



Pembrokeshire Coast National Park Authority

Internal Audit Progress Report

Committee Meeting Date: 13 May 2026

INTRODUCTION

This report provides an update of progress towards delivery of the 2025/26 Internal Audit Annual Plan, as well as a summary of the work undertaken to date.

We have now finished all fieldwork for 2025/26 and the Annual Report will come to the next committee meeting.

SUMMARY OF PROGRESS

As per the agreed plan, we have finalised the following reports since the last committee meeting:

- Key Financial Controls (07.25/26)

Overall, the status of the internal audit programme is as follows:

Assignment <i>Reports considered today are shown in italics</i>	Status	Opinion	Recommendations:		
			High	Medium	Low
IT Continuity & Disaster Recovery (01.25/26)	FINAL	Substantial	0	0	3
Customer Engagement (02.25/26)	FINAL	Substantial	0	0	0
Asset Management – Commercial Management (03.25/26)	FINAL	Substantial	0	1	0
Risk Management (04.25/26)	FINAL	Reasonable	0	0	3
Follow Up (05.25/26)	FINAL	Reasonable	1	1	0
Strategic Planning (06.25/26)	FINAL	Substantial	0	0	0
<i>Key Financial Controls (06.25/26)</i>	<i>FINAL</i>	<i>Substantial</i>	<i>0</i>	<i>0</i>	<i>1</i>
TOTAL:			1	2	7

Note: Opinions and recommendations will be included when reports are finalised.

LIAISON WITH MANAGEMENT & EXTERNAL AUDIT

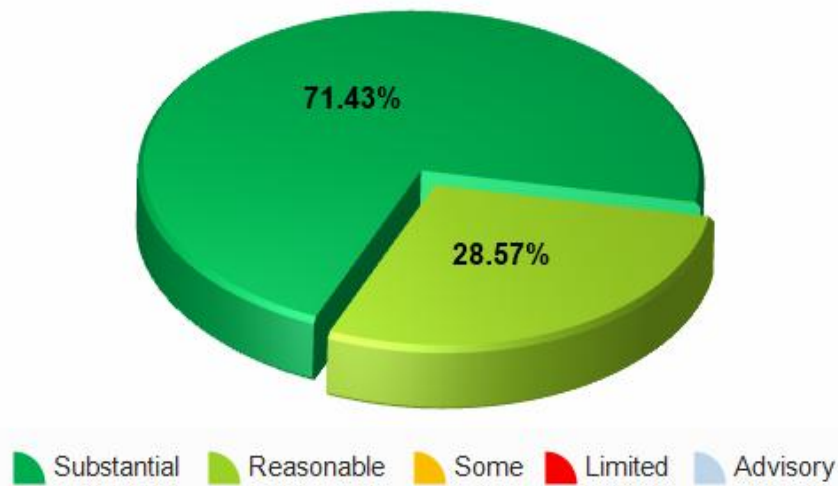
There has been ongoing communication between Internal Audit and Senior Management within the Authority in relation to the completion of the audit plan. Our Internal Audit Strategy and audit reports are shared with External Audit annually, with the opportunity available for them to liaise with us.

INTERNAL AUDIT PLAN CHANGE CONTROL

The following changes have been made to the Internal Audit Annual Plan since it was agreed:

Change	Date	Agreed By
May 2026		
No changes to report		

OVERALL ASSURANCE TO DATE



LEGISLATION & PUBLICATION UPDATE

April 2026 - Employment Rights Bill Changes

From April 2026, multiple employment law reforms under the Employment Rights Act 2025 comes into force. Key changes include statutory sick pay becoming a day-one entitlement for all employees, with the removal of waiting days and the lower earnings limit; paternity leave and unpaid parental leave becoming day-one rights; increases to the National Living Wage and other statutory payment rates; and a doubling of the protective award for failure to comply with collective redundancy consultation requirements. In addition, reporting sexual harassment will qualify for whistleblowing protection, and the new Fair Work Agency will commence operations, increasing regulatory oversight and enforcement of employment rights.



