

**REPORT OF THE INTERNAL AUDITOR**

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**SUBJECT: INTERNAL AUDIT REPORT 2016/17**

These reports summarise the outcome of work completed against the 2016/17 operational audit plan approved by the Authority's Audit and Corporate Services Review Committee and incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.

The internal audit service reviewed a number of areas during the year:

- Departmental Review Benchmarking Survey
- Key Financial Controls – Procurement and Creditors
- Information Governance
- Corporate Governance
- Performance Management
- Planning Fees

From these examinations, taking into account the relative risk of the business areas the internal audit service formed generally very positive conclusions regarding the policies, procedures and operations in place.

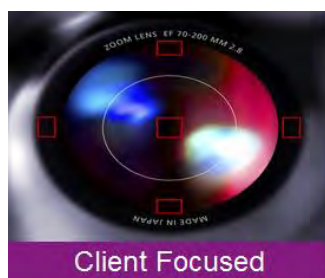
**.Recommendation: Members are asked to NOTE and COMMENT on this report**

*(For further information, please contact Richard Griffiths, extension 4815  
richardg@pembrokeshirecoast.org.uk)*



# Pembrokeshire Coast National Park Authority Internal Audit Report

## Block 1 2016/17



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## CONTACT DETAILS – MANAGEMENT TEAM

Team Member	Role	Mobile	Email
Robin Pritchard	Engagement Director	077 9229 6830	robin.pritchard@gatewayassure.com

This report has been prepared for our client and should not be disclosed to any third parties, including in response to requests for information under the Freedom of Information Act, without the prior written consent of Gateway Assure Ltd. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, it is based upon the documentation reviewed and information provided to us during the course of our work. Thus, no guarantee or warranty can be given with regard to the advice and information contained herein. © 2016 Gateway Assure Ltd

# INTRODUCTION

## OPERATIONAL AUDIT PLAN

- 1.1 This report summarises the outcome of work completed to date against the operational audit plan approved by Authorities Audit and Corporate Services Review Committee and incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.
- 1.2 The sequence and timing of individual reviews has been discussed and agreed with management to ensure the completion of all audits within the agreed Internal Audit Strategy 2016/17; the current planned schedule is shown in Appendix C.
- 1.3 In brief the areas subject to audit on this occasion and the result of those audits are as follows:

Audit Area	Opinion	Recommendations			Total	Agreed
		F	S	MA		
Information Governance Health Check	Adequate	0	1	5	6	
Key Financial Controls – Procurement and Creditors	Substantial	0	0	2	2	

- 1.4 In addition we have commenced work on the back office benchmarking exercise which it is planned to complete in block 2, following involvement by other National Parks.
- 1.5 We would like to take this opportunity to thank all members of staff for their co-operation and assistance during the course of our visit.
- 1.6 The results of each audit are reported through the Executive Summary and agreed Action Plan contained within **Appendix A**. A Summary of Opinions and Recommendations is shown as **Appendix B** and progress against the Operational Plan is detailed at **Appendix C**.

## STANDARDS

- 1.7 We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to you our client. Our working papers are available for inspection.

## QUERIES

- 1.8 Should any recipient of this report have any queries over its interpretation or content they should contact the client engagement director either directly or through the client contact as appropriate and we shall be happy to discuss the assignments and provide any detail or explanations necessary.

## SCOPE & BACKGROUND

- 1.9 We have reviewed each area in accordance with the scope and objectives agreed with management prior to our visit. Appendix A provides detail of the scope of our work; our conclusions regarding the level of assurance that can be provided and where appropriate the agreed Action Plan to be implemented by management to remedy potential control weaknesses.
- 1.10 Our approach was to document and evaluate the adequacy of controls operating within each system. For each system the key controls operated by management were assessed against the controls we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be

achieved. Where applicable, selected and targeted testing has been used to support the findings and conclusions reached.

- 1.11 We report by exception and only highlight those matters that we believe merit acknowledgement in terms of good practice or undermine a system's control environment and which require attention by management.

## AUDIT OBJECTIVE & OPINION

- 1.12 The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

- 1.13 Our opinion is based upon the control framework (as currently laid down and operated) and its ability to adequately manage and control those risks material to the achievement of the organisation's objectives for this area. We provide our opinion taking account of the issues identified in the Executive Summary and Action Plan.

## Overall Opinion

- 1.14 Each Executive Summary provides an overall assessment of our findings for each system reviewed and provides an opinion on the extent to which management may rely on the adequacy and application of the internal control system to manage and mitigate against risks material to the achievement of the organisation's objectives for each area.

## Conclusion on the Adequacy of Control Framework

- 1.15 Based on the evidence obtained, we conclude for each area upon the design of the system of control, and whether if complied with, it is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.

## Conclusion on the Application of Controls

- 1.16 Based on the evidence obtained from our testing, we conclude for each area upon the application of established controls.

## Recommendation Grading

- 1.17 Recommendations are graded on a scale of Fundamental, Significant or Merits Attention; **Appendix E** provides further explanation.

## VALUE FOR MONEY

- 1.18 Where value for money issues are identified as a result of our work the corresponding recommendation will be annotated with **VFM** in the bottom right hand corner. This is used to identify recommendations which have potential value for money implications for the organisation or which indicated instances of over control.

## PREVIOUS AUDIT RECOMMENDATIONS (FOLLOW UP)

- 1.19 Where a previously updated audit recommendation remains outstanding at the time of our review and the original implementation date has passed the corresponding recommendation within Appendix A will be annotated with **PAR** in the bottom right hand corner.

# EXECUTIVE SUMMARY

## FINDINGS & CONCLUSIONS

- 2.1 The results of our visit to Pembrokeshire Coast National Parks Authority (PCNPA) are summarised in this section of the report and are considered in relation to each area reviewed.
- 2.2 The extent of comment in relation to each audit area is restricted deliberately so as to highlight the key issues that we believe need to be drawn to the attention of the Audit and Risk Committee and management and are supported by a more detailed analysis of each review that is contained as Appendix A to this report.

## Information Governance

- 2.3 The objective of the review was to ensure that Information Systems meet organisational need and protect PCNPA from operational risk, security threats, and environmental hazards.
- 2.4 The policies and procedures currently held by the Authority were found to be outdated and whilst newer versions are under development these have yet to be formally agreed by the Board. We have recommended that this exercise now be completed with some urgency. There is a valid Data Protection registration held, although there does not appear to be any regular staff training in data protection matters.
- 2.5 Home working is at a relatively low level and has yet to be formalised. It does not at present incorporate two factor authentication which would provide a greater level of security. In addition, a clear desk policy has not been universally adopted within the Authority and should be addressed to ensure that the possibility of personal or sensitive information is not accessed incorrectly.
- 2.6 Although backup copies of the IT function are taken and stored appropriately, it may be practical as a cost saving exercise to examine the possibility of a reciprocal arrangement for storage with the Brecon Beacon National Park Authority.
- 2.7 There is an entry within the corporate risk register indicating that the risk of major IT failure or virus attack is set at High (6); in view of the current position regarding procedures as identified by this review we suggest that it is appropriate to reduce this rating as likelihood scores do not appear to warrant this level of grading.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Key Financial Controls – Procurement and Creditors

### Procurement.

- 2.8 PCNPA have adopted a Sustainable Procurement strategy based on the Welsh Government Procurement Principles for the Public Sector, these take into consideration social and environment factors alongside financial measurement and form the basis of evaluation during the procurement process.
- 2.9 During our audit review we noted that the Authority has this strategy in place but does not have a current work plan that they work towards. We recommend that the Authority creates a work plan

based on their adopted strategy that they can monitor progress against as they complete the requirements of the strategy to allow for best practice with the Welsh Government Policy Statement.

- 2.10 Discussions with the Finance Manager also made us aware that the process for raising orders and requisitions within the Authority has almost become automated however manual books are still used by staff who work remotely e.g. Rangers; nevertheless all orders raised are traceable as Rangers alert Finance whenever something is ordered, so that this is recorded within the system for sign off which also allows for an audit trail.
- 2.11 Our review of the Authority's Financial Standards evidenced that the Authority has suitable controls in place and guidelines regarding Contracts, Tenders, Orders and Purchases and our sample test of some of the purchase orders showed that the policies in place contain appropriate schemes of delegation and authorisation limits for purchasing and authorisation of invoices.
- 2.12 During the course of our review we reviewed recent tender opportunities and contract awards. We observed a tendered contract that was awarded based on the lowest quoted price but ended up going over the budgeted figure. Review of this tender and the costs associated with it, evidenced that the extra charges incurred were justified and the total spend on the tender was within a variance of less than 8% of the original figure that was quoted at the point of tender submission. This cost remained lower than all other tenders received.

### Creditors

- 2.13 Our review noted that there is an aged creditors list within the Authority which evidenced that all short term and long term creditors had been accounted for and these can be traced back onto the Exchequer Finance system for any payments that are outstanding within.
- 2.14 During the creditors review, we also undertook a sample observation test of the payment of creditors with the Finance Assistant while processing the payment run. The processes carried out by Finance are compliant with the Financial Standards within the Authority
- 2.15 During our review we observed that accruals are recorded but not monitored on a monthly basis and discussions with the Finance Manager made us aware that they are left until the year end process, as this has never been an area of concern for the Authority. We recommend that the Authority consider doing accrual reporting on at least a quarterly basis, as this will enable information provide to the Members and Executive to be accurate, it would be helpful if appropriate commentary were provided to explain the position on these adjustments.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.



## APPENDIX A1 – GW 01/16 INFORMATION GOVERNANCE HEALTH

<b>Management Objective:</b>	Health Check - regarding data handing, management and governance of data risks. Supported by further consideration of data security within aligned audit areas. Note new EU General Data Protection Regulation (GDPR) expected enforcement from 2016		
<b>Responsible Officer:</b>	Paul Funnell – IT and Systems Manager		
<b>Areas for consideration:</b>			
1. The Authority’s data and information assets are not suitably protected from theft, loss, or misuse.			
<b>Limitations to scope:</b> The review is intended to deliver reasonable assurance as to the adequacy of the design of the internal control system and its application in practice at an organisational level by management. The review considers processes and procedures in accordance with good practice principles. It is intended to assist in ensuring compliance with current legislation but will not confirm compliance with all aspects of the DPA. The review does not constitute or replace the need for organisations to seek legal advice when querying their legal responsibilities.			
<b>Overall opinion:</b>	Adequate	<b>Adequacy of control framework:</b>	Adequate
		<b>Application of control:</b>	Adequate

Main Recommendations	Priority	Management Response	Implementation Plan
Main Recommendations	Priority	Management Response	Implementation Plan
1. PCNPA should update and approve revised information security policies and procedures as a matter of urgency.  The opportunity should also be taken to consider alignment with the policies and procedures with those of Brecon National Park authority (BBNPA) ensuring that they are standardised on best practice.	<b>S</b>	Agreed. This has been a stated intent of the two Authorities even prior to the current IT management job share arrangements but has not been progressed due to capacity and competing priorities.	<b>Responsibility: P Funnell</b>  <b>Target date: 31 March 2017</b>
2. There should be a more formal approach to Data Protection training for all members of staff through newsletters or use of the internal intranet.	<b>MA</b>	Review by Performance and Compliance Officer to feed into 2017-18 training Plan	<b>Responsibility: Performance and Compliance Officer</b>  <b>Target date: End 2017</b>



3. Home working is at a relatively low level and has yet to be formalised but it would benefit from incorporating two factor authentication which would provide a greater level of security.	<b>MA</b>	Costs of incorporating two factor authentication will be investigated and weighed against the risk exposure of not having it in place.	<b>Responsibility: P Funnell</b> <b>Target date: 31 Dec 2016</b>
4. The basic good practice of a clear desk policy has not been universally enforced across the authority and all members of staff should be advised of the need to ensure that items of a personal or sensitive nature are locked away when not in use.	<b>MA</b>	As for point 2	<b>Responsibility: P Funnell</b> <b>Target date:</b> <b>31 Dec 2016</b>
5. Although backup copies are taken and stored in an acceptable manner it may be practical as a cost saving exercise to look to the storage of backup copies on a reciprocal arrangement with BBNPA.	<b>MA</b>	Agreed. Discussions are already underway to pursue this option.	<b>Responsibility: P Funnell</b> <b>Target date: 31 March 2017</b>
6. The Corporate risk register has identified that the risk of a major IT failure or virus attack is flagged as a high risk area. However, in view of the policies and procedures that will shortly be in place, it is felt that this should be revise to a lower more appropriate level and tabled for subsequent board confirmation.	<b>MA</b>	Agreed. This will be taken to Audit and Corporate Services Review Committee	<b>Responsibility: R Griffiths</b> <b>Target date: December 2016</b>
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

