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Relationship Manager's Annual Letter
(incorporating the Appointed Auditor's
Annual Letter)

**Brecon Beacons National Park
Authority**

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Status of this report

This report has been prepared for the internal use of the named body. Our reports are prepared:

- In relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit and Inspection Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.
- In relation to inspection, following inspection work carried out under the Local Government Act 1999, as amended by the Public Audit (Wales) Act 2004, and in accordance with guidance issued by the National Assembly for Wales.

Reports are prepared by the staff of the Wales Audit Office and appointed auditors, and addressed to non-executive directors/members or officers including those designated as accounting or accountable officers. They are prepared for the sole use of the named body, and no responsibility is taken by the Wales Audit Office or appointed auditors to any director/member or officer in their individual capacity, or to any third party.

Summary and recommendations

1. This Relationship Manager's Annual Letter (RMAL) sets out the key messages from work undertaken in 2005/2006 up to the point of the production of this letter by:
 - the Appointed Auditor under the Code of Audit and Inspection Practice; and
 - the Relationship Manager (RM) under the Auditor General's inspection powers.
2. The letter includes a summary of audit and inspection work and progress against improvement plans and draws on published reports of other inspectorates to provide an annual summary to the Authority. The work planned for the year was set out in the Regulatory Plan 2005/2006 and more detail on the specific aspects of the work undertaken can be found in the separate reports that have been issued during the year.
3. This RMAL has been prepared by the Relationship Manager and the Appointed Auditor. The letter will be provided to all Members in early December 2006 and will be presented to the Authority early in 2007.

Key Messages

Key messages
The Authority's 2005/2006 Financial Statements present fairly its financial position.
The Authority has effective financial management arrangements in place although some creditor payments controls need to be improved and as reported last year, business continuity plans and disaster recovery plans need to be reviewed and tested.
The Authority has a good record of meeting its revenue budget. The Authority has reduced its high level of financial reserves to a more suitable level. The impact of the Pension Fund deficit needs to be monitored.
We are satisfied as to the existence of the overall arrangements that the Authority had in place during 2005/2006 to properly support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. The Authority is improving its corporate objectives but has yet to improve the arrangements for calculating performance information.
The Authority is developing its performance management framework and further improvements are planned. The accuracy of the Authority's performance indicators (PIs) is poor and must be improved.
The Authority has effective Communications arrangements in place although there is scope to improve consistency and co-ordination.
The Authority has made some progress improving its Planning service. The Authority is close to adopting its UDP but without more staff stability and flexibility it will be difficult for the Authority to make any significant impact on the current poor level of performance in its speed of determining planning applications.

Recommendations on referral to Wales Audit Office/ Welsh Assembly Government

4. The Appointed Auditor is required each year to recommend whether, on the basis of audit work undertaken, the Wales Audit Office should carry out a Best Value Inspection of the Authority or whether the Welsh Assembly Government should recommend a course of action, referred to as 'a direction' under Section 15 of the Local Government Act 1999. On the basis of audit work undertaken:
- we do not recommend that the Wales Audit Office should carry out a Best Value Inspection of Brecon Beacons National Park Authority under section 10 of the Local Government Act 1999; and
 - we do not recommend that the Welsh Assembly Government should give a direction under Section 15 of the Local Government Act 1999.

Other recommendations under the Local Government Act 1999

5. We have however made a number of statutory recommendations for improvement as set out below. The Authority must formally respond to these statutory recommendations.

Statutory Recommendations	
R1	The Authority should review the 2005/2006 efficiency gains to ensure that they comply with the guidance issued by the Welsh Assembly Government.
R2	Corporate Management Team (CMT) and Members need to continue to develop the corporate objectives to ensure that they reflect the priorities of stakeholders, are clear and include measurable targets and outcomes.
R3	The Authority needs to review the performance monitoring arrangements for Members to ensure that they are effective.
R4	CMT needs to ensure performance measures such 'local' PIs and targets are developed to enable the performance of all services to be measured. Where possible, these local PIs need to be aligned to those in other Park Authorities and improved benchmarking arrangements established.
R5	Those officers responsible for PI data must ensure that the systems used to compile PIs, targets and other management information produce accurate information to enable performance to be monitored. This data must then be accurately reported in the Improvement Plan.

