. He published the 2016 report on 19 October 2016. Although no formal recommendations for improvement were made, the Auditor General highlighted some proposals for improvement that need to be progressed in the current year.

I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2016

I received no electors' questions or objections in relation to the 2015-16 audit. Having given an audit opinion on the financial statements and concluded on the authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, I was able to certify that the audit was complete when I issued my audit opinion.

The financial audit fee for 2015-16 is currently expected to be broadly in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely

Richard Harries
For and on behalf of the Auditor General for Wales

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



Tegryn Jones
Chief Executive
Pembrokeshire Coast National Park Authority
Llanion Park
Pembroke Dock
Pembrokeshire
SA72 6DY

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: 374A2017

Date issued: 2 August 2017

Dear Tegryn,

Baseline review of Governance at Pembrokeshire Coast National Park Authority

Thank you again for participating in our year one review of governance – focussing on governance culture. In our project brief dated June 2016 we said we would give you a position statement collating perspectives on governance, arising from the survey, survey analysis and workshops. This letter fulfils that stage of the audit.

Scope of the audit

As you recall, following the Auditor General's consultation on the Well-being of Future Generations Act and audit, all three National Park Authorities in Wales agreed to work with the Wales Audit Office in piloting approaches to audit under the Act. It has been agreed that over the next four years, the Wales Audit Office will undertake a series of governance reviews aimed at facilitating improved governance in the context of the Well-being of Future Generations Act. The 2016-17 review was focussed on governance culture (examining attitudes, values, beliefs, and behaviours) using the Chartered Institute of Public Finance and Accountancy (CIPFA) good governance model. The outcome of our review will enable National Park Authorities to better understand their underlying governance culture, and therefore allow them to identify and focus on areas for improvement.

Governance Survey

The survey was undertaken in November 2016, and a report summarising Authority Member and staff responses was provided to each National Park Authority. We also produced and shared a bilingual Excel spreadsheet, which (as agreed at our meeting on 3 March), included the results for all three National Park Authorities in Wales. These spreadsheets can be tailored and adapted as you see fit.

The questionnaire the Authority Members and staff completed is based on the CIPFA and International Federation of Accountants' (IFAC) International Framework for Good Governance in the Public Sector. It focusses on governance culture, attitudes and decision making behaviours. Pembrokeshire Coast National Park Authority responded encouragingly to the staff and Members' surveys with 11 Members and 107 staff responding. This represents a response rate of 61% of Members and 72% of staff.

The findings of the survey highlighted Members recognising the importance of good and effective governance arrangements within the Authority. For example, all Members understand the values and behaviours they are expected to display at work (Question 1 in the survey), all are inspired to work with enthusiasm (Question 4), and all feel trusted to do their job (Question 6). All Members think the Authority is well managed (Question 13), all feel free to raise concerns without fear (Question 18), and all Members think the Authority communicates openly (Question 21).

Despite the very positive results there are some slight differences in perceptions. Differences between those who strongly agreed and those who agreed with survey questions are considered here. Whilst all Members agreed only 46% of Members who responded strongly agree they see a clear connection between their work and the Authority's objectives (Question 3), 27% of Members who responded to the survey trust others to do their job (Question 7), and 55% think the Authority promotes equality (Question 9). In addition, only 36% of Members think there are opportunities to develop (Survey question 11).

The staff survey also identified encouraging attitudes towards governance. Of the staff that responded, 99% agreed or strongly agreed they understand the values and behaviours they are expected to display at work (Question 1 in survey), 96% see a clear connection between their work and the Authority's objectives (Question 3), and 96% feel trusted to do their job (Question 6). And 75% of those staff that responded feel free to raise any concerns without fear (Question 18), with 80% thinking customer input directly affects their work (Question 20).

In addition, 72% of staff agree or strongly agree that people are treated fairly (Question 8), and only 41% think people are held to account for their performance (Question 15). And of those staff that responded to the survey 57% think the reasons for any actions and decisions are always made clear within the Authority (Question 16).

