

NWIFCA Annual Meeting
10th June 2016: 11.00 a.m.

AGENDA
ITEM NO.
7

FINANCIAL REPORT

A. Purpose of Report

- To present the Final Budget Review for the year ended 31st March 2016
- To present the Internal Audit Report, Internal Controls Review and Accounting Statement to 31st March 2016
- To give a brief financial report on the start of the year 2016-17

B. Recommendations

- The Budget Review for 2015-16 is approved
- The Internal Audit Report, Internal Controls Review and Accounting Statement to 31st March 2016 are approved
- The Financial Report is approved

1. Final Budget Review for the year ended 31 March 2016

- a) The budget review for the year 2015-16 is attached at Annex A.
- b) Income from shellfish sampling and byelaw 3 fees are down; low shellfish stocks in 2015-16 resulted in lower permit uptake and less environmental health monitoring.
- c) Miscellaneous income of £40,835 was an unexpected grant from DEFRA to fund extra science work to help IFCA's meet environmental assessment targets, and a new post was created.
- d) Working surplus is £133,406, plus £97,026 set aside from 2% levy increase to fund a new patrol vessel. A total of £230,432 goes into Reserves to be spent on the new patrol vessel; savings have been made wherever possible for this essential purpose.

2. Internal Audit Report, Internal Controls Review and Accounting Statement to 31st March 2016

- a) A Corporate Manager and Accounts Assistant from independent accountants Moore and Smalley LLP of Preston spent a whole day in the Carnforth office on 4th May 2016 carrying out the internal audit of NWIFCA and thoroughly checking all accounting records.
- b) Attached is their Internal Audit Report, Internal Controls Review and Accounting Statement to 31st March 2016:
 - i. Internal Audit Report is the result of testing of NWIFCA financial systems which were all found to be in order. A recommendation to add a formal annual review of the Risk Management Strategy to that of the Risk Assessment (already approved annually by the Authority at the December quarterly) will be implemented in the year 2016-17.
 - ii. Internal Controls Review found that NWIFCA had fully complied with a series of relevant procedures and objectives, as in the annual return in previous years.
 - iii. Accounting Statement to 31st March 2016 gives a summary of NWIFCA finances at 31st March 2016 in the format of final checked Annual Return figures as previous years.

- c) NWIFCA Bank Reconciliation for the Year Ended 31st March 2016 is also included at Annex B following this report. This has also been fully checked by Moore and Smalley LLP.

3. Financial Report on the start of 2016-17

- a) There has been no unusual expenditure so far in the current financial year 2016-17.

**Finance Officer
25 May 2016**

ANNEX A

North Western Inshore Fisheries and Conservation Authority (NWIFCA)
BUDGET REVIEW FOR 2015-16

FROM 1 APR 2015 – 31 MAR 2016	ANNUAL BUDGET	BUDGET TO DATE	ACTUAL TO DATE	BETTER+/WORSE-THAN BUDGET
	£	£	£	£
EXPENDITURE				
Employees	876,237	876,237	814,508	61,729
Premises	52,850	52,850	49,901	2,949
Transport 3151-3651	212,320	212,320	160,693	51,627
Vessel Purchase 3652 (<i>Transport</i>)	97,026	97,026	0	97,026
Supplies/Services	61,300	61,300	49,414	11,886
Corporate	30,300	30,300	25,725	4,575
Total Expenditure	1,330,033	1,330,033	1,100,241	229,792
INCOME				
Levy	1,211,033	1,211,033	1,211,033	0
Shellfish sampling	15,000	15,000	7,029	-7,971
Miscellaneous Income	0	0	40,835	40,835
Byelaw 3 Permit Fees	100,000	100,000	64,000	-36,000
Interest	4,000	4,000	7,775	3,775
Total Income	1,330,033	1,330,033	1,330,673	640

Surplus	230,432
Less Vessel Purchase 3652	97,026
WORKING SURPLUS	133,406

NOTE: Increase in Levy of 2% per year for 5 years is kept (in Vessel Purchase 3652) and transferred to Reserves at year end until needed for funding replacement Patrol Vessel

ANNEX B

NWIFCA Bank Reconciliation for the year ended 31 March 2016

	£	£
Bank Account: NatWest Current Account (Unadjusted Fig. see Note 1)	107,553	
Less Unpresented Cheques: None	0	
Add Uncleared Payments: None	0	
Add Petty Cash:	200	
Add STIS: Lancashire County Council Investment	<u>1,297,000</u>	
		1,404,753
TOTAL CASH AND SHORT TERM INVESTMENTS		1,404,753

Note 1: Reconciliation of bank account figure with Profit & Loss

Unadjusted Bank Account	107,553	
Less Unpresented Cheques	0	107,553
Profit & Loss 8255 Bank		107,553

(STIS is short term investments)

North Western Inshore Fisheries and Conservation Authority

Internal Audit Report

31 March 2016

We carried out this assignment on the basis of an assessment of the risks in each area of internal control relevant to the objectives set as part of our review.

Our work includes examination, on a test basis, of evidence relevant to these statements. Our tests may not necessarily disclose all errors, or irregularities, or areas of improvement and should not be relied upon to do so. Therefore the points below should not be considered exhaustive.

- 1 The accounting system for purchases, receipts, payroll, at the month-end, and at the year-end was adequate and it was operated as documented;
- 2 The audit trail from the underlying records was complete and easy to follow;
- 3 The budgetary process was rigorous and supported the levy asked for;
- 4 Virtually every entry on the accounting system has been reviewed by the Chief Executive to the Committee;
- 5 Virtually every item of expenditure we tested showed that they had been ordered, invoiced, and approved. Those which did not were considered to be recurring expenditure which did not need to have an individual order;
- 6 On the sample of petty cash payments we tested the reclaimable input VAT had been claimed and the expenditure was properly supported by an invoice;
- 7 The financial and general risks to the organisation appear to be well documented and acted upon through the Risk Assessment. We would recommend that an annual review is performed on the Risk Management Strategy and reported in line with the Finance Regulations and Strategy review and monitoring requirements.
- 8 Internal Controls Review (see separate page)

Internal Controls Review

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following:		
	Yes	No	Not Covered
A Appropriate accounting records have been kept properly throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Internal Audit Report

31 March 2016

Internal control objective (continued)	Agreed? Please choose one of the following:		
	Yes	No	Not Covered
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Accounting Statement to 31 March 2016:

	Final per signed Annual Return
1 Balances brought forward	1,157,791
2 (+) Income from tax and/or levy	1,211,033
3 (+) Total other receipts	119,639
4 (-) Staff costs	814,508
5 (-) Loan interest / cap repayments	-
6 (-) Total other payments	285,733
7 Balances carried forward	1,388,222
8 Total cash and STIS	1,404,753
9 Total fixed assets and LT assets	254,203
10 Total Borrowings	-

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