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Pembrokeshire Coast National Park Authority

Key Financial Controls - Payroll

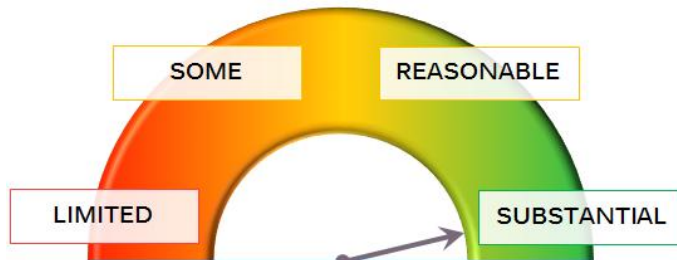
Internal Audit Report: PCNPA-2025/26-07

Date: 16 March 2026

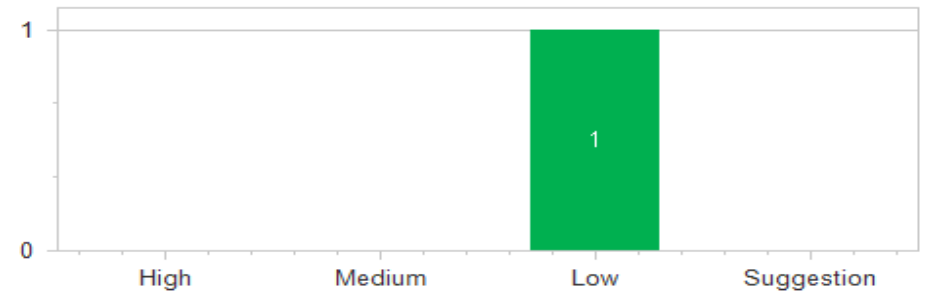


1. EXECUTIVE SUMMARY

Level of Assurance



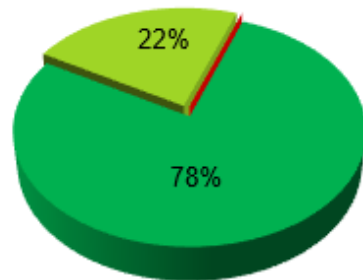
Number & Priority of Recommendations / Suggestions



Conclusion:

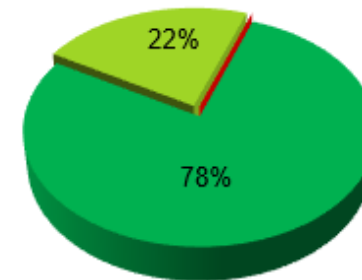
Taking account of the scope of the review and the issues identified, the Board can take **substantial** assurance that key financial controls in the area of payroll are in place and are effective and that previous recommendations in this area are being implemented as agreed.

Assessment of Control Design



■ Substantial ■ Reasonable ■ Some ■ Limited

Assessment of Control Application / Compliance



■ Substantial ■ Reasonable ■ Some ■ Limited

Summary of findings

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

- Our review of the Financial Standards document and various supporting procedures confirmed that guidance defined key roles and responsibilities and was comprehensive to promote consistency in approach.
- Interview and walkthroughs confirmed that staff were aware of their responsibilities and payroll process.
- There was a payroll checklist in place each month that was followed by staff, which we confirmed included key dates and points where checks were required.
- We established that most of the payroll process was undertaken via a spreadsheet, while not desirable, it was currently the best method due to the complications of pension reporting. We did not identify any significant risks to this method that were not being managed.
- We confirmed that there was suitable segregation of duties in the new starter process.
- We sampled ten (27%) new starters that had joined the organisation since 1 April 2025, and did not identify any issues, with all (100%) having either a completed new starter checklist on file or P45.
- All (100%) of the new starters sampled were paid on the next available pay run.
- Either evidence of the new starters joining the pension scheme or of auto enrolment forms sent were seen for all (100%) in our sample.
- We sampled ten (32%) leavers that had left PCNPA since 1 April 2025 and confirmed that all (100%) had their leave calculations considered, outstanding debt (if applicable) and had their final pay in a timely manner.
- We confirmed that where changes in details occurred, that there were appropriate checks in place.
- PCNPA had several deductions applicable within its payroll process including, Electric Car Scheme, Cycle to Work scheme, Childcare Vouchers and Pilon. Our review of a sample of relevant staff confirmed that they had expected supporting evidence on file. The master spreadsheet enabled efficient identification and tracking with no issues identified.
- We followed an example payroll through to payment and confirmed that there was a suitable level of segregation of duties, which enabled checks and challenge by those undertaking them.
- The review and payment of the payroll was straight forward and efficient, with sign off in line with the Schedule of Delegated Authority. Noting that the council, processing payment, did an element of this.
- Whilst the payroll processing was outsourced, a significant amount of work was undertaken internally. The checks both prior and after the reports received from the council enabled robust and clear process of checks and balances. No issues were identified.
- We noted that there were currently planned changes around mileage claims, and we confirmed that the proposed changes were logical and fell in line with a more common approach more widely seen in other sectors.