Although there were some variations, we found both Authority Member and staff survey responses were broadly consistent across the three National Park Authorities in Wales.

Governance Workshops

We also agreed to explore some of the less positive survey findings at workshops with both Authority Members and officers. The workshops were held on the 29 and 30 March 2017 and drew attendance from 16 Members and 25 staff. Workshops focussed on survey findings and used case studies from National Park Authorities in other parts of the United Kingdom to encourage debate and discussion. Importantly, attendees from the Authority recognise that governance covers wider issues around decision making behaviours, including leadership, communicating openly, and managing the risks and performance of interventions that deliver good results for people living in and visiting Pembrokeshire Coast.

We agreed that the workshops would be a relaxed environment for attendees to share their views and that any findings would be non-attributable. With this in mind we do not intend to feed back

everything that was discussed and highlight below the key themes, issues or proposals for improving governance within the Authority raised by Members and staff in the workshops.

Priorities for members related to a number of key issues. Priorities for improvement for the Authority identified by Members include better external communication to customers, improving scrutiny arrangements to improve accountability, and developing the scope of Member development by broadening learning opportunities and formalising appraisals.

Members see an opportunity to update their job description in line with the Wellbeing of Future Generations agenda and new Place Making¹ roles. This could deal with any perceived inconsistencies between the roles of appointed Authority Members and those that are appointed by the Welsh Government.

Members also want to see better community involvement and well-targeted consultation which also includes raising awareness among the public about what the Authority does. This includes updating the Authority's Website, especially planning information and reasons for decisions.

Staff priorities are similar to Members and include improving external communication so it is more persuasive, and ensuring documents are as user friendly and accessible as possible. Staff want to see better internal communication by improving the signposting and user friendliness of internal information, and more discussion about the Authority's longer-term direction.

Staff also want to see an improvement in the appraisal process by recognising good or poor performance to build trust and motivation, and celebrating success and personal contribution in the workplace. A stronger focus on greater use of the Welsh language and further developing the equality of opportunity is seen as desirable.

Members and staff also recognise the opportunities to build further collaboration with other National Park Authorities on the back of these governance workshops, for example, in joint training, policy development, and sharing information. A good example to follow is the work carried out in developing the National Park Wales: Together for Health and Well-being position statement.

Proposals for improvement

To support the Authority in strengthening its governance arrangements we make two proposals for improvement arising from our work. We will formally report these in the Annual Improvement Report for 2016-17.

¹ The Design Commission for Wales refers to Place Making as good joined up design and planning to make better places that are more sustainable.

Exhibit 1: proposals for improvement

Proposals for improvement	
P1	To support a culture of openness and transparency we recommend that the Authority communicate the key findings of the surveys and share the survey results with Authority Members and staff.
P2	To strengthen governance arrangements and improve Authority decision making and service delivery we recommend that the Authority integrate its response to the findings of the surveys and workshops into its future governance work to support delivery of its responsibilities under the Well-being of Future Generations (Wales) Act 2015.

Next steps

We will use the findings of our survey and workshop activity as the basis for further work with the Authority which we will discuss with you in due course.

Pilot work

The Well-being of Future Generations (WFG) Act aims to drive meaningful, long-term change in how public bodies work and places a number of requirements on them. However, we recognise this is a period of transition and it will take time. In 2017-18, we are undertaking pilot work with you that will support improvement, share learning and help shape our audit work for future years. The two main strands of our WFG work are:

- the Year One Commentary – gathering evidence on how National Park Authorities are beginning to respond to the WFG Act; and
- pilot work – working with 10 bodies that have volunteered to help develop and trial new audit methods that can be used in future years.

We look forward to working with you to examine an area or areas of National Park Authority activity in the context of the WFG Act.

Jane Holownia

Group Director

CC: Nick Selwyn, Manager

Steve Frank and Katherine Simmons, Performance Auditors