

NWIFCA Quarterly Meeting

6 December 2013: 11.00 a.m.

**AGENDA
ITEM NO.
12**

FINANCIAL REPORT

A. Purpose of Report

- To present the Budget Review to 31 October 2013
- To complete the annual review of Risk Assessment
- To complete the annual review of Effectiveness of Internal Audit
- To approve the Budget and Levy for 2014-15

B. Recommendations

- That the Budget Review to 31 October 2013 is approved
- That the Risk Assessment is reviewed and approved
- That the Effectiveness of Internal Audit is reviewed and approved
- That the Budget and Levy for 2014-15 is approved

Budget Review to 31 October 2013 (Annex A)

1. The statement for 7 months of the current financial year is attached (see Annex A).
2. Expenditure is well within budget, except for legal expenses incurred in defending action brought by a permit holder. These should be recovered by NWIFCA as costs have been awarded by the court.
3. There has been one incident involving PX06 YFS when a car drove into the back of the NWIFCA vehicle on 13 November causing very minor damage, if any. This is unlikely to result in any insurance claim.

Risk Assessment Review (Annex B)

The Risk Assessment covering general risks to the organisation and financial risks is at Annex B for review by the Authority. A minute to record that the Authority has reviewed and approved the Risk Assessment during the year ending 31 March 2014 is needed for audit purposes.

Review of Effectiveness of Internal Audit (Annex C)

The Review of Effectiveness of Internal Audit is Annex C. A minute recording review and approval by the Authority during the year ending 31 March 2014 is needed for audit purposes.

Budget and Levy for 2014-15 (Annex D and E)

After consideration of the Budget and Levy by the Finance Sub-Committee at 9.30 a.m. on 6 December 2013, NWIFCA are asked to record approval of the Budget and Levy for 2014-15. The 2% proposed increase is to raise finance for the new Patrol Vessel.

Finance Officer
22 November 2013

ANNEX A: BUDGET REVIEW TO 31 OCTOBER 2013**01 April - 31 October 2013**

	Annual Budget £	Year to Date Budget £	Year to Date Actual £	Better(+) or Worse(-) than Budget £
EXPENDITURE ON SERVICES				
Employees	868,481	498,471	441,405	57,066
Premises	52,400	35,616	34,301	1,315
Transport	275,016	133,751	118,023	15,728
Supplies/Services	69,550	42,184	40,452	1,732
Support Services	22,260	15,500	36,992	-21,492
Corporate/Democratic Core	17,300	12,460	12,231	229
Total Expenditure	1,305,007	737,982	683,404	54,578
INCOME				
Levy	1,164,007	1,164,007	1,164,007	0
Shellfish sampling	14,000	3,743	3,743	0
Miscellaneous Income	0	0	464	464
Byelaw 3 Permit Fees	124,000	85,550	85,550	0
Interest	3,000	2,202	2,202	0
Total Income	1,305,007	1,255,502	1,255,966	464
Operating Surplus/-Deficit				55,042

ANNEX B: REVIEW OF RISK ASSESSMENT

Part 1: Financial Risks to NWIFCA (H=High, M=Medium, L=Low)

