

NWIFCA Annual Meeting

14 June 2013: 10.30 a.m.

**AGENDA
ITEM NO.
9**

FINANCIAL REPORT as at 31 May 2013

Purpose of Report

- To present the Final Budget Review for the year ended 31 March 2013
- To present the Annual Return for the Year Ended 31 March 2013
- To report on the Internal Audit for the year ended 31 March 2013
- To update Bank Signatories for NWIFCA NatWest Business Account
- To give a brief financial report on the start of the year 2013-14
- To request approval for the purchase of RIB patrol vessel

Recommendations

- The Budget Review for 2012-13 is approved
- The Annual Return for 2012-13 Sections 1 & 2 are approved and signed
- The Internal Audit Report for 2012-13 is approved
- The updated NWIFCA Bank Signatories are approved and a minute recorded
- The Financial Report is approved
- The purchase of the RIB patrol vessel is approved

1. Final Budget Review for the year ended 31 March 2013

- a) The budget review for the year 2012-13 is attached at Annex A
- b) The unbudgeted income of £130,450 from the first year of the new Byelaw 3 Permit Scheme is to be retained in reserves and not spent at present.
- c) The remaining operating surplus for 2012-13 is £92,802. This is largely made up of savings in payroll costs due to staff turnover, transport due to fuel and moorings savings while Solway Protector under repair and extra income from the CEFAS Sea Angling Project which was not finalised at the time of budget setting. Savings were made where possible in all areas to conserve funds for the urgent need to replace patrol vessels.
- d) Approximately £71,000 of the operating surplus will finance replacement of the large RIB used to patrol the southern part of the district (see item 5).

2. NWIFCA Annual Return and Audit for the year ended 31 March 2013

- a) Sections 1 and 2 of the Annual Return for 2012-13 need to be approved by NWIFCA at this meeting and signed by the Chairman and Chief Executive (*copy follows this report*). The completed Annual Return must be submitted to NWIFCA external auditor BDO Stoy Hayward LLP by 12 July 2013.
- b) **Section 1** of the Annual Return is a summary of NWIFCA finances. **Section 2** is the Statement of Internal Control for NWIFCA. **Section 3** will be completed by external auditor BDO Stoy Hayward LLP. **Section 4** will be completed by Moore and Smalley LLP after receiving signed copies of Sections 1 and 2.
- c) NWIFCA Bank Reconciliation for the Year Ended 31 March 2013 (*Annex B following this report*) is sent with the Annual Return to BDO Stoy Hayward.

3. Internal Audit for the year ended 31 March 2013

- a) The annual internal audit for 2012-13 was carried out by Moore and Smalley LLP; an accountant spent the day at NWIFCA Carnforth office on 23 May 2013.
- b) A copy of their Internal Audit Report follows this report.

4. Updating of NWIFCA Bank Signatories

- a) Due to the change in Chairman of NWIFCA, Bank Signatories for the business account with NatWest need to be amended. The only change will be that the current Chairman elected at this meeting will be added, and that a previous Chairman will be removed. *(Forms will be available for inspection at the meeting.)*
- b) To do this, a Resolution must be passed at NWIFCA meeting stating *"It was resolved that the Authorised Signatories in the current Mandate, for the Accounts detailed in section 2, be changed in accordance with section 5, and the current Mandate will continue as amended."*

5. Financial Report on the start of 2013-14

- a) There has been no unusual expenditure so far in the current financial year 2013-14, and expenditure is therefore well within budget.
- b) All Annual Levy payments for 2013-14 have now been received.
- c) NWIFCA new financial regulations require that 'any loss liability or damage or event likely to lead to a claim' be reported to the Authority (Fin.Reg. 53).
- d) On 18 March 2013 NWIFCA Renault Kangoo 1 was involved in a collision with a stationary unoccupied vehicle at Liverpool Business Park. Damage to NWIFCA vehicle was below the insurance excess and cost of repair was £134. Damage to the other vehicle resulted in a claim with Zurich Municipal.
- e) On 17 April 2013 Renault Kangoo 2 had a windscreen replaced due to a stone chip crack, costing NWIFCA £204 (insurance excess of £150 plus VAT element of repair of £54); the remainder of the cost was covered by Zurich Municipal.
- f) NWIFCA is currently the subject of a lawsuit by an individual which was received in April 2013. Members of the Chairman's Working Party have been briefed on the matter. A partner from law firm Andrew Jackson of Hull has been engaged to act on NWIFCA behalf, and is in touch with Zurich Municipal Insurers over costs. Due to confidentiality, full details can only be supplied once the matter is concluded. Any member who requires further information in confidence should speak to the Chief Executive.

6. Purchase of large RIB patrol vessel

- a) At the meeting of NWIFCA on 19 April 2013, approval was given to use the 2012-13 surplus to purchase a large RIB to patrol the southern part of the district. Six estimates of price were originally obtained, and the Authority instructed that one of the two lower priced RIBs should be purchased.
- b) RIBs are proprietary items with a fixed price for different models from different suppliers, so exempt from a contract tendering process (Fin.Reg. 47(a)(v)).
- c) Two detailed pricings have now been obtained from the 2 original lowest price suppliers, Humber RIB and Ribcraft. However only Humber RIB has included all extras required for MCA coding. *(Copies available for inspection on the day.)*
- d) Although the quote from Humber RIB at £70,668 is £3,826 more than that from Ribcraft at £66,842, the vessel from Ribcraft would require a substantial and unquoted extra cost to be coded to MCA standards. Officers would prefer to purchase from Humber, where MCA coding is already included in the price.
- e) Estimated capital expenditure on the RIB is £70,668 to be funded from the 2012-13 surplus of £91,802. Funding has been raised by previous cost savings so there is no significant effect on current or future years. (Fin.Reg.18).
- f) Final approval is now requested from NWIFCA to transfer £70,668 from the Revenue Reserve (to which the 2012-13 surplus transferred at the financial year end) and to purchase the lowest price RIB from Humber RIB of Hull at a cost of £70,668.