## APPENDIX A2 – GW 02/16 KFC - PROCUREMENT AND CREDITORS

<b>Management Objective:</b>	Cyclical review of key financial controls to ensure the accuracy of management information upon which decisions are based. This year focus will be made on the following areas: <ul style="list-style-type: none"> <li>Procurement</li> <li>Creditors</li> </ul> Focus on verification of compliance with Welsh Government Procurement Policy Statement June 2015.			
<b>Responsible Officer:</b>	Richard Griffiths - Finance Manager			
<b>Areas for consideration:</b>				
<ol style="list-style-type: none"> <li>1. Procurement policies and procedures have been not been approved and embedded within the Authority, and processes not followed.</li> <li>2. Focus on verification of compliance with Welsh Government Procurement Policy Statement June 2015.</li> <li>3. Authority creditors are not accurately recorded and disclosed within the financial statements.</li> </ol>				
<b>Limitations to scope:</b> Risk based systems review of controls in place to mitigate identified risks in accordance with key controls identified above. Walkthrough test of controls to verify framework exists and samples chosen to verify application of control where necessary.				
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good	
		<b>Application of control:</b>	Good	
<b>Main Recommendations</b>		<b>Priority</b>	<b>Management Response</b>	<b>Implementation Plan</b>
<b>1. Procurement Strategy Work Plan</b> We recommend that the Authority creates a work plan based on their adopted strategy that they can tick as they complete the requirements of the strategy to allow for best practice with the Welsh Government Policy Statement.		<b>MA</b>	We partially accept the recommendation. The level of procurement within the Authority is relatively low but, where practical and reasonable, the Authority complies with the principles of procurement as laid down in the Welsh Government's "Wales Procurement Policy Statement" e.g. consideration to life cycle costs, using the Sell2wales to notify contracts over £25k and paying supplier invoices	<b>Responsibility: Finance manager</b>  <b>Target date: Ongoing</b>

	<p>on time.</p> <p>The Authority recently engaged a consultant with a view to improving our procurement procedures and adopting some of the best practice options included in the policy statement, e.g. the use of E procurement and applying the SQulD,( Suppliers Qualification Information Database) template approach.</p> <p>The Authority will regularly review the best practice suggestions included in the policy statement to see what further practices can be imbedded into the Authority.</p> <p>In June 2016 the Authority, in conjunction with Brecon Beacons &amp; Snowdonia National Park Authorities, made a joint response to the Welsh Government “Procurement Regulation in Wales” consultation document.</p>	
<p>The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.</p>		

## APPENDIX B – SUMMARY OF OPINIONS & RECOMMENDATIONS

Reports being considered at this Audit and Corporate Services Review Committee meeting are shown in italics. The definitions with regard to the levels of assurance given and the classification of recommendations can be found in the Notes section at the end of this report.

Audit	Progress	Opinion	Recommendations Made				
			F	S	MA	Total	Agreed
1. Information Governance Health Check	Draft Report	Adequate	<i>0</i>	<i>1</i>	<i>5</i>	<i>6</i>	<i>6</i>
2. KFC – Procurement and Creditors	Draft Report	Substantial	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>
3. Performance Management							
4. Corporate Governance							
5. Planning Fees							
<b>Total</b>			<b>0</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>7</b>

At the moment there is nothing that impacts negatively upon our annual opinion.

## APPENDIX C – OPERATIONAL PLAN 2016

Following discussions with management the following schedule has been agreed:

Block 1	Audit & Compliance		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
1. Departmental Review – Back Office	July 16	October 16	5	3	
2. Key Financial Controls – Procurement and Creditors	July 16	October 16	3	3	
3. Information Governance	July 16	October 16	3	3	
Follow Up			1	0	
Management			2	2	
		<b>Total</b>	<b>14</b>	<b>11</b>	

Block 2	Audit & Compliance		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
Corporate Governance	October 16		3		
Performance Management	October 16		3		
Planning Fees	October 16		2		
Follow Up			1		
Management			2		
		<b>Total</b>	<b>11</b>		

	<b>Total 2015</b>	<b>25</b>	<b>11</b>
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## APPENDIX D – PERFORMANCE INDICATORS YTD

### Report Turnaround

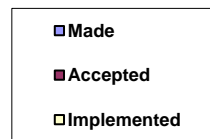
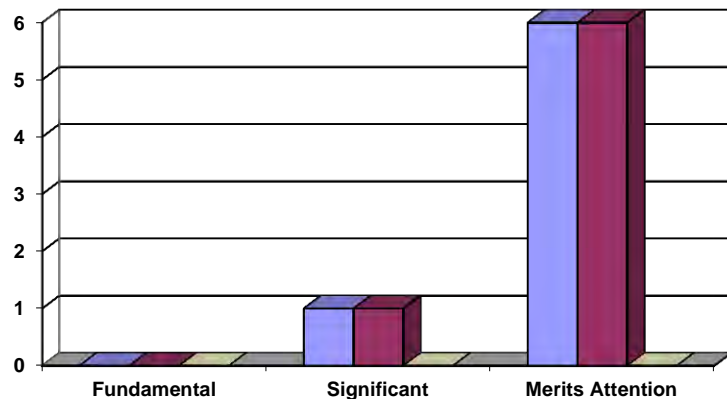
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	9days	
Final report turnaround (average working days)	5 days	TBC days	

### Resources

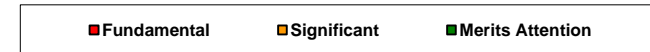
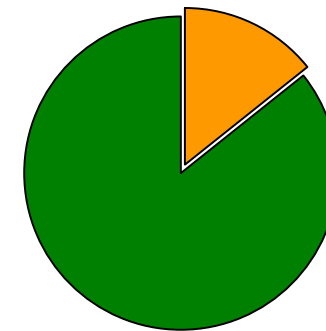
Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	11	
Audit Fee	Within Budget	Within Budget	
Head of Internal Audit	18%	17%	
Specialist / IT Auditor Input	10%	10%	
Audit Supervisor	42%	44%	
Auditor	30%	29%	

### Recommendations

#### Made, Accepted & Implemented



#### Analysis of Priority



# APPENDIX E – NOTES

## KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

**Fundamental (F)**

- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authorities Risk Management Policy this approximates to the Risk Grading.

**Significant (S)**

- Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authorities Risk Management Policy this approximates to the Risk Grading.

**Merits Attention (MA)**

- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authorities Risk Management Policy this approximates to the Risk Grading.

## ASSURANCE LEVELS

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
No (Negative opinion)	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

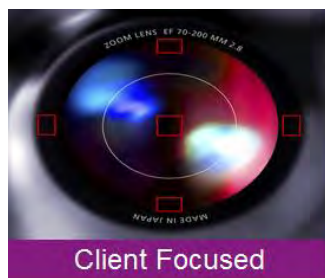
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# Pembrokeshire Coast National Park Authority Internal Audit Report

## Block 2 2016/17



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Team Member	Role	Mobile	Email
Robin Pritchard	Engagement Director	077 9229 6830	robin.pritchard@gatewayassure.com

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Audit Area	Opinion	Recommendations			Total	Agreed
		0	0	0		
Departmental Review Support Costs	Advisory	0	0	0	0	0
Business Continuity	Adequate	0	3	3	6	6
Performance Management	Adequate	0	1	3	4	4
Planning Fees	Substantial	0	0	1	1	1

- 1.4 In addition, we have completed work on the back office benchmarking exercise which it is planned to release as a final study report on 31 January 2017 following involvement from other National Parks.
- 1.5 We would like to take this opportunity to thank all members of staff for their co-operation and assistance during the course of our visit.
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- 1.19 Where a previously updated audit recommendation remains outstanding at the time of our review and the original implementation date has passed the corresponding recommendation within

Appendix A will be annotated with **PAR** in the bottom right hand corner.

## EXECUTIVE SUMMARY

### FINDINGS & CONCLUSIONS

- 2.1 The results of our visit to Pembrokeshire Coast National Park Authority (PCNPA) are summarised in this section of the report and are considered in relation to each area reviewed.
- 2.2 The extent of comment in relation to each audit area is restricted deliberately so as to highlight the key issues that we believe need to be drawn to the attention of the Audit and Risk Committee and management and are supported by a more detailed analysis of each review that is contained as Appendix A to this report.

### Departmental Review – Support Costs

- 2.3 This review was undertaken as a benchmarking exercise initially between the Brecon Beacons National Park Authority (BBNPA) and the PCNPA. In an attempt to add more value to the two Authorities the decision was taken to expand the exercise to include all the NPA's within the UK. Responses from all the NPA's have now been received and a study report is being prepared by Gateway Assure.
- 2.4 After reviewing the information given by the Authority for the benchmarking exercise the following areas are noted for information at this stage:

**Management costs** – Salary costs for 2015/16 are broadly in line with UK averages, with the management structure being similar to other peer authorities. We have observed that there have been a number of changes in the structure of the management team of the PCNPA, with a number of significant team members leaving such as the Head of Discovery and the Health and Safety officer. This is anticipated to provide further positive comparison in future years.

**Translation costs** - Within all the Welsh National Parks and in Scotland there is a cost related to translation and compliance with the relevant legislation; the cost of this this does vary between the three parks, with Snowdonia having a significantly higher translation cost in Wales, clearly this is attributed to the information needs of its stakeholder groups. PCNPA currently fulfils its obligations however should further translation be required, this would affect the cost of translation incurred in an adverse way should.

**Sickness absence rates in Wales** – a trend identified from the benchmarking was that sickness absence recorded within the Welsh National Parks was significantly higher than those recorded in both England and Scotland. We have discussed the sickness patterns experienced by PCNPA, and have concluded with senior management that further investigation into the figures to identify long and short term sick trends should be completed to identify any potential further actions needed. An exercise completed by the Chief Executive does not identifying any trends or constant themes in short term sickness, which warrant particular concern.

<i>Average days lost 2015/16</i>	<i>Days</i>
<b>PCNPA</b>	<b>7.50</b>
<b>Wales</b>	<b>7.60</b>
<b>Scotland</b>	<b>6.34</b>
<b>England</b>	<b>5.16</b>

**Communications** - The Authority shows a higher than average cost within its communication and marketing figures. On discussion this was attributed to, in part, the award winning communications and graphic department which publish “Coast to Coast” a key tourism marketing publication, although internal staffing within the Communication and Marketing teams of PCNPA is consistent with other authorities.

**Income (card payments)** - within all of the National Park Authorities, one of the most lucrative areas of non-grant income is car park charges. Maximisation of income is therefore of benefit not necessarily in terms of the size of the charge but more so in respect of ensuring that a payment is made by those visiting the Park. It is understood that an increasing number of authorities are now considering introducing debit/credit card payment facilities for car park charges as this offers increasing efficiency and effectiveness, could be used in conjunction with other methods of collection and may offer better value for money in this area.

- 2.5 **External Audit fees** – a consistent fee for external audit is incurred by the three Welsh NPA's; the fee though is approximately three times the cost of the similar service in English and Scottish NPA's.
- 2.6 The outcomes of the national benchmarking exercise will be available for review by the PCNPA early in 2017 and arising from which it is anticipated that management will wish to conduct further deep dive into certain areas as well as use the information to inform future internal audit plans.