Financial Audit

The Authority's 2005/2006 Financial Statements present fairly its financial position

6. The Financial Statements are an essential means by which the Authority accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The Code of Audit and Inspection Practice (the Code) identifies that it is the responsibility of the Authority to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions;
 - maintain proper accounting records; and
 - prepare financial statements in accordance with relevant requirements.
7. As auditors we are required to audit the financial statements and to issue an auditor's report which includes an opinion on whether the financial statements present fairly the state of affairs of the Authority, have been prepared properly in accordance with relevant legislation, directions or regulations and applicable accounting standards and that its expenditure has been lawfully applied.
8. Our financial audit work covers the following areas:
 - financial systems;
 - financial management;
 - financial health; and
 - financial statements.

The Authority's significant financial systems can be relied upon to produce materially correct outputs

9. Our review of the Authority's financial systems has involved documenting the significant financial systems and where necessary testing the internal controls. We have concluded that the Authority's significant financial systems can be relied upon to produce materially correct outputs.

The Authority has effective financial management arrangements in place although some creditor payments controls need to be improved and as reported last year, business continuity plans and disaster recovery plans need to be reviewed and tested

-
10. To demonstrate financial stewardship the Authority needs to ensure effective financial management including:
 - effective internal financial controls such as robust standing orders and financial regulations, strong budgetary control and effective Internal Audit;
 - recognised standards of financial conduct;
 - appropriate arrangements to ensure that the Authority only enters into transactions where there is specific legal provision for it to do so; and
 - effective arrangements to prevent and detect fraud and corruption.
 11. Our review of these areas identified that:
 - the arrangements to maintain the systems of internal control were found to be effective although:
 - the creditor payments signatory list is out of date and some creditor payments we sample tested were not supported by purchase orders as required by the financial regulations; and
 - business continuity plans and disaster recovery plans need to be reviewed and tested.
 - as in previous years, Internal Audit has met the required professional standards and our planned reliance on their work has therefore been possible;
 - the arrangements for ensuring that the Authority only enters into transactions where there is specific provision for it to do so were found to be in place and had continued to operate effectively; and
 - as in previous years, the ethical framework of the Authority was found to be operating effectively together with the arrangements for preventing and detecting fraud and corruption as evidenced by both the anti-fraud and corruption strategy and whistle blowing policy that are in place. To improve controls the Authority needs update its Anti-Fraud & Corruption Policy.
 12. We have therefore concluded that effective financial management arrangements are in place although there are some areas for improvement.

The Authority has a good record of meeting its revenue budget. The Authority has reduced its high level of financial reserves to a more suitable level. The impact of the Pension Fund deficit needs to be monitored

13. We are responsible for assessing whether the Authority has put in place adequate arrangements to monitor, control and report on its financial standing. Our audit was based on a review of the following areas:
 - setting a balanced revenue budget and capital programme;
 - financial monitoring and reporting;
 - meeting financial targets; and
 - financial reserves.

The Authority has established a balanced budget

14. We have examined budget reports and procedures and we are satisfied that suitable arrangements are in place and that the Authority's revenue and capital budgets cover all relevant areas of income and expenditure and are based on realistic assumptions.
15. We are satisfied that the Authority has in place sound arrangements for financial monitoring and reporting that should ensure that any potential material misstatements and variances will be identified.

The Authority has a good record of meeting its financial targets

16. The Authority has a good track record of operating within its revenue budget and this continued in 2005/2006. The most recent budget monitoring reports identify that the Authority is again on target to achieve its budget in 2006/2007.

The Authority has reduced its high level of financial reserves to a more suitable level. The impact of the Pension Fund deficit needs to be monitored

17. Last year we reported that cash-backed reserves were high at £752,000. Members and officers continue to review reserves annually to ensure that the reason they were established remains valid and the amount reserved is based on realistic assumptions of need. Exhibit 1 identifies that as at 31 March 2006 the Authority's cash-backed reserved had been reduced to a more reasonable £517,000.

Exhibit 1: Brecon Beacons National Park Authority's cash-backed reserves 2004/2005 – 2005/2006

	2004/2005 £'000	2005/2006 £'000
Revenue Earmarked	3	17
General	749	500
Total	752	517

Source: BBNPA Audited Accounts 2005/2006

18. As set out in Exhibit 2, the Actuary identified at the end of 2005/2006 a deficit of £3.7 million (using the methodology set out in Financial Reporting Standard (FRS) 17) which is broadly in line with 2004/2005. As reported last year, the employer's contribution rate has increased and the long-term aim is to achieve a fully funded position over a 20 year period. As this will impact on future revenue expenditure it will require careful planning and continued monitoring.

