

# **Quarterly Meeting: 22 March 2013**

## **22 March 2013: 10.30 a.m.**

**AGENDA  
ITEM NO.  
8**

### **FINANCIAL REPORT**

#### **Purpose of Report**

1. To present the Budget Review to 31 January 2013
2. To complete the annual review of Risk Assessment
3. To complete the annual review of Effectiveness of Internal Audit
4. To consider the draft updated Financial Regulations for NWIFCA

#### **Recommendations**

1. That the Budget Review to 31 January 2013 is approved
2. That the Risk Assessment is reviewed and approved
3. That the Effectiveness of Internal Audit is reviewed and approved
4. That the updated Financial Regulations are adopted.

#### **Budget Review to 31 January 2013 (Annex A)**

1. The statement for 10 months of the current financial year is attached (see Annex A).
2. Expenditure is well within budget.

#### **Risk Assessment Review**

The Risk Assessment at Annex B should be reviewed and approved annually by the Authority. It covers risks to the organisation, as well as financial risks. A minute recording approval is needed for the audit for year ending 31 March 2013.

#### **Review of Effectiveness of Internal Audit**

The Effectiveness of the Internal Audit at Annex C should be reviewed and approved annually by the Authority. A minute recording approval is needed for the audit for year ending 31 March 2013.

#### **Approval of Draft Updated Financial Regulations**

Auditors BDO Stoy Hayward recommended in their last Matters Arising Report that NWIFCA should update financial regulations in line with the model produced by the National Association of Local Councils (NALC), in particular to include tendering for contracts. A draft has been discussed at the Finance Sub-committee and they will bring their recommendation to this meeting.

**Finance Officer  
7 March 2013**

**ANNEX A**

**NORTH WESTERN INSHORE FISHERIES AND CONSERVATION AUTHORITY  
(NWIFCA)**

**BUDGET REVIEW TO 31 JANUARY 2013**

	<b>01 April 2012 - 31 January 2013</b>			
	<b>Annual Budget £</b>	<b>Year to Date Budget £</b>	<b>Year to Date Actual £</b>	<b>Better(+) or Worse(-) than Budget £</b>
<b>EXPENDITURE</b>				
Employees	812,523	674,686	646,050	28,636
Premises	50,800	44,938	40,477	4,461
Transport	216,234	164,483	140,466	24,017
Supplies/Services	65,950	58,862	56,381	2,481
Support Services	14,000	11,617	8,173	3,444
Corporate/Democratic Core	21,500	15,390	13,422	1,968
<b>Total Expenditure</b>	<b>1,181,007</b>	<b>969,976</b>	<b>904,969</b>	<b>65,007</b>
<b>INCOME</b>				
Levy	1,164,007	1,164,007	1,164,008	1
Grants				
Shellfish sampling	14,000	5,787	5,787	
Miscellaneous Income			2,450	2,450
DEFRA & CSFC			1,110	1,110
Permit Fees			128,950	128,950
CEFAS Sea Angling Project			4,760	4,760
Interest	3,000	2,500	6,439	3,939
<b>Total Income</b>	<b>1,181,007</b>	<b>1,172,294</b>	<b>1,313,504</b>	<b>141,210</b>
<b>Less Permit Fees*</b>				<b>128,950</b>
<b>Operating Surplus/-Deficit</b>				<b>77,267</b>

**NOTES**

\*2012-13 Permit Fees not in Budget - to be retained in Reserves for first year

## **ANNEX B: REVIEW OF RISK ASSESSMENT**

### **Part 1: Financial Risks to NWIFCA**

	<b>RISK IDENTIFIED</b>	<b>HIGH/ M/ /LOW</b>	<b>MANAGEMENT OF RISK</b>	<b>STAFF ACTION</b>
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	L	Cash handling avoided – income comes as cheques or BACS	Review annually
	Cash banking	L	Income comes as cheques/BACS	Review annually
	Sampling income	L	Check sampling records to invoices	FO verify
Grants	Claims procedure	M	FO check as required	Diary
	Receipt when due	M	FO check as required	Diary
Funding for Vessel	Need large extra levy or source of income	H	Sub-committee looking into different options for funding	Review quarterly or more often
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 second.	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	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	Hours, health, stress, training, long term sick, early departure – risk monitored and managed as appropriate	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	Diary
Minutes	Accurate and legal	L	Review at following meeting	Diary
Members interests	Conflict of interest	M	Declarations of interest documented, minuted, and conflicts addressed	Diary
Salaries	Wrong salary/hours /rate paid	M	Check salary, hours and rate to contract	FO to verify
	Wrong deductions-NI and Income Tax	M	Check to PAYE calculations	FO to verify
Direct Costs and overhead expenses	Goods not supplied to NWSFC	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	M	All items in cash book lists	FO verify
	Charged on sales	M	Consider annually	FO verify
	Charged on purchases	L	Consider all items per cash book lists	FO verify
	Claimed by time limits	M	Agree returns submitted	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	Action taken by third party against NWIFCA staff in course of duties	M	Libel and slander cover added to insurance	Zurich Municipal
	Legal defence expenses incurred	L	Legal expenses cover added to insurance	Zurich Municipal
Insurance Providers	Adequacy and robustness	L	Consider annually	Use national reputable insurers
Patrol Vessel and other marine vessels	Adequacy for duties	H	Replacement urgent	Boat subcommittee
	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	L	Employer's Indemnity Insurance	Cover with Zurich Municipal reviewed annually
	Key personnel leave and service suffers	M	Ensure that records are well kept and work could be transferred to new staff	CEO - good management structure and communications
	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 on item	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**

<b>Expected Standard</b>	<b>Question</b>	<b>Answer</b>	<b>North Western Inshore Fisheries &amp; Conservation Authority Detail</b>
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 2012. Risk assessment and Audit plan to be reviewed and approved at Authority meeting on 16 March 2012 and annually in the future..