## Business Continuity

- 2.7 PCNPA has in place a Business Continuity Plan (BCP) along with additional plans for ICT disaster recovery and procedures for a response to a major incident. The BCP was last reviewed in May 2016 and the ICT disaster recovery plan was last reviewed in June 2015. During the last 12 months following a change in the senior management team, it was identified that the BCP should be reviewed and updated to ensure it remained fit for purpose.
- 2.8 As part of the audit fieldwork, it has been suggested that all the related documents are combined, or linked, so that that a comprehensive plan is in place, easily accessible in the event of an incident, and the whereabouts known to all relevant parties. During the review it was confirmed that the Management were unsure if a “battlebox” of business continuity was available at each business location highlighting the procedures to be followed in the event of an incident. We recommend that appropriate team members are made aware of plans and their location to assist in this aspect.
- 2.9 Whilst reviewing the content of the documents, it was clear that gaps, in the contact information required to be completed, in particular key stakeholders and external services which may need to be contacted in certain circumstances. It was further noted that some of the names on the current contact list were no longer with the Authority and these should be updated as a soon as possible.
- 2.10 In the event of an incident occurring, the current plan identifies the need for a senior team to be set up to administer all aspects of an incident. It is our experience of similar sized organisations that a Business Continuity Champion should be beneficially nominated to take control of the proceedings. This is not usually the Chief Executive, but another senior staff member, thus allowing the Chief Executive the time to deal with the external requirements such as media, and not get tied down with the operational aspects of the business recovery.
- 2.11 It is acknowledged that a business impact analysis had been completed at all the main sites of the Authority, with certain scenarios being rated as to their severity. We recommend that these documents be fully updated to show the required action in the event of an incident and then integrated into the main plan by way of an appendix.
- 2.12 Discussions with the Chief Executive confirmed that the plan had not been tested or rehearsed for some time. It is our experience that when a test is run, aspects not previously considered are



identified and produce good training aids for a Lessons learnt session. We recommend that when the plan is fully updated a regular proportionate testing cycle of the plan is introduced to test all aspects including external services input into the Authority and results are reported to the Authority by the Business Champion. It is also our experience that the nominated manager, on an annual basis, reports to the Authority to indicate any issues, or not as the case may be, of the plan throughout the year. This also has the effect of the plan remaining current and accurate.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Performance Management

- 2.13 The performance management system used by PCNPA is the Ffynnon system, this system is used by the all three Welsh national parks. The system has been developed to cope with the demands of large organisations, which means the system can easily cope with organisations the size of PCNPA. Currently some of the indicators are benchmarked against the other Welsh national parks which was evident in the PCNPA Improvement Plan part II 2015/16, however considerably more figures could be benchmarked in the future if they fully adopt universal calculations methods.
- 2.14 The level of data available within the system to user is extensive, which enables users to revert back to the original source data. The indicators can be set up with a specific future target, this will then enable the user to see a Red, Amber, Green (RAG) indicator. The system enables each indicator to be assigned to an individual, it is then their responsibility to ensure the data is input into the system. The system automatically sends a reminder email to the assigned individual of the indicator when figures are due to be inputted, this varies and could be done on a weekly, monthly, quarterly or annual basis.
- 2.15 Currently PCNPA do not have any formalised policies and procedures with regards to data collection methods, this currently is not a significant issue for organisation as the majority of staff are aware of the method that should be used. Going forward however, we recommend that PCNPA introduce policies and procedures, this will benefit the Authority and will make the process easier as and when new staff join the Authority.
- 2.16 PCNPA currently publishes performance reports on a quarterly basis to both the Audit Committee and the Operational Review Committee, we acknowledge that data presentation and techniques are being reviewed and would advise the Authority to consider consulting with these stakeholders in order to obtain feedback regarding what data is beneficial at a strategic and operational level as moving to a dashboard of key indicators will be advantageous to all in terms of focus and efficiency. This will also ensure that any potential future changes are more likely to be well received and utilised by the end users of the data.
- 2.17 In a meeting with the performance and compliance coordinator, it became apparent that the Authority only appears to review targets on an annual basis which coincides with the creation of the next financial year's corporate plan preparation. We advise that the Authority continues reviewing targets on an annual basis, to ensure that targets remain relevant to the organisation, with continual enhancement by the regular meetings of the Performance Working Group.
- 2.18 During our audit fieldwork the performance indications were reported using a RAG colour indication only. We understand that the Authority can get the Ffynnon system to support this indicator with an arrow function which may benefit the Authority as on occasions the RAG indicator colour may remain the same however progress could still have been made but due to the colour being the same, users may not be aware of the progress.



Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Planning Fees

- 2.19 From the 1<sup>st</sup> April 2016, a change was introduced by the Authority to align itself with the Welsh Government requirements for the introduction of pre-application fees being charged for advice given at the pre-application stage of the Planning process. The thinking behind the process is that a standardised pre-application planning process would lead to better quality development, front-loading of planning applications, a time saving to applicants and fewer challenges to decisions. .
- 2.20 Our review confirmed that all the policies and procedures for the planning department were available to the public on the Authority website. These procedures covered all aspects of the planning process and encouraged early contact with the Authority. In addition, a set of procedures were in place for the staff to use, to assist in new members of staff joining the team.
- 2.21 All planners within the Authority are trained, or currently studying for the professional qualification to obtain membership of the Royal Town Planning Institute (RTPI). This is the professional Institute for Planners and it is expected that all its members complete a minimum of a required Continuing Professional Development hours. It was confirmed by the Authority that the team members all comply with this request. In addition the Authority's Director of Planning is also part of the Planning Officers Society of Wales (POSW). This body includes planners at this level from the whole of Wales and has regular input and communication with the Welsh Government. It provides a platform for planners to share experiences and standardise a planning approach appropriate for the whole of Wales.
- 2.22 During our audit fieldwork, a sample of planning applications where pre-application fees had been charged were tested. Our testing did not find any issues in the application of the policies and procedures.
- 2.23 Discussions with the planning department confirmed that the number of appeals which arise within the Authority are small, usually no more than 10-15 a year. The deadline for an appeal to be made on a planning application is 6 months after the application. Given that the new pre application charge did not come into force until April 2016, the deadline for appeals has only just come into play, and currently no applications where pre application fees have been paid have been appealed. We have recommended that the planning department monitor future appeals to identify whether applications received pre-application advice.. This will provide opportunities for learning and help to monitor whether the Authority is providing an effective service and gaining value for money too.
- 2.24 The Welsh Audit Office had given the Authority four recommendations to complete during a previous audit. During our fieldwork, we reviewed the recommendations and confirmed the progress made on all four of them. It was further acknowledged that as part of the recommendation process the Authority consulted and involved the POSW body, which has Welsh Government involvement, so the WAO should be OA are fully aware of the situation of these recommendations.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

This report has been prepared for our client and should not be disclosed to any third parties, including in response to requests for information under the Freedom of Information Act, without the prior written consent of Gateway Assure Ltd. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, it is based upon the documentation reviewed and information provided to us during the course of our work. Thus, no guarantee or warranty can be given with regard to the advice and information contained herein. © 2016 Gateway Assure Ltd

## APPENDIX A1 – GW 01/17 DEPARTMENTAL REVIEW- SUPPORT COSTS

<b>Management Objective:</b>	The NPA is administered in a manner which makes best use of resources.		
<b>Responsible Officer:</b>	Tegryn Jones – Chief Executive		
<b>Risk areas for consideration:</b>			
1. The Authority’s support costs do not provide best value			
<b>Limitations to scope:</b>			
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. The review will only cover those areas of risk stated above and will not seek to verify the current financial position.			
<b>Overall opinion:</b>	Advisory	<b>Adequacy of control framework:</b>	
		<b>Application of control:</b>	

Main Recommendations	Priority	Management Response	Implementation Plan
<p>The results of this review will form the basis for a benchmarking exercise completed with the other 14 National Parks in the UK.</p> <p>This report highlights immediate matters which have arisen from review of the information received – we anticipate further consideration being undertaken by PCNPA in due course and as part of internal audit planning for 2017/18 and beyond.</p>		Agreed – study report will be considered in detail	<b>Not applicable</b>
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

## APPENDIX A2 – GW 04/17 BUSINESS CONTINUITY

<b>Management Objective:</b>	Proactive review of the Authority’s business continuity arrangements to assist management in ensuring the minimum of disruption in the event of disaster; to include consideration of staff continuity and succession planning.			
<b>Responsible Officer:</b>	Tegryn Jones – Chief Executive			
<b>Risk areas for consideration:</b>				
<p>1. The Authority’s Business Continuity Plan (BCP) and where applicable supporting service level plans fail to suitably risk assess, address and prioritise the recovery of services to users.</p> <p>2. Business Continuity Plans are ill defined, inappropriate in their response or become out of date.</p> <p>3. Insufficient organisational knowledge of the Authority’s Business Continuity response.</p> <p>4. Business continuity Plans do not address the risk of staff changes and incorporate an appropriate succession plan.</p>				
<b>Limitations to scope:</b>				
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. The review will only cover those areas of risk stated above and will not seek to verify the current financial position.				
<b>Overall opinion:</b>	Adequate	<b>Adequacy of control framework:</b>	Adequate	
		<b>Application of control:</b>	Adequate	
<b>Main Recommendations</b>		<b>Priority</b>	<b>Management Response</b>	<b>Implementation Plan</b>
<b>1. Review and update</b>		<b>MA</b>	Agreed.	<b>Responsibility: PF / TJ</b>  <b>Target date: 31 March 2017</b>
We recommend that the Business Continuity plan is reviewed and updated to include all current job holders.				
<b>2. Combining documentation</b>		<b>MA</b>	Partially Agreed. We will review it as part of a general business continuity planning.	<b>Responsibility: TJ</b>  <b>Target date: 2017</b>
We recommend that the Authority consider combining the BCP and ICT Disaster Recovery document, and also include the response procedures for major incidents and the staff				

contingency paper within one general document			
<p><b>3. Fully populate documents.</b></p> <p>We recommend that all the BCP and ICT disaster recovery schedules are fully populated with names and contact numbers for all stakeholders including external service providers.</p>	S	Agreed	<p><b>Responsibility: TJ</b></p> <p><b>Target date: 2017</b></p>
<p><b>4. Business Continuity Champion to be introduced.</b></p> <p>We recommend that the Authority introduce a Business Continuity Champion to facilitate the plan should an incident occur. This will usually be a senior staff member, although not usually the Chief Executive as they may be preoccupied with external stakeholders and media updates.</p> <p>On an annual basis the BC Champion should present a paper to the Authority commenting on any issues that have arisen in the area.</p>	S	Partially agreed. We will set up a business continuity sub group to lead on business continuity. Report A&CSR on an annual basis.	<p><b>Responsibility: TJ</b></p> <p><b>Target date: Spring 2017</b></p>
<p><b>5. Risk assessments actions</b></p> <p>We recommend that the risk assessments that have been carried out for each of the separate locations are expanded to identify actions required in the event of generic incidents relating to technology risk .</p>	MA	Partially agreed. We will examine property site plans to ensure that business continuity is embedded into site plans.	<p><b>Responsibility: Business Continuity group &amp; Site Managers</b></p> <p><b>Target date: end 2017</b></p>
<p><b>6. Rehearsal and Testing.</b></p> <p>We recommend that on completion of a finalised BCP, the Authority test the processes involved within the plan, including the external provider's response, in line with their testing strategy mentioned within the plan and report any lessons learnt from the exercise to the Leadership Team.</p>	S	Partially agreed. We believe adopting a strategy which is a piecemeal / ad hoc one rather than a comprehensive full test is best suited to the organisation.	<p><b>Responsibility: Business Continuity group</b></p> <p><b>Target date: end 2017</b></p>
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

## APPENDIX A3 – GW 05/17 PERFORMANCE MANAGEMENT

<b>Management Objective:</b>	Review of controls exercised over KPI data collection, analysis and reporting arrangements to provide assurance over information relied upon by and reported by the Authority. To consider use of Ffynnon database compliance and use by 3 Welsh NPA's as best use of performance indicators			
<b>Responsible Officer:</b>	Mair Thomas – Performance and Compliance Coordinator.			
<b>Risk areas for consideration:</b>				
<ol style="list-style-type: none"> <li>The KPI's being used are not the most appropriate for the management of the Authority.</li> <li>Data presented to the Authority is inaccurate; failing to support and at worst leading to incorrect decisions being taken by the Executive and the Authority.</li> </ol>				
<b>Limitations to scope:</b>				
We will review the format of the current risk register with management, challenging the inclusion of risks within the register where necessary. We will consider the scoring methodology in place and its application, however, we will not seek to provide opinion over the validity of risks or scoring / priority of risks assigned by management. The review will not provide opinion over the implementation or success of mitigating controls.				
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good	
		<b>Application of control:</b>	Good	
<b>Main Recommendations</b>		<b>Priority</b>	<b>Management Response</b>	<b>Implementation Plan</b>
<b>1. Performance Consultation</b>		<b>MA</b>	Agreed	<b>Responsibility: Mair Thomas</b>  <b>Target date: 31 March 2017</b>
We recommend that the Authority considers seeking input from the end users of the data regarding presentation techniques, this will increase the chances of any reports being well received.				
<b>2. Guidance</b>		<b>S</b>	Agreed. We are happy with the suggestion of guidance rather than policy and procedure. The guidance can be linked to a crib sheet for each	<b>Responsibility: Mair Thomas</b>  <b>Target date: 31 March 2017</b>
We recommend that the Authority creates guidance to assist potential new staff members and also to act as a contingency				