- During our review we identified the method of calculating pay for certain Visitor Centre staff was overly complicated and presented a risk to the organisation. The method in which salary/payroll processing occurred for Oriol y Parc and Castell Henllys differed from all other staff. Consideration should be given to bringing these in alignment with the rest of the organisation for consistency.
- We followed up on two previously made Internal Audit recommendations relating to financial controls and confirmed that both were fully implemented. These related to:
 - Verification of bank details – we observed and witnessed this occurring while on site and confirmed that the process was standard practice.
 - Regular review of suppliers – one exercise had taken place since the recommendation was raised and another was planned in the next financial year, which aligned with our expectations.

Additional Feedback

We would like to thank to Finance team involved in the audit for their excellent engagement prior to and during the audit which enabled us to undertake the review efficiently.

2. BACKGROUND AND SCOPE

2.1. Objectives and risks

Client's objective:	The organisation has robust key financial controls in place to ensure that payroll transactions are recorded accurately, on a timely basis and that any discrepancies are identified, investigated, and addressed.
Risk:	Financial loss and/or reputational damage as a result of inaccurate or inappropriate payments through payroll.
Engagement objective:	To provide assurance that key financial controls in the area of payroll are in place and are effective and that previous recommendations in this area are being implemented as agreed.

2.2. Background to the Engagement

An audit of Key Financial Controls - Payroll was undertaken as part of the approved internal audit periodic plan for 2025/26.

The scope of the review was risk-based and areas were selected on the basis of increased risk as a result of one or more of the following:

- Significant changes in systems or personnel.
- An incident or perceived potential for an incident to occur.
- Significant changes to structures or processes that mean that new or altered controls have been established.

The following areas were agreed to be included within this review:

Areas within scope:	<p><u>Payroll:</u> Starters, leavers and changes; Deductions including salary sacrifice schemes; Processing of the payroll, including overtime and expenses; Review and authorisation processes; and Access rights to personal information within the process.</p> <p>The review will also include follow up of the two outstanding Internal Audit recommendations raised in previous Key Financial Controls audits.</p>
Performance measures considered in assignment planning:	<p>Compliance with policies and procedures. Compliance with Accounting Standards. Compliance with authorisation limits and Schedule of Delegated Authority (SoDA).</p>

2.3. Limitations to the scope of the review





- This review was limited to the key controls operating within the area identified above and focused primarily on the role of the Finance team.
- We did not seek to assess the appropriateness of pay levels, only of the financial treatment of those transactions and adherence with the organisation's policies and procedures as well as statutory requirements.
- Where staff or changes had occurred we only provide assurance over the processes since the changes were implemented.
- Our follow up on previously agreed recommendations included testing where appropriate that was undertaken on a sample basis only from the period since actions had been implemented or controls enhanced. As a result, we do not provide assurance on the entire risk and control framework in the area of the recommendation; only whether the recommendation had been implemented as agreed.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.


2.4. Key dates & personnel involved:

Last Information Received:	12 February 2026
Draft Report Issued:	4 March 2026
Date Re-Issued:	11 March 2026
Responses Received:	16 March 2026

Auditor:	Tom Wilkinson, Risk Assurance Supervisor
Client Sponsor:	Catrin Evans, Head of Finance & Fundraising
Distribution:	Mair Thomas, Performance & Compliance Officer

3. ACTION PLAN

Priority:	 = Low	 = Medium	 = High	 = Suggestion
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Ref.	Summary of Finding	Risk	Recommendation	Priority	Agreed Action	Responsible Person & Date for Implementation
R1	Staff arrangements of Oriel y Parc and Castell Henllys in terms of salary/payroll processing differed from other sites and was confusing, making it challenging for Finance staff to manage this and ensure accuracy.	Inconsistent salary and payroll methods across sites and staff increases the risk of processing errors, inconsistent application of pay rules, heightened fraud risk due to unclear roles/controls, increased rework and cost, employee dissatisfaction / grievances, and reputational risk.	A review of the pay arrangements for Oriel y Parc and Castell Henllys staff should be undertaken with a view of aligning the approach taken with the rest of the organisation.		Action to bring OYP & CH in line with Carew and move to weekly timesheets.	Responsible Person: Head of Finance & Head of People. Date: 30 June 2026

This engagement was conducted in conformance with Global Internal Audit Standards. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the strengths and weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of the Board and senior management of Pembrokeshire Coast National Park Authority. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be recited or referred to in whole or in part to other third parties without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.