Exhibit 2: Brecon Beacons National Park Authority's pension fund valuation

	2004/2005 £'000	2005/2006 £'000
Market value of assets	5,150	6,450
Estimated liabilities	(8,560)	(10,140)
Net liability	(3,410)	(3,690)

Source: BBNPA Audited Accounts 2005/2006

We have issued an unqualified opinion on the Authority's 2005/2006 financial statements

19. International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of our accounts audit. Our report *Audit of the Financial Statements – reporting to those charged with governance* was presented to the Authority on 12 October 2006. A summary of our findings is set out in Exhibit 3.

Exhibit 3: ISA 260 reporting requirements

Reporting requirement	Auditor's response
Modifications to the auditor's report.	No modifications to the auditor's report.
Unadjusted misstatements.	There were no unadjusted misstatements. Some adjustments were corrected following our audit although these were not material.
Material weaknesses in the accounting and internal control systems identified during the audit.	No matters arose.
Views about the qualitative aspects of the entity's accounting practices and financial reporting.	No matters arose.
Matters specifically required by other auditing standards to be communicated to those charged with governance.	No matters arose.
Any other relevant matters relating to the audit.	No matters arose.

20. On 25 October 2006 we issued an unqualified auditor's report on the Financial Statements. The quality of the financial statements and working papers has improved compared to last year and the earlier closure deadline was achieved.
21. Our Grant Claims and Returns work including the Whole of Government Accounts return has not identified any significant issues. We continue to work with officers to improve arrangements and reduce audit fees.

Performance Audit and Inspection

Performance Audit

22. In this part of our Audit Letter we comment on the outcome of our work undertaken during the year including:
- the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources;
 - the Authority's performance management arrangements including the audits of the Improvement Plan, Performance Indicators and Performance Measurement Arrangements; and
 - carrying out targeted performance studies based on the significant risks identified above including follow up work as agreed in our Regulatory Plan.

We are satisfied as to the existence of the overall arrangements that the Authority had in place during 2005/2006 to properly support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. The Authority is improving its corporate objectives but has yet to improve the arrangements for calculating performance information

23. The Public Audit (Wales) Act 2004 requires auditors to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This requirement is reflected in the Auditor General's Code of Audit and Inspection Practice.
24. Our conclusion has been reached as part of our annual audit of the accounts including the examination of evidence that is relevant to the existence of the Authority's corporate performance management and financial management arrangements. The focus of the work for the purposes of the annual conclusion is on the evidenced existence of these arrangements themselves. As part of the conclusion we do not comment on the effectiveness of or provide assurance on the arrangements during the year. Our separate value for money work does consider where the arrangements or their operation could be improved. The results of such work carried out during 2005/2006 are set out elsewhere in this report. This latter work informs our conclusion on the existence of arrangements but is not essential to it.
25. The Auditor's Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources during 2005/2006 is set out in Appendix 1. The criteria used to assess this are set out in Appendix 2.

26. We have concluded that for 2005/2006 the Authority generally had robust arrangements in place to properly support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. We have however identified the following areas for improvement:
- the strategic objectives and supporting service objectives could be more measurable, more outcome based and better linked. The Authority has made improvements in 2006/2007; and
 - as set out in Exhibit 5 later in this Letter, the Authority's PI calculation arrangements are poor and need to be improved.
27. The detailed results of our assessment are summarised in Exhibit 4.

Exhibit 4: Assessment of proper arrangements for 2005/2006

Aspect	Arrangement	Yes or No
Strategic and operational objectives	Has the Authority put in place arrangements for establishing, reviewing and implementing its strategic and operational objectives?	Part
Meeting the needs of users and taxpayers	Has the Authority put in place arrangements to ensure that services meet the needs of users and taxpayers, and for engaging with the wider community?	Yes
Internal controls	Has the Authority put in place arrangements to ensure compliance with established policies, procedures, laws and regulations?	Yes
Risk management	Has the Authority put in place arrangements for identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and other forms of joint working or contracting?	Yes
Best value	Does the Authority have arrangements for ensuring compliance with the general duty of best value?	Yes
Resource management	Has the Authority put in place arrangements for managing its financial and other resources, including arrangements to safeguard its financial standing?	Yes
Reviewing performance	Does the Authority have arrangements in place to monitor and review performance, including arrangements to ensure data quality?	Part
Standards of conduct	Has the Authority ensured that its affairs are managed in accordance with proper standards of conduct and to prevent and detect fraud and corruption?	Yes
Overall conclusion	Has the Authority put in place proper arrangements to secure 'economy, efficiency and effectiveness' in its use of resources?	Yes

The Authority is developing its performance management framework and further improvements are planned. The accuracy of the Authority’s performance indicators is poor must be improved

- 28. Under the Local Government Act 1999 and subsequent guidance issued by the Welsh Assembly Government in Circular 28/2005, a statutory Improvement Plan must be published by 31 October.
- 29. We are required to audit the Improvement Plan in accordance with statutory requirements and guidance and to report our findings, including on the completion of the joint risk assessment, our audit of the Authority’s performance indicators and on its performance measurement arrangements.
- 30. Detailed responsibilities, the scope of our work and the audit certificate are set out in Appendix 3. The results of our audit are set out in Exhibit 5.