<p>method.</p>		<p>financial year that makes it clear for staff and Members what data is included within calculations and the relevant source data.</p>	
<p><b>3. Performance Targets</b></p> <p>We recommend that the Authority considers reviewing targets more frequently on a schedule determined by the circumstances pertaining within that area of business.</p>	<p>MA</p>	<p>Partially agreed. In developing the performance framework in Ffynnon we can talk to different team leaders to determine the best approach for their areas (including for example ensuring targets take into account seasonal variations.) We will need to ensure Members are aware of changes to targets and justifications for the changes during the year. Particularly as amending the target will impact on RAG status and could lead to areas of underperformance that Members need to be aware of during the year being missed.</p>	<p><b>Responsibility: Mair Thomas</b></p> <p><b>Target date: 2017</b></p>
<p><b>4. Performance Monitoring</b></p> <p>We recommend that the Authority considers showing general trends and comparison to previous years' data, this could be done by using trend arrows and showing RAG status. This will assist the relevant bodies to make more informed decisions regarding performance.</p>	<p>MA</p>	<p>Agreed. To our knowledge Ffynnon doesn't produce (RAG) coloured arrows, but RAG and trend arrows can be shown separately. We have added trend arrows into the latest performance report for Operational Review Committee. It's important to note that trend arrows and RAG status for measures only appear when a target and intervention are entered into Ffynnon. We will look at the report template so that where data is available we report to Members on previous year's performance. We already do this with Merchandise and Visitor numbers for the Centres and in the comments section for some Measures. Due to aligning improvement objectives with</p>	<p><b>Responsibility: Mair Thomas</b></p> <p><b>Target date: 31 March 2017</b></p>



		Well-being Objectives in line with Wellbeing and Future Generations Act some data sets for this financial year are new and will form the baseline data for comparison in future years.	
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

## APPENDIX A4 – GW 06/17 PRE-APPLICATION PLANNING FEES

<b>Management Objective:</b>	Review of the introduction of pre-application planning fees in 2016/17			
<b>Responsible Officer:</b>	Jane Gibson – Director of Planning			
<b>Risk areas for consideration:</b>				
<ol style="list-style-type: none"> <li>1. Pre application advice is not obtained for planning leading to challenged applications.</li> <li>2. Challenged applications lead on to appeals where the pre application advice was sought and was not appropriate.</li> <li>3. Recommendations from the review carried out by the Welsh Audit Office on planning have not been addressed</li> </ol>				
<b>Limitations to scope:</b>				
Risk based systems review of controls in place to mitigate identified risks in accordance with key controls identified above. Walkthrough test of controls to verify framework exists and samples chosen to verify application of control where necessary.				
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good	
		<b>Application of control:</b>	Good	
<b>Main Recommendations</b>		<b>Priority</b>	<b>Management Response</b>	<b>Implementation Plan</b>
<b>1. Appeal Monitoring</b>		<b>MA</b>	Agreed. Monitoring will be necessary to ensure that advice given at the pre-application stage is appropriate – monitoring of appeals is already done with regard to policy implications and therefore this further monitoring can become part of this exercise.	<b>Responsibility:</b>
We recommend that the Authority continues to monitor the cost of and reason for appeals where pre-application advice has been given. (It is acknowledged that the current time-lapse for appeals to be made since the introduction of the pre application fees has only just expired and sufficient appeals have not been received to produce accurate and appropriate data).				Jane Gibson
				<b>Target date:</b>
				On-going
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.				

## APPENDIX A5 – GW 00/17 FOLLOW UP

<b>Management Objective:</b>	Management take timely and appropriate action to implement accepted recommendations and accurately report progress to Audit & Scrutiny Committee.
<b>Responsible Officer:</b>	Richard Griffiths – Finance Manager ,Directors ,Chief Executive .IT & Systems Manager
<b>Areas for consideration:</b>	
<p>Our Internal Audit Strategy includes provision for the follow up of previously accepted recommendations to assess the level of implementation and provide assurance over management’s own recommendation tracking and subsequent reporting. The audit areas subject to follow up on this occasion were:</p> <ol style="list-style-type: none"> <li>1. Corporate Governance 2015</li> <li>2. Departmental Review – Income Generation 2015</li> <li>3. Risk Management 2015</li> <li>4. Health and Safety 2015</li> <li>5. Budgetary Controls 2015</li> </ol> <p>Staff responsible for the implementation of recommendations were interviewed to determine the current status of each point. Audit testing has been completed, where appropriate, to assess the level of compliance with this status and the controls in place.</p> <p>We report the detail of our follow up work by exception where previously agreed recommendations have not been fully implemented. The recommendations listed in the following table remained outstanding at the time of our review and require continued monitoring through to completion.</p>	
<b>Limitations to scope:</b>	
<p>The review was limited to the follow up of internal audit recommendations.</p> <p>The review did not include recommendations made in previous years where an audit of the area is included within the audit plan for 2015 and recommendations are planned to be followed up as part of that review. Any such outstanding recommendations are included in the applicable Appendix A and annotated by the PAR indicator.</p>	

<b>Audit Area:</b>		Risk Management			
<b>Audit Date:</b>		2015			
Recommendation	Priority	Status	Latest Update	Required Action(s) / Recommendations	
<p><b>Risk Management Strategy</b></p> <p>We recommend the following improvements:</p> <ul style="list-style-type: none"> <li>Update Strategy document to reflect current practice and responsibilities.</li> <li>Develop criteria to inform the scoring of both Probability and Impact within the Risk Register; for example what constitutes Impact – Minor, Moderate or Severe.</li> </ul>	<b>MA</b>	Agreed, but not a priority.	<p>Difficult to specify criteria for the nature of most of our risks. Not everything has clear financial value.</p> <p>Senior Manager assigned to this recommendation has now left the Authority, per Chief Executive still not completed and to be completed</p>	<p>Responsibility: Richard Griffiths</p> <p>Target date: April 2017</p>	

## APPENDIX B – SUMMARY OF OPINIONS & RECOMMENDATIONS

Reports being considered at this Audit and Corporate Services Review Committee meeting are shown in italics. The definitions with regard to the levels of assurance given and the classification of recommendations can be found in the Notes section at the end of this report.

Audit	Progress	Opinion	Recommendations Made				
			F	S	MA	Total	Agreed
1. Information Governance Health Check	Draft Report	Adequate	0	1	5	6	6
2. KFC – Procurement and Creditors	Draft Report	Substantial	0	0	2	2	2
3. Business Continuity	Draft Report	<i>Adequate</i>	0	3	3	6	6
4. Performance Management	Draft Report	<i>Adequate</i>	0	1	3	4	4
5. Pre-application Planning Fees	Draft Report	<i>Substantial</i>	0	0	1	1	1
<b>Total</b>			<b>0</b>	<b>5</b>	<b>14</b>	<b>19</b>	<b>19</b>

At the moment there is nothing that impacts negatively upon our annual opinion.

## APPENDIX C – OPERATIONAL PLAN 2016

Following discussions with management the following schedule has been agreed:

Block 1	Audit & Compliance		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
1. Departmental Review – Back Office	July 16	October 16	5	5	
2. Key Financial Controls – Procurement and Creditors	July 16	October 16	3	3	
3. Information Governance	July 16	October 16	3	3	
Follow Up			1	1	
Management			2	2	
		<b>Total</b>	<b>14</b>	<b>14</b>	

Block 2	Audit & Compliance		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
4. Corporate Governance	October 16	February 17	3	3	
5. Performance Management	October 16	February 17	3	3	
6. Planning Fees	October 16	February 17	2	2	
Follow Up			1	1	
Management			2	2	
		<b>Total</b>	<b>11</b>	<b>11</b>	

	<b>Total 2015</b>	<b>25</b>	<b>25</b>	
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## APPENDIX D – PERFORMANCE INDICATORS YTD

### Report Turnaround

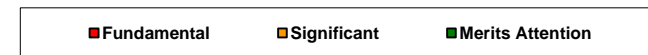
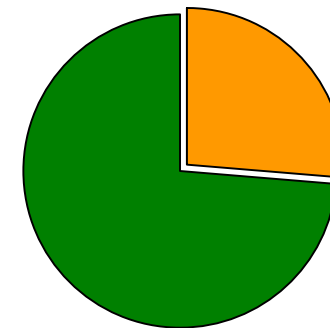
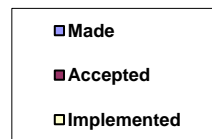
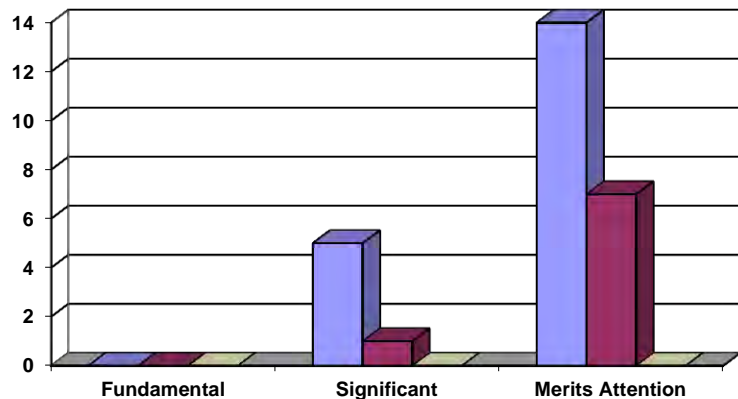
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	9days	
Final report turnaround (average working days)	5 days	TBC days	

### Resources

Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	25	
Audit Fee	Within Budget	Within Budget	
Head of Internal Audit	18%	25%	
Specialist / IT Auditor Input	10%	12%	
Audit Supervisor	42%	41%	
Auditor	30%	22%	

### Recommendations

#### Made, Accepted & Implemented | Analysis of Priority





# APPENDIX E – NOTES

## KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

<b>Fundamental (F)</b>	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authorities Risk Management Policy this approximates to the Risk Grading.
<b>Significant (S)</b>	- Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authorities Risk Management Policy this approximates to the Risk Grading.
<b>Merits Attention (MA)</b>	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authorities Risk Management Policy this approximates to the Risk Grading.

## ASSURANCE LEVELS

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
No (Negative opinion)	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

The above is for guidance only; professional judgement is exercised in all instances.



# National Park Authorities

Benchmarking Exercise in relation to Back Office Costs  
2015/2016

January 2017



Image Source: <http://www.breconbeacons.org/waterfalls>

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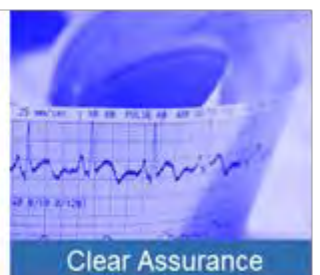
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A. Headline analysis

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## Foreward

This benchmarking study has been commissioned by the Brecon Beacons National Parks Authority and Pembrokeshire Coast National Park Authority as part of their internal audit plan for 2016/17 as the Authorities were interested in gaining an understanding of how their back office support costs compared with peers within the sector.

Gateway Assure is therefore grateful for the contributions and interest received from all of the other National Park Authorities who have seen this as a positive exercise from which all may derive some benefit.

However, as with all benchmarking exercises the value relies on the degree to which information is compiled in a similar manner by each Authority. It was hoped that information gathered using the CIPFA guidance would provide for useful analysis but it appears that there are inconsistencies within the approach as well as distinctive features in the way in which information is presented within England, Scotland and Wales. Nevertheless, we have been able to extract a range of areas in which analysis of each Authority's position will be worthy of further consideration against the position of peers. Where we have identified matters that reflect a countrywide position, these have been highlighted.



Clearly given the pressures on public sector resources, the regular messages concerning 'best value' and 'more for less' stress the need for regular review of the cost of supporting front line services in order to ensure as far as possible that available resources are targeted efficiently at the achievement of corporate objectives and the delivery of services to both individuals, communities and visitors to the national parks.

In this respect a number of Authorities are already engaged in cost sharing initiatives in relation to finance and technology services and it may be that further benefits can be gained in this area through joint approaches to appropriate back office functions.