	RISK IDENTIFIED		MANAGEMENT OF RISK	STAFF ACTION
Levy	Not submitted	L	Full Minute –FO follow up	Diary
	Not paid by council	L	Confirm receipt	Diary
	Adequacy of precept	H	Monthly review of budget to actual	Diary
Other Income	Cash handling & banking	L	Avoid cash handling– income comes as cheques or BACS	Review annually
	Sampling income	L	Check sampling records to invoices	FO verify
Grants	Claim/Receive when due	M	FO check claims procedure as required	Diary
Funding for Vessel	Need large extra levy or source of income	H	Levy 2% increases for 5 years proposed to build funding into annual budget	Review annually
Permit Fees	Unreliable source of income in first years	H	Keep in reserves for first year. Budget on items which can be cut back in future.	Review annually
Investment Income	Receipt when due	L	FO check as required	Diary
	Surplus funds	L	Review levels and investment annually	Diary
Reserves-General	Adequacy	L	Consider at Budget setting. Keep minimum of 3 months running costs.	FO opinion
Reserves – Earmarked	Adequacy	L	Consider at Budget and review of final accounts	FO opinion
	Unidentified Earmarked or Contingent liability	L	Review minutes	FO/Authority view
Assets	Loss, Damage etc.	M	Annual inspection, update insurance and asset registers	Diary
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	Diary
Staff	Loss of key personnel	L	Assess & manage hours, health, stress, training, long term sick, early departure	FO/Personnel
	Fraud by staff	L	Fidelity Guarantee value appropriately set	Review annually
Loss	Consequential loss due to critical damage or third party performance	L	Review adequacy of insurance cover	Diary
Maintenance	Reduced value of assets or amenities-loss of performance	M	Annual maintenance inspection	Diary
Legal powers	Illegal activity or payment	M	Educate officers as to their legal powers	Diary
Financial Records	Inadequate records	L	FO check regularly + internal audit review advice followed	Diary
Minutes	Accurate and legal	L	Review at following meeting	Diary
Members interests	Conflict of interest	M	Declarations of interest at NWIFCA meetings minuted/standing orders	Diary
Salaries	Wrong salary/hours /rate paid	M	Check salary, hours and rate to contract. Internal Auditor checks.	FO to verify
	Wrong deductions-NI and Income Tax	M	Check to PAYE calculations. Internal Auditor checks.	FO to verify
Direct Costs and overhead expenses	Goods not supplied	M	Follow up on all orders	Approval check
	Invoice incorrectly calculated or recorded	L	Check arithmetic on Invoices and perform bank reconciliation on monthly basis	FO/ CEO to verify
	Cheque payable is excessive/wrong payee	M	2 Signatories initial Stub & Voucher	Approval check
VAT	VAT analysis incorrect	M	All items checked on Sage	FO verify
	VAT purchases/sales	L	Check Sage/quarterly VAT reconciliation	FO verify
	Claimed by time limits	M	Returns submitted by HMRC deadline	FO verify

Key: CEO Chief Executive Officer, FO Finance Officer, IFCO Inshore Fisheries & Conservation Officer

Part 2: General Risks to NWIFCA

	RISK IDENTIFIED	HIGH/ M /LOW	MANAGEMENT OF RISK	STAFF ACTION OR OTHER SUPPLIER
Carnforth Office	Loss or damage	L	Building Insurance through Landlord	Landlord/annual review
	Loss of contents	M	Contents insurance	Zurich Municipal/annual review
	Security of building	H	Alarm, monitoring, security camera	Securitec
Whitehaven Office	Loss or damage	L	Buildings Insurance	Zurich Municipal/annual review
	Loss of contents	M	Contents insurance	Zurich Municipal/annual review
Public Liability	Damage caused to third party by NWIFCA	M	Public Liability Insurance	Zurich Municipal, adequacy reviewed annually
Legal Action	Third party action against NWIFCA staff in course of duties	M	Libel and slander cover added to insurance	Zurich Municipal
	Legal action by permit holders	H	Keep rigorous, transparent and fair systems for permit issue	Clerk/Head of Enforcement
	Staff time lost in case preparation	H	Keep detailed records or any problems/Telephone recording	CEO/Clerk/Head of Enforcement
	Legal challenge to byelaws	M	Ensure good consultation and sound legal basis	CEO engage specialist legal advice
	Legal defence expenses incurred	M	Legal expenses cover added to insurance/inform insurer early	Zurich Municipal
Insurance Providers	Adequacy and robustness	L	Consider annually	Use national reputable insurers
Patrol Vessel and other marine vessels	Main patrol vessel increasingly old	H	Replacement urgent	Progress tenders and finance/Authority
	Lack of vessel cover for whole district	M	Use of large RIBS	Purchase of RIB for southern district
	Unexpected repairs	H	Reserve kept for repairs	FO
	Loss or damage	L	Adequate marine insurance	Gallagher Heath/annual review
Motor Vehicles	Loss, Damage etc.	M	Adequate insurance cover	Zurich Municipal/ review annually
	Risk or damage to third party property or individuals	M	Adequate insurance cover	Zurich Municipal/ review annually
	Maintenance	H	Regular checks by officers, regular servicing, extended warranties	IFCO officers and Motor Dealers
Staff	Injured in course of duties	M	Employer's Indemnity Insurance	Annual review of Zurich Municipal cover-FO
	Key personnel leave and service suffers	M	Ensure that records are well kept and work could be transferred to new staff	Good management and communications/CEO
	Staff threatened by fishers	H	Avoid lone working /call police to arrest/review protective clothing	Head of Enforcement
	Performance and adequacy for duties	M	Staff appraisal system in place and training offered where required	CEO/FO
Minutes of Authority Meetings	Proper documentation	L	Minutes promptly prepared, pages numbered and paginated, master copy kept in safekeeping	Clerk to the Authority
Members interests	Corruption or self interest	M	Declaration signed at each Authority meeting by anyone with a financial interest in an item – may not vote	Clerk to the Authority
Procedures to deal with public	Proper service and complaints handling not achieved	M	Procedures detailed in annual plan	CEO
Procedures for Authority meetings	Inadequate safeguards	L	Standing orders in place to regulate meetings	CEO/ Clerk to the Authority