Exhibit 5: Performance Management

<p>Audit of the Improvement Plan</p>	<p>The Improvement Plan was published on time and complied with the guidance in Circular 28/2005</p> <p>The ‘Stage 1’ Improvement Plan compiled in May 2006 is a concise document which generally complies with the guidance. The Plan could have better set out the target and planned efficiency savings in monetary terms.</p> <p>At 21 pages, the Authority’s ‘Stage 2’ Improvement Plan is a concise document setting out the Authority’s corporate objectives and key actions for achieving them. As set out previously, there is scope to improve the corporate objectives in 2007.</p> <p>The Stage 2 Improvement Plan was published before the statutory deadline of 31 October 2006 and complies with the guidance.</p> <p>There appears to be some confusion over the definition of efficiency gains in the Improvement Plan – for example ‘Planning Fee increases’ of £35,000 (31% of the total efficiency gains) have been included. We will be auditing the Authority’s Efficiency Gains in 2007.</p>
<p>Joint Risk Assessment</p>	<p>The Authority has improved its risk management arrangements</p> <p>The Authority has Risk Management arrangements in place including a Risk Register and a Risk Management Strategy. Risk Management is also built into the Authority’s Balanced Scorecard.</p> <p>The Improvement Plan contains a Risk Mitigation Action Plan and the challenge for the Authority is to ensure that timescales for action are adhered to and the impact of the actions is evaluated.</p>

<p>Performance Management Arrangements</p>	<p>The Authority has improved its performance management arrangements but recognises the need for further development</p> <p>This year we have seen a number of key improvements to the Authority's performance management arrangements including:</p> <ul style="list-style-type: none"> • promoting ownership of the Improvement Plan by both internal and external stakeholders; • producing a shorter more focused Improvement Plan; • setting targets which are attainable yet challenging; and • further engaging Members in the performance management process. <p>The key areas for future development are:</p> <ul style="list-style-type: none"> • ensuring that the corporate objectives reflect the priorities of stakeholders, are clear and include measurable targets and quantifiable outcomes; • further enhancing the effectiveness of the members' role in performance management through ensuring that they receive the necessary training and support; and • ensuring the performance of all services are measured through PIs or other performance measures.
<p>Performance Indicators and Performance Measurement</p>	<p>The accuracy of the Authority's performance indicators is poor and arrangements must be improved</p> <p>In 2003/2004 we reported that 30% of the PIs sample tested in the Authority's Improvement Plan were either materially misstated or were unsupported. Last year we reported that this error rate has increased to 43% and we recommended:</p> <p><i>'As reported last year and the year before, CMT must allocate responsibility to specific officers for improving PI data quality. Those officers must ensure that the systems used to compile PIs, targets and other management information produce accurate information to enable performance to be monitored. This data must then be accurately reported in the Improvement Plan.'</i></p> <p>Little progress has been made this year. Our testing on the PIs and targets in this year's Improvement Plan identified:</p> <ul style="list-style-type: none"> • 12 of the 17 2005/2006 PIs we tested were materially misstated or were unsupported (71%); • 2 of the 2005/2006 Targets we tested were materially misstated or were unsupported (12%); and • 2 of the 2006/2007 Targets we tested were materially misstated or were unsupported (12%). <p>The detailed results are set out in Appendix 4. Again we recommend that CMT takes responsibility for ensuring that arrangements are improved.</p>

We have made five recommendations under the Local Government Act 1999

Statutory Recommendations	
R1	The Authority should review the 2005/2006 efficiency gains to ensure that they comply with the guidance issued by the Welsh Assembly Government.
R2	CMT and Members need to continue to develop the corporate objectives to ensure that they reflect the priorities of stakeholders, are clear and include measurable targets and outcomes.
R3	The Authority needs to review the performance monitoring arrangements for Members to ensure that they are effective.
R4	CMT needs to ensure performance measures such 'local' PIs and targets are developed to enable the performance of all services to be measured. Where possible, these local PIs need to be aligned to those in other Park Authorities and improved benchmarking arrangements established.
R5	Those officers responsible for PI data must ensure that the systems used to compile PIs, targets and other management information produce accurate information to enable performance to be monitored. This data must then be accurately reported in the Improvement Plan.