Image Source: <http://www.nationalparks.gov.uk/visiting/maps>

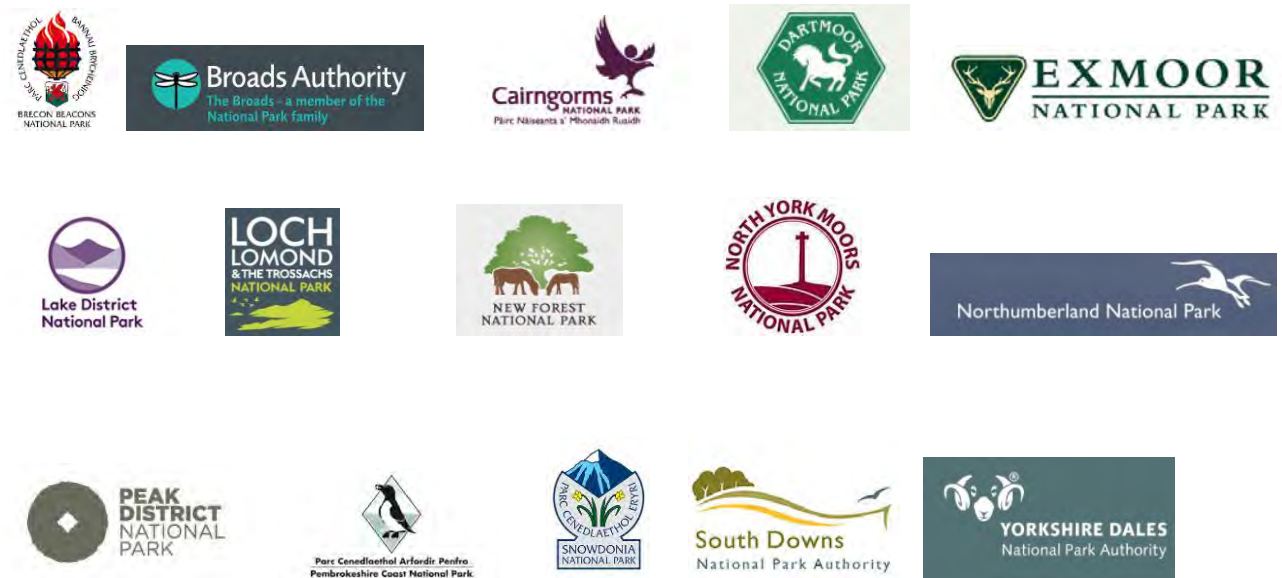
## Acknowledgement

We would like to thank those who have participated in the study for both contributing to the initial questionnaire and to further clarifying matters where there was a need to seek additional information.

The National Park Authorities contributing to this study are referred to numerically within this document as:

- 1 - Broads
- 2 - Dartmoor
- 3 - Exmoor
- 4 - Lake District
- 5 - New Forest
- 6 - Northumberland
- 7 - North York Moors
- 8 - Peak District
- 9 - South Downs
- 10 - Yorkshire Dales
- 11 - Brecon Beacons
- 12 - Pembrokeshire Coast
- 13 - Snowdonia
- 14 - Cairngorms
- 15 - Loch Lomond and the Trossachs

The information provided within this study is that provided by each National Park and with regard to which Gateway Assure has not attempted to verify the accuracy of the information or the detail of the analysis provided.



Should you wish to discuss aspects of the study please contact - Robin Pritchard, Chief Executive at Gateway Assure – who will be pleased to assist.

E: [robin.pritchard@gatewayassure.com](mailto:robin.pritchard@gatewayassure.com)

## 1. Executive Summary

1.1 In this study we have focused on providing an overview of back office support costs for 2015/16 across the National Parks sector with regard to a number of key comparators, being size of park, income, costs and staffing. No attempt has been made to consider any underlying basis for the outcomes on an individual basis as we see this as part of a second phase which can be undertaken locally either to consider particular areas or undertake more detailed benchmarking with a particular peer group of Authorities.

1.2 Nevertheless, the information provided does show features which we have attempted to explain as an indicator to where local consideration may be worthwhile.

1.3 With regard to income, it is clear that local circumstances significantly dictate the ability of the Park Authority to generate non-grant income. There are however a number of sources of income which are used by Authorities and which may be appropriate for extended use throughout the sector and these have been highlighted.

1.4 The study has though for the most part considered back office costs as this was the area of most interest to our clients. In this respect there are areas of cost that warrant further consideration as there appear to be a wide range of approaches within Authorities to both the method of delivery and in terms of the wider structure of governance within the Authority.

1.5 The extent of the use of outsourcing varies considerably although is undoubtedly the dominant means of provision in some key particularly professional areas, legal services being the area in which most use an outside firm and some exclusively. Other areas do however also feature, including Planning, Finance and Technology with a number of Authorities working with a local authority in this respect.

1.6 Governance costs do vary although we do feel that the outcomes have been impacted by different approaches to allocating costs to this area – particularly in relation to the extent to which the costs of supporting the Committee process are charged to Governance as opposed to being retained within a service department cost centre. In this area, the single largest factors impacting on costs are the number of comparative board members and the size of area being represented, along with the composition of the Committee structure and the number of meetings members are required to attend. Clearly this will also impact on the cost of preparing papers for meetings whether distributed in hardcopy format or digitally.

1.7 Management structures appear similar across the National Parks, although the frequency of senior management team meetings does vary; in other sectors we are seeing significant movement to management through the increased use of dashboards, performance indicators and risk registers as being used to reduce meeting time and focus agendas. This may be a direction which National Parks could consider further through the use of an integrated Board Assurance Framework.

1.8 The dominant feature however does remain the ability of the National Park to generate non-grant income; this has a direct implication on the ability to invest. With constant pressure on resources, particularly restrictions on government funding, it is likely that the Parks will need to increasingly consider both the range of commercial undertakings and the commerciality of their approach if the benefit from income generating opportunities are to be maximised.



## 2. Organisation Base Costs and analysis

2.1 The study has at a sector level sought to see if there is any correlation between corporate costs, staffing and funding in relation to the geographic area covered by each National Park Authority; with Park size ranging from the smallest area of 303 km<sup>2</sup> to 2362km<sup>2</sup> in England, 2139 km<sup>2</sup> in Wales and 4528 km<sup>2</sup> in Scotland it is inevitable that this factor will alone have significant impact on services, the manner in which they are delivered and therefore the associated costs and income.

2.2 Perhaps not surprisingly, no distinct pattern emerges as a result, with the extremes being shown below along with the averages by country and as a whole for the sector.

Area covered per FTE staffing (KM<sup>2</sup>/FTE)

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
2.31	13.39	75.47	10.53	11.92	33.12	13.39

Grant Income received per KM<sup>2</sup>

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
1190	4264	23290	5579	3883	2005	4264

Total Income received per KM<sup>2</sup>

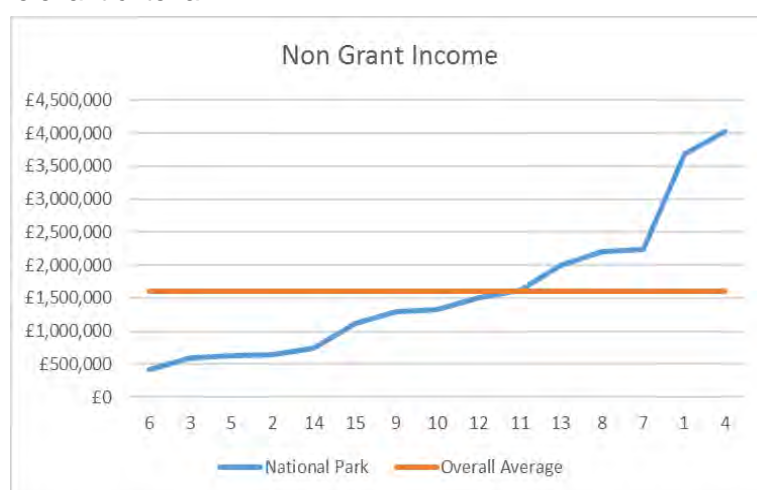
Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
1352	5322	35426	6979	5129	2293	5322

Costs per KM<sup>2</sup>

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
1054	4578	23825	6356	5021	20798	4578

2.3 It is anticipated that more detailed analysis of peer group Authorities is likely to be more beneficial where the grouping is selected based on relevant criteria.

2.4 In financial terms, at the high end of the analysis of non-grant income analysis, are those Authorities where additional income is greatest by virtue of the unique circumstances of their location and principally reflects the tourist industry; therefore allowing significantly greater investment in services and particularly staff. Where this feature also coincides with a relatively smaller geographic area, this provides a further extreme in the analysis.



2.5 Further analysis of non-grant income demonstrates this from an english perspective where the value of non-grant income as a proportion of total income ranges from 6.78% to 34.26%; whereas in Wales and Scotland similar profiles can be seen with averages of 24.29% and 12.58% between non-grant and total income being shown respectively within the five Authorities involved in each country.

2.6 A further interesting aspect is though revealed in an analysis of staff costs as a proportion of income.

#### Staff costs as a proportion of income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
26.16%	45.91	60.94%	43.12%	53.63%	50.99	45.91%

2.7 The significant variable in this respect is the degree to which outsourcing of services is being used. In England, the outcomes indicate that a greater degree of outsourcing is likely to have taken place which is supported by other information within the information provided. In one Authority for example which appears have the most significant degree of outsourcing, 56% of costs relate to the combination of FTE staff costs and those from outsourced contracts. In this Authority, costs per KM<sup>2</sup> are also though in the lower quartile perhaps suggesting that there are wider non-staff cost benefits associated with outsourcing. These might relate to the benefits of the use of specialist suppliers of non-core activities although these must be balanced against known issues relating to the management of external suppliers.

2.8 Outsourcing does not appear to feature as a prominent means of providing back office services though across the sector with the use of outsourcing for legal and IT support services being the most common service for which contracts exceeding £10,000 have been awarded. The average sector spend for outsourced IT services is £8,026 and for legal services £24,024.



### 3. Governance

3.1 The number of Board members within an Authority ranges from 17 to 30 and reflects the number of representatives from local authorities and Parish Councils as well as nominees by the Secretary of State or the Welsh and Scottish Governments, this is therefore variable in proportion with the area which the National Park covers and local representation agreements, in which a balance exists between local and nationally appointed members.

3.2 The prominence of a Unitary Authority influences the number of bodies represented however in England it is also common practice for Parish Council representation. There appears no consistent structure for composition, although it is clear that significant prominence is given to reflecting the geographic coverage of each National Park. In Scotland uniquely, five members are appointed following local elections to the National Park Authority.

3.3 The number of appointments made by Government does however vary. In England, Authorities have either 5 or 6 nominations, in Wales the number is 6 or 8 from the Welsh Government but in Scotland different arrangements exist with 12 being nominated by Scottish Ministers, of which a proportion are following nomination by the Local Authority.

3.4 The allowances paid per member appears to reflect the geography and demographics of the area with the likely cause being the higher allowances relating to the distance being travelled to meetings and the potential for overnight stays. The average allowances per country show the span of the costs involved and again reflect the geography of the Park involved.

Country	Ave' LA Authorities covered	Ave' number of members	Ave' allowances paid to members
England	5.8	22.2	£2,972
Scotland	4.5	18	£9,370
Wales	3.3	20	£4,066
All	5.2	21.2	£3,876

#### KM2 per board member

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
14	71	238	55	68	178	71

3.5 These outcomes vary for many reasons, the significant contributing factor clearly being that of the size of the Park area, which ranges from 303km<sup>2</sup> to 2362km<sup>2</sup>; although the structure and size of the membership group will impact on the comparison. Whilst not necessarily an issue, this will impact on governance as the extent of representation and detailed knowledge of the area concerned may well reflect in the ability of members to participate in discussion, particularly concerning planning matters perhaps.

3.6 The structure of governance at a committee level does vary across the National Park family below Board level. All Authorities have an Audit Committee, although its remit is often merged with other responsibilities such as:

- Scrutiny
- Governance
- Resources and Performance
- Finance, Risk and Standards.

Surprisingly perhaps, only three Parks have a committee in which Risk features in the title although it is evident from review of published governance information that risk management plays a much higher status within agendas.

3.7 Only one Authority has a Committee focusing entirely on finance.

3.8 Other committees used by the National Parks currently react to both aspects of governance and local circumstances and include:

- Planning
- Performance and Delivery
- Strategy, Vision and Progress
- Remuneration, and
- Navigation

3.9 Regularity of Board meetings does vary across the National Park family with meetings being held on either a bi-monthly or quarterly basis.