Key: CEO Chief Executive Officer, FO Finance Officer, IFCO Inshore Fisheries & Conservation Officer

ANNEX C: REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

Expected Standard	Question	Answer	North Western Inshore Fisheries & Conservation Authority Detail
Scope of Internal Audit	Does the internal audit sufficiently cover all aspects of the financial controls relevant to the Authority? Are terms of reference in place and approved?	Yes	Moore & Smalley LLP carry out full internal audit just after financial year end.
Independence	Is the Internal Auditor independent?	Yes	Chartered Accountants Moore & Smalley LLP of Lancaster carry out the internal audit for the Committee. In accordance with financial regulations, they have no other role within the Committee, they report in their own name to management, and they have direct access to the CE, FO and Clerk and any other staff or Committee members they require.
Competence	Is the Internal Auditor competent to carry out their work ethically, with integrity and objectivity?	Yes	Moore & Smalley are registered by the Institute of Chartered Accountants in England and Wales to carry out audit work. (Authorised and regulated by the Financial Services Authority.)
Relationships	Are the responsible officers (CEO, FO, Clerk) consulted in the internal audit plan?	Yes	FO will consult CEO and Clerk on the scope of internal audit. Responsibilities for officers and internal audit to be defined in relation to internal control, risk management and fraud and corruption matters.
Audit Planning and reporting	Is there a plan for when the internal audit will take place? Does the plan properly take account of risk?	Yes	Authority follows the external Auditors (BDO Stoy Hayward) recommendations and requirements. Internal Audit to take place April/May 2014. Risk assessment and Audit plan to be reviewed and approved at Authority meeting on 6 December 2013 and annually in the future..

ANNEX D:

NWIFCA BUDGET 2014-15

2% LEVY INCREASE TO FINANCE PATROL VESSEL

EXPENDITURE	2013-14	2014-15
Employees	£868,481	£876,237
Premises	£52,400	£52,850
Transport	£275,016	£285,600
Supplies & Services	£69,550	£61,300
Support Services	£22,260	£13,000
CDC	£17,300	£17,300
TOTAL EXPENDITURE	£1,305,007	£1,306,287

INCOME

7151 Levy 2% Increase	£1,164,007	£1,187,287
7251 Shellfish Sampling	£14,000	£15,000
7257 Permit Fees	£124,000	£100,000
7351 Interest	£3,000	£4,000
TOTAL INCOME	£1,305,007	£1,306,287

Surplus/Deficit Nil Nil

ANNEX E:

NWIFCA LEVY 2014-15

2% INCREASE TO FINANCE PATROL VESSEL

To Be Approved at NWIFCA Meeting 6 December 2013

Council	Levy 2314-15 2% increase	% of NWIFCA Total Levy	#DEFRA New Burdens Money	Levy 2013-14
Blackpool Borough Council	£19,590	1.65%		£19,206
Cheshire West and Chester Council	£86,672	7.30%	£84,131	£84,973
Cumbria County Council	£486,075	40.94%		£476,544
Halton Borough Council	£26,358	2.22%	£25,585	£25,841
Lancashire County Council	£393,467	33.14%	£201,857	£385,752
Liverpool City Council	£50,578	4.26%	£49,096	£49,587
Sefton Council	£60,433	5.09%	£13,859	£59,248
Wirral Metropolitan Borough Council	£64,114	5.40%	£17,259	£62,856
TOTAL	£1,187,287	100.00%	£391,787	£1,164,007

DEFRA new burdens funding paid to councils each year for 3 years,.

to be passed on to NWIFCA in Levy.

The amount was set at the extra payable to NWIFCA in Levy in the first year.

This amount does not increase over 3 years.

DEFRA is being lobbied to continue this funding beyond 2014-15.