The Authority has effective Communications arrangements in place although there is scope to improve consistency and co-ordination

Key findings from Performance Audit work

- 31.** Exhibit 6 summarises the key findings from our performance audit work undertaken during the year.

Exhibit 6: Key findings from performance audit work

Study	Key findings
Communications	<p>The Authority has effective Communications arrangements in place although there is scope to improve consistency and co-ordination</p> <p>The Authority has adopted a strategic approach towards both internal and external communications through the development of a Communications Strategy which is supported by a detailed Action Plan. There is also good evidence of effective internal and external communication.</p> <p>The Authority has established a small communications and PR team to help co-ordinate corporate communications. The team is responsible for implementing and monitoring the communications action plan. The Communications officer regularly attends CMT and reports on progress against the Communications Action Plan.</p> <p>The Authority needs to develop a more co-ordinated and managed approach to communication to ensure that both communication practices and their quality are standardised and maintained across services. Arrangements for the performance management of communications also need to be more co-ordinated.</p> <p>We will be working with all three Welsh National Park Authorities during December 2006 to further improve arrangements and share good practice.</p>
Sustainability	<p>We are currently working with the three Welsh National Park Authorities during December 2006 to review sustainability arrangements and share good practice. We will update Members on progress when we present this Letter.</p>

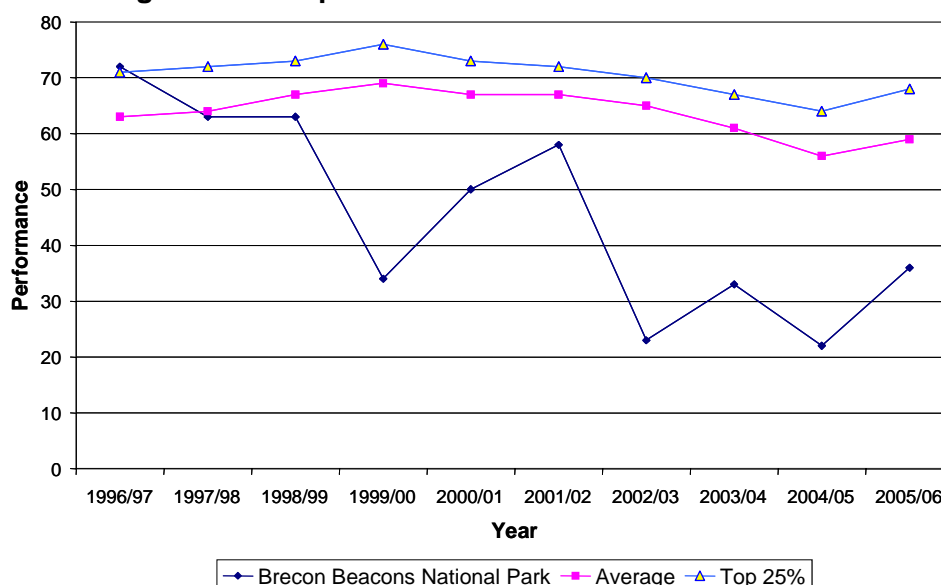
Performance Inspection

The Authority has made some progress improving its Planning service. The Authority is close to adopting its UDP but without more staff stability and flexibility it will be difficult for the Authority to make any significant impact on the current poor level of performance in its speed of determining planning applications

32. We reported our baseline assessment of the Planning Service in August 2005. In October 2006 we undertook a follow up review. The Authority has made progress in a number of areas in responding to our recommendations:
- a new development control electronic administration system has been installed. From April 2006 it has been possible to make planning applications on line and the public will be able to access the Authority's database on line from January 2007;
 - a new format for committee and delegated reports on planning applications has been introduced and the scheme of delegation improved;

- a monitoring officer has been appointed and the new development control organisational structure with two area team leaders implemented. New arrangements have been introduced for securing specialist advice; and
 - improved joint working is taking place with the other national park authorities.
33. In terms of the main outputs of the planning process, planning policy and determining planning applications, performance is mixed. The Authority has appointed a new planning policy officer and the Unitary Development Plan (UDP) is nearing the adoption stage. The post inspection modifications have been agreed and the Plan is compliant with the Strategic Environmental Assessment Regulations. There is an outstanding issue concerning sand and gravel extraction but once this is resolved with the Assembly the UDP can be adopted. This will mean that the Authority will have up to date planning policy to guide future development.
34. With regard to determining planning applications, the service's performance has improved slightly since the baseline assessment and the backlog of applications has been reduced. However, as set out in Exhibit 7, performance is well below the average performance of other local planning authorities in Wales.