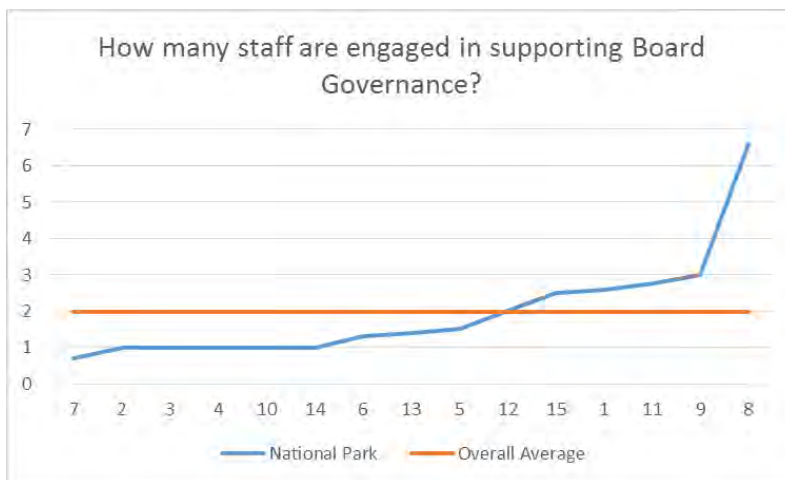
3.10 Similarly there is divergence regarding the frequency of Senior Management Team (SMT) meetings with weekly, fortnightly, monthly and bi-monthly meeting cycles being used. In other sectors, we are seeing both Boards and SMTs making increasing use of Board Assurance, Dashboard and Performance Data and Risk Management to both focus agendas and reduce the frequency of meetings.

3.11 One area where there appears to be a further and interesting divergence of approach concerns the number of members on Planning Committee which varies from the attendance by all members to those where only 50% of members attend the Committee. It is however evident that attendance policy does vary with a number of Authorities taking what might be described as a more 'business like' approach to governance through restricting numbers on Committees to those needed to make a decision rather than accepting that all members may be present. In this area, structures will take account of representation matters and balance these against the numbers, skills and experience needed to make appropriate decisions, however clearly with increased attendance comes increased costs.

3.12 Two Authorities report the use of web casts as a means of increasing stakeholder engagement and therefore increased transparency in relation to Authority business.

## Democratic Representation and Management

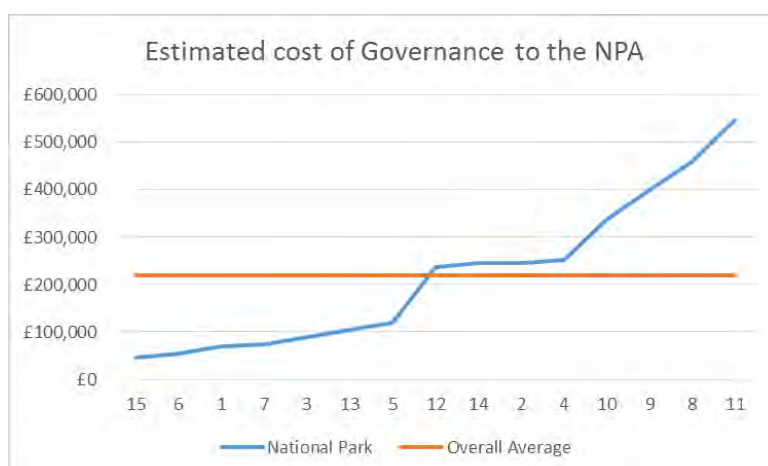
4.1 The number of staff engaged in supporting board governance ranges greatly across the 15 National Parks with an average cost of £80,000. The results do show a positive correlation with the number of local authorities that are covered by the National Park and reflect therefore the cost of supporting more complex governance structures. The number of staff involved in supporting Board Governance, range from 0.7 to 6.6 staff being directly involved and the costs of the support ranging from £28,000 to £459,000; such a range may well be explained through processes adopted locally for allocation of costs but may well signal an area where further comparative review to examine how support is provided as being appropriate.



## The cost of Governance as a % of income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
0.65%	2.8%	8.44%	2.52%	4.1%	4.36%	2.8%

4.2 Governance costs as a % of income results vary greatly; our initial thoughts are that this relates to different interpretations being given to the terminology and therefore those costs allocated to this area. Further local exercises within peer groups would be useful given the extremes to understand the factors leading to these outcomes. Certainly, there will be variable factors which may account for the different experience. Firstly the National Parks have considerably different levels and sources of income, however in each case, good governance is still essential, hence committee structures will vary. Accordingly, we envisage that skills based recruitment or nomination procedures will be beneficial in order to support the Executive Team with an appropriate balance of local knowledge and commercial experience to cater for the Authority's governance needs. Secondly, the number of board members within each National Park varies considerably, as mentioned previously, and this clearly represents a significant contributing factor when it comes to the cost of governance and to supporting Committee structures and the needs of members.



4.3 Estimated costs of Governance range considerably although there does not appear to follow an evidenced trend, other than with regard to the two highest cost National Parks also being those with most staff engaged with board governance. It is likely therefore that costs in this area reflect other than direct staff costs, where apportionment of salaries to support particular committees, such as Planning, are also allocated to this area.

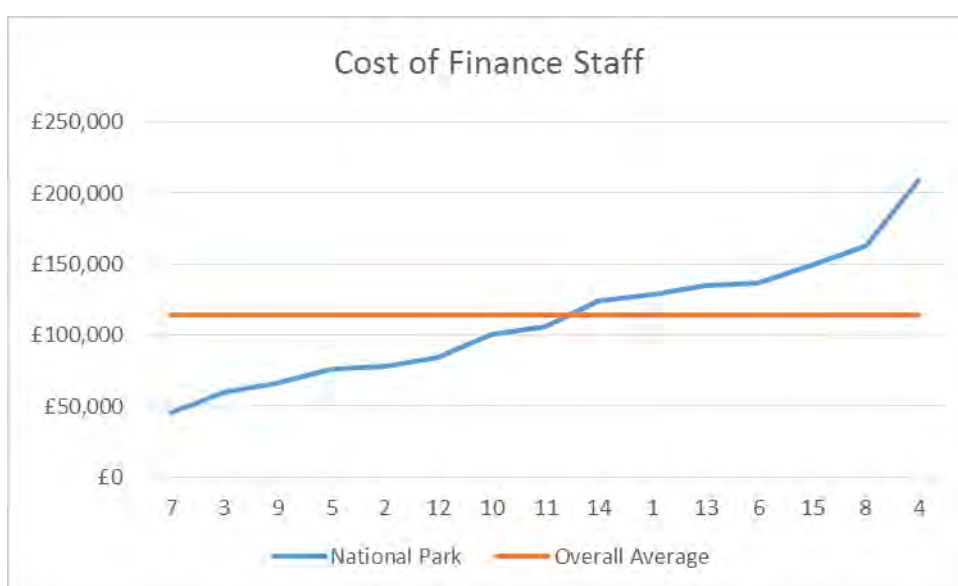
## 5. Finance

5.1 The cost of finance staff should reflect a direct correlation with the relative size of a Park and the complexity of its income stream and as a result the impact upon supporting finance systems administering treasury, debtors and creditors functions. The average cost of the finance functions is shown as approximately £160,000 and includes an element of outsourcing.

5.2 Most of the National Parks have stated that a degree of outsourcing does exist and whilst the graph below appears to show that the above statement is generally true where in-house staff maintain the finance function; it is further supported by the fact that one of the apparent low cost organisations shown below uses significant outsourcing, which if taken into account provides for the total cost of the finance function to rise to £336,000, thus supporting the initial assumption.

### Cost of Finance as % of Income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
1.7%	2.0%	2.6%	2.1%	1.9%	2.1%	2.0%



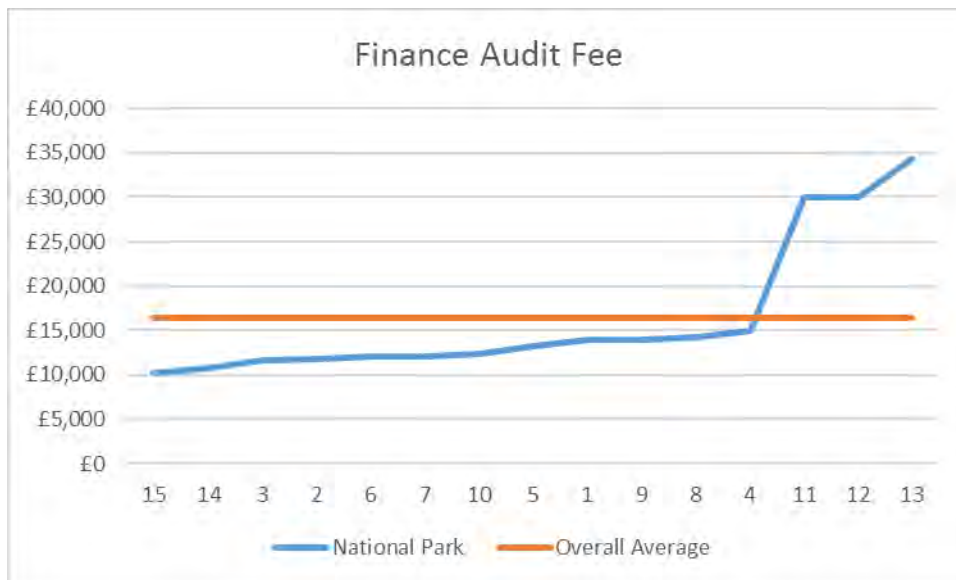
5.3 A factor which may impact the financial staffing costs shown above is the percentage of qualified staff across the National Parks sector as this varies from 32% to 100%. In general terms it appears that most organisations have one or at most two qualified members of staff supported by others dedicated to specific financial functions.

5.4 A further aspect of cost which will certainly impact on the cost of finance staff is geographical location, this could affect both salaries needing to be paid to match the market rate for the region in which the National Park is located in and the difficulties that are being experienced in terms of recruiting professional staff in certain parts of the country.

5.5 The Financial Audit fee figures were generally well grouped with 12 of the 15 National Parks having a cost of between £10,200 and £15,000; the other 3 were outliers all with costs exceeding over £30,000 and were the National Parks in Wales, for whom the auditors are the Wales Audit Office.

### External Audit as % of Income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
0.10%	0.29%	0.97%	0.20%	0.82%	0.16%	0.29%



5.6 Generally External Audit fees, in England and Scotland are similar and are reasonably consistent with the level of income of each Authority. An average audit fee of approximately 0.02% of income appears to be normal with those incurring higher costs appearing to outsource payroll, although the additional costs do not appear to be material. External audit is provided by the appointed professional firms in England and in Scotland by Audit Scotland or a professional firm (with effect from 2016/17).

5.7 Sources of additional income represent a significant differentiating feature of the responses. Evidently car parking income represents a source of funds for all with some benefitting more than others as annual income ranges from £22,000 to £1.2 million; clearly visitor numbers influence the degree to which such an income source can be exploited however our experiences also show that the number of car parks, location and size and the availability of increasingly flexible means of payment of car park charges have an impact on income streams. This includes the use of debit/credit cards where technology permits as providing an ability to pay on a 24 hour a day basis also provides advantage. Additionally arrangements for inspection are important, particularly where a car park superintendent is not employed and with some entering joint arrangements with local councils.

5.8 The unique circumstances of one National Park provides a significant income stream from Toll income of £3 million per annum. More common significant sources reflect Planning fees (including pre-application fees), Sales and Visitor Centre income, however there are a number of other areas which National Parks use to attract non-grant income such as:

- Cycle hire
- Commercial rents
- Boating and Yachting stations
- Museum
- Tree services
- Sale of expertise including Conservation, Design and Archaeology services
- Education services

5.9 One National Park uniquely declared donations and sponsorship as an income source and whilst we are aware of others attracting sponsorships, particularly regarding publications, it may be that donations and legacy income might be a natural source of future income that could be explored.

## 6. Human Resources

6.1 The number of staff employed within the Human Resources (HR) section should reflect the overall size and structure of the staffing base of the organisation. The table below shows the range of values across the 15 National Park Authorities for the ratio of FTE staff to HR team member.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
FTE	131	75	60	203	76	58	107	206	120	120	105	124	114	60	133
HR	1.97	2.45	1.5	5.9	1	0.65	0.9	3.1	3.1	2	2	1.5	2	2	3.6
FTE/HR	66	31	40	34	76	89	119	66	39	60	53	83	57	30	37

6.2 It is not clear why such extremes exist, the average number of FTE staff supported by a member of an HR team is 50 and as the analysis shows several Authorities are providing for provision in excess of these levels. Some explanation for these variations may be explained in terms of whether training and health and safety support is provided in-house as opposed to being outsourced however it does not appear that this provides a full explanation of the different approaches to HR shown above.

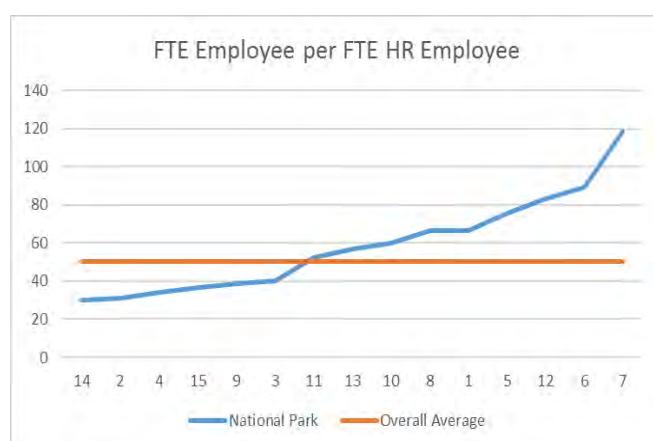
6.3 Similar disparity is shown by the related costs of the HR function.

### HR cost per FTE staff member

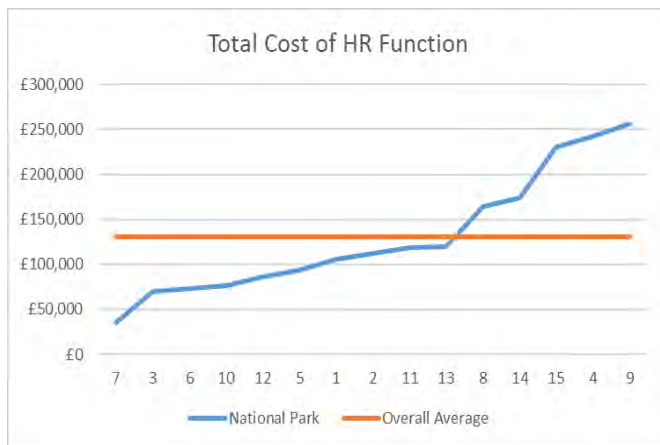
Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
£328	£1156	£2907	£1062	£944	£2097	£1156

6.4 The lowest FTE/HR staff ratio also equates to the lowest value £328 cost per employee; however at the high end, the significance is likely explained through a corporate training cost being shown within the 2015/16 accounts and which represents some 38% of the total HR costs.

6.5 It would appear that this is an area which National Parks might consider as an area for further review, either from a view of asking is more investment needed or are there cost savings here through taking a different approach?

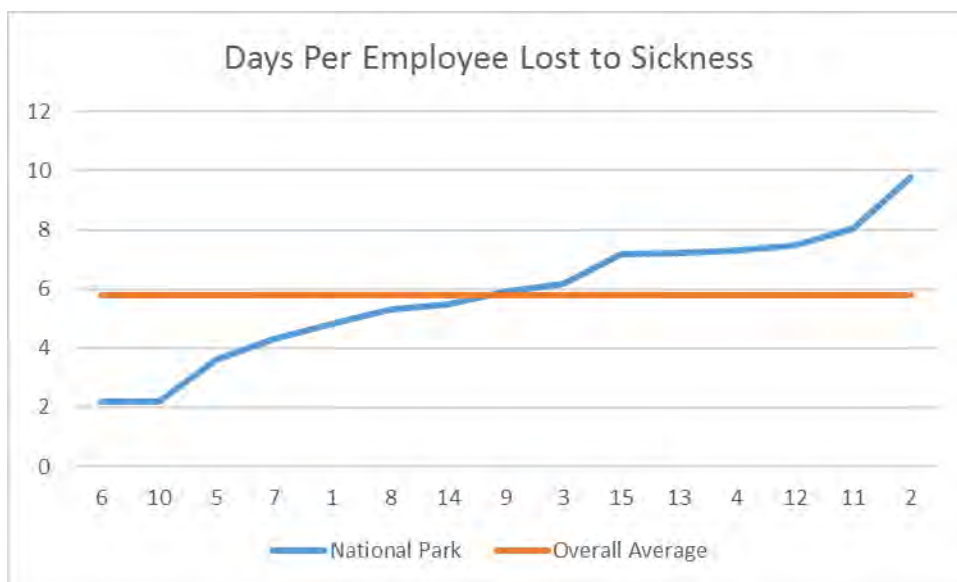


6.6 Accordingly total costs of HR are seen to vary considerably with some National Parks investing over five times the amount incurred by others, whilst the number of staff that are being supported is the significant contributing feature, there is perhaps potential for some to consider whether cost reduction is possible in this area.



6.7 In smaller organisations, the effective management of sickness absence represents an important feature in terms of achieving objectives at both a strategic and operational level. The experience of the National Parks is varied with results ranging from 2.2 to 9.78 days being lost to sickness as an average per employee in 2015/16 – this includes both long and short term outcomes.

6.8 The average for all National Parks in 2015/16 is 5.8 days which compares favourably with national averages which reflect 5.7 days per employee (2014\*) being lost to sickness and those within the NHS which reflect 9.8 days in 2013\*\*.



Source: \* <http://www.personneltoday.com/hr/sickness-absence-rates-and-costs-revealed-in-uks-largest-survey/>

\*\* <http://content.digital.nhs.uk/staffsicknesspr>



## 7. Information Technology

7.1 The total cost of the IT departments across the National Parks can be seen to be wide-ranging, with the largest investment being £653,000 in 2015/16, almost three times that of the lowest at the lowest figure was £183,000. It is apparent that there is a direct link between the total cost and the number of FTE in the IT department, an exception to this was in respect to the highest total cost figure where only 1 FTE was employed in the IT department however the Authority did outsource IT provision to the value of £195,000.

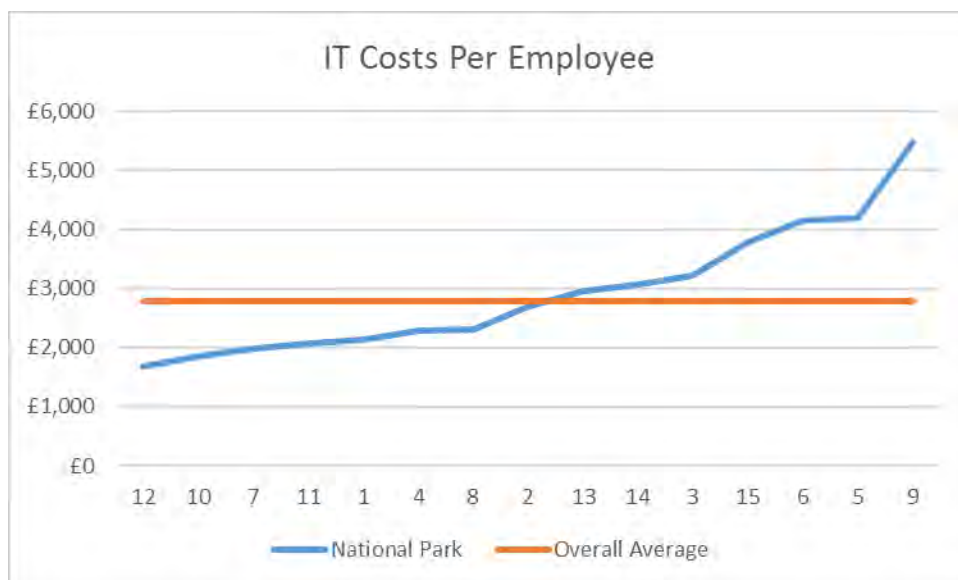
7.2 Eight of the fifteen National Parks outsource some form the IT with costs ranging to the above figure of £195,000; two Parks use shared services with other local Authorities. Total sector IT costs were analysed into staff costs of £3,584,000 and Software, Hardware and Maintenance costs totalling £1,134,672 across the 15 National Parks; giving an average spend of approximately £249,000 per annum on staff costs and £75,000 on non-pay per Authority. The biggest contributing factor to non-pay costs relates to maintenance and support.

### IT as a % of income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
2.48%	3.91%	5.90%	3.85%	3.64%	4.69%	3.91%

### IT costs per employee

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
1688	2787	5464	2825	2226	3561	2787



7.3 The IT costs per employee vary greatly, which may reflect simply an in year event and would be of more significance if it reflected a year on year trend. At best, this may indicate the ability or willingness of National Parks to invest in technology in order support the delivery of services however the continuing pressure on public sector resources may indicate that some who are spending below the sector average on technology see advancing the use of technology as a lesser priority.

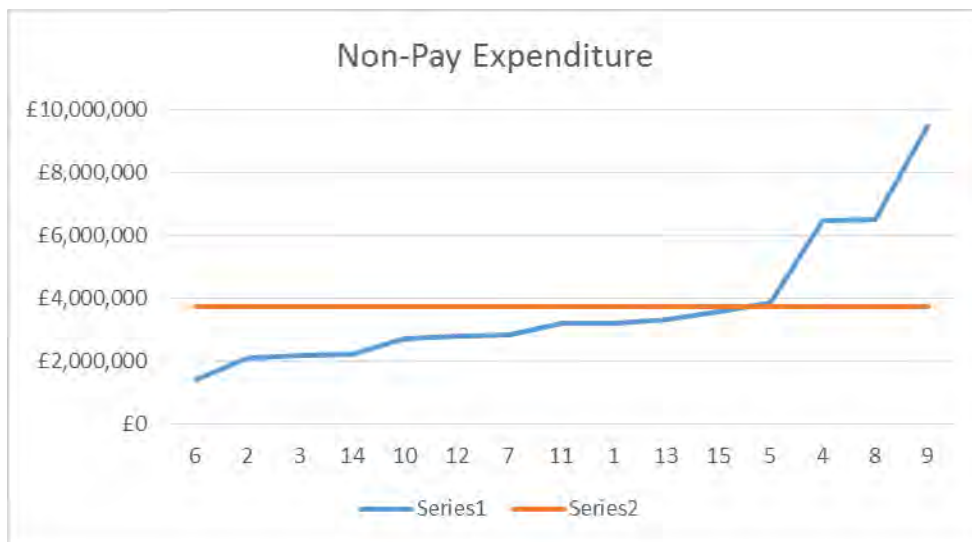
## 8. Procurement

8.1 The combined non-pay expenditure of the National Parks family is £55.8 million, with an average spend of £3.72m per Authority. Opportunities therefore for significant savings are likely to be limited particularly with those Authorities whose non-pay spend includes local partnerships (outsourcing arrangements) .

8.2 As a result, not surprisingly perhaps, only four of the fifteen National Parks have stated that they have an In-House Procurement Function with two other allocating specific resources to purchasing. In these six Authorities, there is an average cost of £13,816 and with at most a single member of staff being employed within this discipline. Those Authorities investing in this area are for the most part those with greater non-pay spend.

8.3 In other sectors the use of frameworks is common, and where there are similar characteristics, such as those within the Community Interest Company sector, there is increasing co-operation regarding purchasing and therefore potential gains from cost sharing through the availability of expertise. It is anticipated that such co-operation maybe more likely to be beneficial where Authorities have existing arrangements for cost/service sharing, where significant common areas of spend exist (perhaps technology) or there is geographic convenience.

### Non-pay spend



8.4 Interestingly with the average non pay spend being a little over £3.7m per annum, only three Authorities spend significantly in excess of the average with these being recognised as the larger members of the National Parks family and where the ability to generate income allows a different investment capability.

8.5 Analysis of these figures shows that the Authority with non-pay expenditure exceeding £9m should be considered an outlier as this contains a significant cost associated with the outsourcing of the administration of planning applications.

## 9. Estates

9.1 The total cost of the estates function is £3,429,307 for the 13 Authorities providing information in this area with 607 Properties being managed.

9.2 Total Building Maintenance costs for 2015/16 is £904,711 giving an average cost of maintenance per Authority of £64,600 and per building as being £1,490. In terms of staff 51 FTE employees work within the Estates function with approximately two thirds being office based.