Exhibit 7: Comparison of Brecon Beacons National Park Authority's performance in determining all planning applications in eight weeks with the average and the top 25% in Wales



Source: Welsh Assembly Government and BBNPA

35. Changes to the Authority's relatively small number of Planning staff tend to have a significant impact on performance. A development control officer left the Authority after our baseline assessment was carried out and one of the area team leaders has also left recently. Without more staff stability and greater flexibility in how they are used it will be difficult for the Authority to make any significant impact on the current level of performance.

Appendix 1

Auditor's report on the arrangements for securing economy, efficiency and effectiveness in its use of resources in 2005/2006

Conclusion on Brecon Beacons National Park Authority's arrangements for the year ended 31 March 2006 for securing economy, efficiency and effectiveness in its use of resources

The Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance. The Authority is also responsible for regularly reviewing the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I have a responsibility under Section 17(2) of the Public Audit Wales Act 2004 to conclude from my audit of the Authority's annual accounts whether I am satisfied as to the existence of the arrangements that it had in place during the year to properly support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. For the purposes of my work in this area, I have assessed 'proper arrangements' as principally comprising an organisation's corporate performance management and financial management arrangements, significant elements of which are defined in paragraph 48 of the Auditor General's Code of Audit and Inspection Practice.

I report if significant matters have come to my attention which prevents me from concluding that the Authority has made such proper arrangements. In carrying out my work, I have not considered whether the arrangements in place represent all those that could be in place. I am also not required to consider, nor have I considered as part of this aspect of my work, the effectiveness of the arrangements in place in securing value for money during the year under review.

Conclusion

The following conclusion has been based on, and limited to, work carried out as part of my audit of the 2005/2006 accounts to establish, in all significant respects, what arrangements the Authority had in place during the year to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources.

In carrying out my work, I have not considered whether the arrangements in place represent all those that could be in place. I am also not required to consider, nor have I considered, the effectiveness of the arrangements in place in securing value for money during the year under review.

Based on the Authority's statement of internal control and as a result of the work carried out, as described above as part of my audit of the 2005/2006 accounts, and all other information that I have considered to be relevant, I am satisfied as to the existence of the arrangements that the Authority had in place during the year to properly support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. Based on, and limited to the work carried out I have raised various issues with, and made recommendations to improve the Authority's arrangements. These matters are further discussed and explained in the Relationship Manager's Annual Letter.

Ceri Stradling

Appointed Auditor
29 November 2006

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Appendix 2

Criteria for assessing the Authority's arrangements during 2005/2006 for securing economy, efficiency and effectiveness in its use of resources

Corporate Performance Management and Financial Management Arrangements	Questions on arrangements
Establishing objectives, determining policy and making decisions	1. Has the Authority put in place arrangements for setting, reviewing and implementing its strategic and operational objectives?
Meeting needs of users and taxpayers	2. Has the Authority put in place channels of communication with service users and taxpayers, and are there monitoring arrangements to ensure that key messages about services are taken into account?
Compliance with established policies	3. Has the Authority put in place arrangements to maintain a sound system of internal control, including those for ensuring compliance with laws and regulations, and internal policies and procedures?
Managing operational and financial risks	4. Has the Authority put in place arrangements to manage its significant business risks?
Managing financial and other resources	5. Has the Authority put in place arrangements to evaluate and improve the value for money it achieves in its use of resources?
	6. Has the Authority put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities?
	7. Has the Authority put in place arrangements to ensure that its spending matches its available resources?
	8. Has the Authority put in place arrangements for managing and monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior management and the Authority?
	9. Has the Authority put in place arrangements for the management of its asset base?
Monitoring and reviewing performance	10. Has the Authority put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to the Authority?
	11. Has the Authority put in place arrangements to monitor the quality of its published performance information, and to report the results to Authority members?
Proper standards of conduct	12. Has the Authority put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business?

Appendix 3

Audit of the 2006/2007 Improvement Plan

Certificate

1. We certify that we have audited Brecon Beacons National Park Authority's Improvement Plan in accordance with Section 7 of the Local Government Act 1999 and the Auditor General's Code of Audit and Inspection Practice. We also had regard to supplementary guidance issued by the Welsh Assembly Government such as Circular 28/2005.

Respective responsibilities of the Authority and the auditors

2. Under the Local Government Act 1999 (the Act) the Authority is required to prepare and publish a Best Value Performance Plan summarising:
 - its assessments of performance; and
 - its position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
3. This was supplemented by further guidance on how the Wales Programme for Improvement (WPI) will be implemented under Sections 3, 5 and 6 of the Local Government Act 1999 as set out in the National Assembly for Wales circular 18/2002. Under this guidance, the statutory Best Value Performance Plan was been replaced by a statutory Improvement Plan (the Plan).
4. Welsh Assembly Government circular 28/2005 superseded circular 18/2002 and requires the Plan to be published no later than 31 October of the financial year to which it relates.
5. The Authority is responsible for the preparation of the Plan and for the information and assessments set out within it. The Authority's future work programme set out in the Plan should connect to the outcomes of the updated risk assessment. The Authority is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived and for ensuring that it provides sufficient capabilities and capacity needed to manage change and improvement. The form and content of the Plan are prescribed in Section 6 of the Act and the statutory guidance issued by the Welsh Assembly Government.
6. As the Authority's appointed auditors, we are required under Section 7 of the Act to carry out an audit of the Plan, to certify that we have done so, and:

- to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in Section 6 of the Act and statutory guidance and, where appropriate, recommending how the Plan should be amended so as to accord with statutory requirements; and
- to recommend:
 - where appropriate, procedures to be followed in relation to the Plan;
 - whether the Wales Audit Office should carry out an inspection of the Authority under Section 10 of the Local Government Act 1999;
 - whether the Welsh Assembly Government should give a direction under Section 15 of the Local Government Act 1999.

Examples include directing the Authority to amend its Plan, carry out a review of a specific function or hold a local inquiry. Details of all possible directions can be found in the LGA 1999.

Scope of the Improvement Plan audit

7. We planned and performed our work to obtain all the information and explanations that we considered necessary in order to report and make recommendations in accordance with Section 7 of the Act.
8. For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Assembly in the document *Wales Programme for Improvement: Guidance for Local Authorities* as being sufficient to meet the statutory requirements under Section 6 of the Act.
9. We are not required to form a view on the completeness or accuracy of the information or realism and achievement of the Plan published by the Authority. Our work therefore comprised a review and assessment of the Plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.
10. For the purpose of determining whether or not to make recommendations on procedures to be followed in relation to the Plan, our work included:
 - a review and assessment and, where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Authority for collecting and recording specified performance information; and
 - the testing of specific National Strategic Performance Indicators (PIs) selected on the basis of criteria set out by the Wales Audit Office.
11. The work we have carried out in order to report and make recommendations in accordance with Section 7 of the Act cannot be relied upon to identify all weaknesses or opportunities for improvement.
12. Many of the issues identified by this work as requiring further attention have already started to be addressed by the Authority. Others are currently being discussed with the Authority. There are, however, some areas for improvement as set out in this report.

13. We planned our work so as to collect sufficient evidence to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and the arrangements for publishing the Plan complied with the requirements of legislation and statutory guidance.

Appendix 4

Detailed matters arising from the testing of the performance indicators and targets in the 2006/2007 Improvement Plan

PI Ref	PI Description		2004/2005 PI	2005/2006 PI	2005/2006 Target	2006/2007 Target	Comment
CHR/001	The percentage of employees who leave the employment of the Local Authority.	Reported in the Improvement Plan	22.1%	18.2%	10%	10%	2005/2006 PI has not been calculated in accordance with LGDU guidance. PI material error.
		Correct PI/Target	22.1%	Unknown	10%	10%	
CHR/002	The number of working days lost to sickness per full time equivalent.	Reported in the Improvement Plan	15.6 days	6.3 days	7.44 days	7.44 days	2005/2006 PI has not been calculated in accordance with LGDU guidance. PI material error.
		Correct PI/Target	15.6 days	7.04 days	7.44 days	7.44 days	
CFH/002	Level of general financial reserves both earmarked and unallocated as a percentage of the annual budget requirement.	Reported in the Improvement Plan	No outcome	No outcome	No target set	4%	2006/2007 target has not been calculated in accordance with LGDU guidance. Target material error.
		Correct PI/Target	No outcome	No outcome	No target set	12.32%	