9.3 There are therefore 17 staff being employed across all Parks on the maintenance function, which likely indicates that most maintenance is being undertaken by external contractors.

## 10. Communications

10.1 The number of communication staff employed directly by the National Parks, ranges from 0.4 to 7.6. In two respects there is correlation in this area with other characteristics in so far as those Parks with greatest area and those with highest non-grant income are those who appear to invest most in communications.

### KM<sup>2</sup> per Communication Staff

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
55	691	2622	450	308	627	448

### Communications as % of income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
0.21%	2.60%	4.99%	2.14%	3.58%	3.94%	2.60%

10.2 Expenditure on communications does vary considerably across the National Park family, with ten times as much being spent by those investing most in this area by comparison to those investing least.



## 11. Legal Costs

11.1 The cost of legal services across the National Parks totals £1,414,772 which equates to an average of £94,318 per Authority. The approach to the provision of legal services is reasonably equally split between in-house and outsourced sources.

11.2 Outsourced Services account for £668,469 (46%) of total costs with in-house costs being £764,259 (54%) of costs in this area in 2015/16. It is likely that those services being outsourced reflect matters of a complex or technical nature with in-house teams focusing on more routine operational activity.

11.3 Six Authorities outsource legal services entirely.

11.4 With regard to the others most Authorities employ a permanent legal staff member with a number also having an administrative assistant. There is a tendency for larger Authorities to show a preference or be able to fund and maintain an in-house provision.

### Legal Costs as % of income

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
0.28%	1.17%	2.06%	1.20%	0.81%	1.73%	1.17%

### % legal services outsourced

Low	Mean	High	Ave England	Ave Wales	Ave Scotland	Ave Sector
0.00%	46.7%	100%	43.1%	70.7%	38.5%	46.7%



# Appendix A - Survey Results and conclusions

## Headline analysis

Analysis	1	2	3	4	5	6	7	8	9	10	AVERAGE ENGLAND	11	12	13	AVERAGE WALES	14	15	AVERAGE SCOTLAND	OVERALL AVERAGE
<b>Statistics</b>																			
KM2 per FTE	2.31	12.61	11.53	11.64	7.54	18.09	13.45	6.98	13.39	14.68	10.53	12.83	4.91	18.76	11.92	75.47	14.02	33.12	13.39
Grant Income KM2	23290	4067	5822	2920	10694	5440	4404	6846	8351	2655	5579	3602	7816	2931	3883	1190	3983	2005	4264
Non grant income as a % of income	34.26	14.13	12.96	36.84	9.29	6.78	26.08	18.28	8.81	22.10	20.06	24.99	23.86	24.08	24.29	12.02	12.98	12.58	19.89
Total income per KM2	35426	4737	6689	4622	11788	5835	5959	8377	9158	3409	6979	4802	10265	3860	5129	1352	4577	2293	5322
Salaries as a % of income	56.66	60.94	50.40	54.97	38.15	31.48	35.28	56.53	26.16	56.07	45.07	45.07	58.00	56.99	53.63	41.42	57.86	50.99	47.35
Costs per Km2	23825	5082	6559	5277	11235	3185	4082	9249	8279	3462	6356	4540	10497	3751	5021	1054	4568	2079	4908
<b>Governance</b>																			
Number of members	21	19	22	20	22	18	20	30	28	22	22.2	24	18	18	20	19	17	18	21.2
KM2 per Board Member	14	50	31	118	26	58	72	48	57	80	55	56	34	119	68	238	110	178	71
Allowances Per Member	1885	2169	3227	3475	2413	2167	2789	2710	4179	4205	2973	4077	3778	4340	4066	8600	10232	9371	3903
Governance as a % of income	0.65%	5.44%	1.92%	2.30%	1.78%	1.63%	0.85%	3.81%	2.72%	5.60%	2.52%	8.44%	3.74%	1.26%	4.21%	3.99%	1.17%	4.36%	2.80%
<b>Outsourcing</b>																			
Outsourcing as a % of income	1.4%	1.6%	1.8%	0.1%	2.6%	0.9%	1.4%	0.1%	27.3%	0.0%	5.5%	0.3%	2.1%	8.2%	3.9%	2.4%	5.6%	4.3%	5.1%
<b>Finance</b>																			
Cost of finance as a % of income	1.8%	2.6%	1.7%	2.4%	1.9%	2.6%	1.7%	1.7%	2.3%	1.9%	2.1%	2.1%	1.7%	1.9%	1.9%	2.0%	2.2%	2.1%	2.0%
No of Finance Staff	4.4	3.5	2.0	6.4	2.5	4.0	1.9	5.3	1.0	2.6	3.4	2.9	3.5	3.9	3.4	3.0	3.9	3.4	3.4
External audit fee	13944	11807	11700	18000	13280	12000	12016	14275	14000	12300	13332	47000	39000	43797	43266	10700	10200	10450	18935
<b>Human Resources</b>																			
HR cost per FTE	807	1480	1167	1192	1242	1259	328	797	2142	633	1062	1132	688	1052	944	2907	1732	2097	1156
Total FTE to HR FTE	67	31	40	34	76	89	119	66	39	60	51	53	83	57	63	30	37	34	50
<b>Technology</b>																			
IT as a % of income	2.61%	4.54%	4.17%	4.25%	4.71%	3.94%	2.48%	3.95%	4.46%	3.72%	3.85%	3.37%	3.35%	4.08%	3.64%	3.01%	5.90%	4.69%	3.91%
IT costs per employee	2138	2709	3217	2286	4188	4155	1984	2311	5464	1863	2825	2073	1688	2956	2226	3067	3785	3561	2787
<b>Communications</b>																			
KM2 per Communication Staff	55	367	1153	311	184	2622	2354	549	0	441	450	449	205	293	308	1132	301	627	448
Communications as % of income	2.47%	3.01%	0.86%	3.39%	2.97%	0.83%	0.21%	1.53%	2.87%	2.22%	2.14%	1.76%	3.59%	4.99%	3.58%	4.88%	3.10%	3.84%	2.60%
<b>Legal</b>																			
Legal costs as % income	1.49%	2.06%	1.30%	0.93%	0.85%	0.88%	0.91%	2.21%	0.28%	1.83%	1.20%	1.51%	0.51%	0.50%	0.81%	0.75%	2.06%	1.73%	1.17%
% legal services outsourced	75.6	16.7	100.0	18.9	7.0	100.0	100.0	16.4	100.0	1.8	43.1	81.6	100.0	4.1	70.7	100.0	22.1	38.5	46.7

## Appendix B – Survey Results

### National comparators

Analysis	AVERAGE ENGLAND	AVERAGE WALES	AVERAGE SCOTLAND	OVERALL AVERAGE
<b>Statistics</b>				
KM2 per FTE	10.53	11.92	33.12	13.39
Grant Income KM2	£5579	£3883	£2005	£4264
Non grant income as % of income	20.05	24.29	12.58	19.89
Total income per KM2	£6979	£5129	£2293	£5322
Salaries as a % of income	45	54	51	47
Costs per Km2	£6356	£5021	£2079	£4908
<b>Governance</b>				
Number of members	22	20	18	21
KM2 per Board Member	55	68	178	71
Allowances Per Member	£2973	£4066	£9371	3903
Governance as a % of income	2.52%	4.21%	4.36%	2.80%
<b>Outsourcing</b>				
Outsourcing as a % of income	5.51%	3.94%	4.25%	5.09%
<b>Finance</b>				
Cost of finance as a % of income	2.1%	1.9%	2.1%	2.0%
No of Finance Staff	3.4	3.4	3.4	3.4
External audit fee	£13332	£43266	£10450	£18935
<b>Human Resources</b>				
HR cost per FTE	£1062	£944	£2097	£1156
Total FTE to HR FTE	51.21	62.55	34.46	50.28
<b>Technology</b>				
IT as a % of income	3.8%	3.6%	4.7%	3.9%
IT costs per employee	£2825	£2226	£3561	£2787
<b>Communications</b>				
KM2 per Communication Staff	450	308	627	448
Communications as % of income	2.14%	3.58%	3.84%	2.60%
<b>Legal</b>				
Legal costs as % income	1.2%	0.8%	1.7%	1.2%
% legal services outsourced	43%	71%	39%	47%

Appendix C – The questionnaire used as a basis for the study

1. Size of Park (sq Kilometres)

2. What is your current head count of the organisation (FTE)?

3. What was your total income for the year from Park Grant and Levy, Grants and other Contributions?

£

4. A) What was your total income from Fees, Charges and Other Services?

£

4. B) Please list the five key sources of income within this category

Source	£

5. What was your expenditure on employees' salaries for the last financial year?

£

6. Total expenditure?

£

7. What was your expenditure on third parties (outsourcing) in the last financial year?

Contract	£



8. How many Local Authority areas does the National Park cover?

**Governance**

9. A) How many members are on the NPA Board?

9. B) What was the total cost of member's allowances in 2015/16?

 £

10. Which Committees does the NPA administer in supporting the Board to fulfil its role and how many members attend?

Committee	✓	M		✓	M		✓	M		✓	M
Audit			Risk			Audit and Risk			Remuneration		
Audit & Scrutiny			Performance			Grants			Planning		
Standards			Urgent Business			Governance			Policy and Prog.		

Note: If others Committees please specify

11. How many staff is engaged in supporting Board Governance and at what cost?

FTE's		Cost	£
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12. Does the NPA webcast its meetings?

Yes		No	
-----	--	----	--

13. Welsh Language Act – if this applies do you incur translation costs?

Yes/No		Cost	£
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14. Please indicate the Senior Management structure

CEO		Directors		Monitoring Officers		Heads of Dept	
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15. What is the composition of the Senior Management Team?

16. How often does it meet?

17. What is the cost of Democratic Representation?

 £

18. A) How many posts provided the Financial Service (FTE) in the last financial year?

18. B) What was the cost of the above staff?

 £

19. What was the total cost of the finance function for the last financial year (excluding Insurance)?

£

20. What % of the finance staff is professionally qualified?

21. How regularly is financial management accounts information prepared?

Board		SMT		Other	
-------	--	-----	--	-------	--

22. Where any key financial functions outsourced? If others please specify.

Service	Cost
Payroll	£
Treasury Management	£

23. What was the cost of external audit?

Finance Audit fee	£	Performance Audit	£	Additional Work	£
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24. What was the total cost of the HR function in the last financial year?

£

25. How many posts were included in the HR function (FTE)?

26. Is any HR specialist advice outsourced?

Service	Cost
Legal	£
Health and Safety	£
Training	£

27. What was the average absence days per FTE lost to sickness for the NPA in the last financial year?

28. What was the total cost of the IT function?

£

29. How many FTE staff is working in IT?

30. Is any of the IT requirement outsourced?

Service	Cost £

31. Can you estimate the total IT costs in 2015/16 in relation to:

Software	£
Hardware	£
Maintenance	£

32. Is there a dedicated in-house procurement function?

Yes		No	
-----	--	----	--

33. What is the cost of the procurement function?

£

34. How many staff (FTE) in the procurement function?

35. What is the cost of Estates function?

£

36. How many properties are maintained/ managed?

37. How many posts provided the estates management function (FTE)?

Staff	No	Expenditure
Office based		£
Estate based		£

38. What is the cost of building maintenance?

£

39. What is the cost of the Communications function (note 7)?

£

40. What is the number of communication staff (FTE)?

41. Cost of legal services?

£

42. What does the legal cost above comprise of?

In house staff	£
Outsourced services	£

43. How many in-house staff is employed in-house (FTE)?

	FTE's	Cost
Professional		£
Administration		£

#### Notes to the questionnaire

1. Where interpretation is required please remember the focus of the exercise is on back office costs.
2. Where possible we have used the definitions contained within the CIPFA Standard budget matrix.
3. Finance definition: As line SUP7 – anticipated to include all salaries and other costs relating to provision of the finance function.
4. HR definition – As line SUP15 – anticipated to include all human resources salary costs, health and safety and staff training.
5. IT Services definition – As line SUP8.
6. A) Estates (relates to management of NPA properties as line SUP10)  
B) Cost of building maintenance – As line SUP12.
7. Communications – Please estimate expenditure related to internal and external communication costs; include salaries, outsourced support/agency arrangements and associated costs of printed communications, website, use of social media and related promotional activities, where this information is available.

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MCH House  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0PZ  
T: 01634 334697

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