PI Ref	PI Description		2004/2005 PI	2005/2006 PI	2005/2006 Target	2006/2007 Target	Comment
PLA/002	The percentage of planning applications determined during the year that were approved.	Reported in the Improvement Plan	87%	79.4%	Upper Quartile	Upper Quartile	2005/2006 PI is incorrect. PI material error.
		Correct PI/Target	87%	89.3%	Upper Quartile	Upper Quartile	
PLA/004a)	The percentage of major planning applications determined during the year within 13 weeks.	Reported in the Improvement Plan	N/A	26.6%	50%	50%	2005/2006 PI is incorrect. PI material error. 2006/2007 target may not be realistic.
		Correct PI/Target	N/A	54.4%	50%	50%	
PLA 004b)	The percentage of minor planning applications determined during the year within 8 weeks.	Reported in the Improvement Plan	N/A	30.6%	60%	80%	2005/2006 PI is incorrect. PI material error. 2006/2007 target not realistic.
		Correct PI/Target	N/A	23.1%	60%	80%	
PLA 004c)	The percentage of householder planning applications determined during the year within 8 weeks.	Reported in the Improvement Plan	N/A	31%	80%	80%	2005/2006 PI is incorrect. PI material error. 2006/2007 target not realistic.
		Correct PI/Target	N/A	47.1%	80%	80%	

PI Ref	PI Description		2004/2005 PI	2005/2006 PI	2005/2006 Target	2006/2007 Target	Comment
PLA004 d)	The percentage of all other planning applications determined during the year within 8 weeks.	Reported in the Improvement Plan	N/A	40.6%	80%	80%	2005/2006 PI is incorrect. PI material error. 2006/2007 target not realistic.
		Correct PI/Target	N/A	24.8%	80%	80%	
BBHR 1	The percentage of employees from ethnic communities.	Reported in the Improvement Plan	2.27%	0.94%	2.27%	2.27%	2005/2006 PI not calculated in accordance with LGDU guidance. PI material error. 2006/2007 target unsupported.
		Correct PI/Target	2.27%	1.4%	2.27%	2.27%	
BBCPR2	Number of press releases/statements taken up by the media.	Reported in the Improvement Plan	50	77	35	40	2005/2006 PI incorrect. PI material error. 2006/2007 target unsupported.
		Correct PI/Target	50	81	35	40	
BBCPR7	Number of hits on website.	Reported in the Improvement Plan	3,316,934	3,316,934	250,000	250,000	2004/2005 and 2005/2006 PIs unsupported. 2006/2007 target unrealistic.
		Correct PI/Target	Unknown	Unknown	250,000	250,000	
BBINFO1	Increase in income at National Park Centre by 5% to £40,000.	Reported in the Improvement Plan	-8.5%	Increase by 5%	-19.9%	5% to £40,000	2005/2006 PI misstated. PI material error. The 2005/2006 target is misstated. Target material error. 2006/2007 target misstated.
		Correct PI/Target	-8.5%	-4%	Increase by 5%	Unknown	

PI Ref	PI Description		2004/2005 PI	2005/2006 PI	2005/2006 Target	2006/2007 Target	Comment
BBNPVC3	Increase operating surplus at tea rooms by 79% to £27,410.	Reported in the Improvement Plan	1248%	Increase by 5%	1248%	79% to £27,410	2005/2006 PI misstated. PI material error. 2005/2006 target is misstated. Target material error. 2006/2007 target misstated.
		Correct PI/Target	39%	11%	Increase by 5%	Unknown	
BBRTT1	Number of tourism businesses significantly engaged with by NPA.	Reported in the Improvement Plan	225	25	225	450	2005/2006 PI is misstated. PI material error. 2006/2007 target may be unrealistic.

Appendix 5


Audit and inspection fees

Your 2005/2006 audit and inspection fees were based on the risks identified and an assessment of the work needed to address those risks. The 2005/2006 expected fee is likely to be some £600 more than the planned fee in the Regulatory Plan as a result of additional work undertaken testing the Authority's Performance Indicators and Targets.

Audit and Inspection fees 2005/2006 (excluding VAT)

	2005/2006 planned (£)	2005/2006 expected (£)
Accounts	6,353	6,353
Performance Audit	13,871	14,471
Performance Inspection	8,046	8,046
Total	28,270	28,870

In addition to the fee above, we have or will be certifying a number of your government grant claims and returns for which we must charge the actual time taken to undertake the work at skill related fee rates. At this stage we estimate this work will cost approximately £900 plus VAT.



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