

# NWIFCA Quarterly Meeting

## 24 March 2022: 11.00 a.m.

**AGENDA  
ITEM NO  
5**

### FINANCIAL REPORT

#### Recommendation

- That the Budget Review to 31 December 2021 is approved
- That the minute (as specified by the bank) to add and remove bank signatories is approved
- That Moore & Smalley LLP are appointed as independent external auditor for 2021-22
- That the risk assessment is reviewed and approved

#### **Budget Report from 1 April to 31 December 2021**

Apr-Dec 2021	Actual	Budget	Variance	Notes
<b>Income</b>				
Levy	£1,363,820	£1,363,820	£0	Levy Invoiced 1 April 2021 for Year 21-22
Sampling	£3,645	£3,645	£0	More to invoice by end of year
Misc Income	£9,334	£0	£9,334	HMRC Fuel duty reclaimed
Permit Fees	£80,500	£80,500	£0	
Interest	£1,027	£1,027	£0	Interest to be added at next withdrawal
<b>TOTAL</b>	<b>£1,458,326</b>	<b>£1,448,992</b>	<b>£9,334</b>	
<b>Expenditure</b>				
Employees	£689,154	£742,465	£53,311	Payroll savings due to staff turnover
Premises	£50,494	£53,345	£2,851	Maintenance will be spent by year end
Transport	£172,223	£172,662	£439	Repairs over budget
Supplies/Services	£34,963	£41,960	£6,997	Paperless savings on copies/stationery
Corporate	£6,163	£16,475	£10,312	Repayment of court costs
<b>TOTAL</b>	<b>£952,997</b>	<b>£1,026,907</b>	<b>£73,910</b>	
<b>Surplus/(Deficit)</b>			<b>£83,244</b>	Plus all of vessel fund of £121,151 saved

#### **Balance Sheet from 1 April to 31 December 2021 (Year to Date figures only)**

##### Year to Date

#### **Current Assets**

Investments	£1,797,000	
VAT	£10,930	
Debtors	£648	
Payments in advance	£0	
Cash & bank	£84,904	
		£1,893,481

#### **Current Liabilities**

Creditors	£54,543	
Cash & bank	£0	
		£54,543

£1,838,938

£1,838,938

#### **Capital & Reserves**

Revenue Reserves	£1,335,656	
P & L Account	£503,282	
		£1,838,938

NOTE: The figure for P&L of £503,282 includes budgeted running costs for the remaining 3 months of the financial year from 1 January to 31 March 2022. Reserves at 1 April 2021 were £1,335,656. Fixed Assets are included in Annual Return at cost.

## **Addition of 2 Bank Signatories for NWIFCA and Removal of 1.**

(Forms available for inspection at the meeting.)

It is proposed to remove the previous Clerk as a bank signatory and add the Head of Enforcement and Digital Communications Officer/IFCO.

To approve this the Authority must pass the following resolution:

*“It was resolved that: The Authorised Signatories in the current mandate, for the accounts detailed in section 1.3, be changed in accordance with section Authorised Signatories. And the current mandate will continue as amended.”*

## **Audit for the years ended 31 March 2019 and 31 March 2020**

Due to circumstances of the past 2 years and government restrictions, Moore and Smalley LLP visited the Carnforth office on 9 March 2022 to carry out the delayed 2 year audit for 2019-20 and 2020-21. The report will be presented to the June meeting.

The annual review of the appointment of auditor is included below at Annex A and the audit for 2020-21 should take place in July/August 2022.

## **Annual Review of Financial Risks to NWIFCA**

A table of risks to NWIFCA is included at Annex B for annual review by the Authority.

Note: This was required in 2013 as part of the Audit Regulations now not applying to NWIFCA and was based on NALC templates. It does not include Health and Safety/Enforcement/Operational risks to the organization which are covered extensively by other departments.

**10 March 2021**

## **ANNEX A: Annual Review of Appointment of Independent Auditor**

STANDARD	QUESTION	ANS	NWIFCA DETAIL
Scope of Independent Audit	Does the independent 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: <ul style="list-style-type: none"> <li>• conduct annual audit after financial year end</li> <li>• submit a report to the Authority for approval.</li> <li>• terms of reference are in place</li> <li>• audit is no longer a statutory requirement</li> <li>• independent audit is good practice for the Authority</li> </ul>
Independence	Is the Auditor independent?	Yes	Moore & Smalley LLP: <ul style="list-style-type: none"> <li>• act in accordance with financial regulations</li> <li>• have no other role within the Authority</li> <li>• report in their own name to management</li> <li>• have direct access to all records, and to any NWIFCA officers they require</li> </ul>
Competence	Is the Independent 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 Authority and responsible officers (CEO, Clerk and FO) consulted in the audit plan?	Yes	<ul style="list-style-type: none"> <li>• Authority review effectiveness of audit annually and approve appointment of auditor</li> <li>• Authority can request any additional checks to be made by auditor if required</li> <li>• Auditor may speak to any officers, inspect any aspect of their work and spend at least a whole day in the Carnforth office</li> <li>• Office responsibilities are defined in the risk assessment in relation to internal control, risk management, fraud and corruption matters</li> </ul>
Audit Planning and reporting	Is there a plan for when the independent audit will take place? Does the plan properly take account of risk?	Yes	<ul style="list-style-type: none"> <li>• Independent audit planned to take place after financial year end in July/August</li> <li>• Audit plan reviewed annually</li> <li>• Financial risks reviewed annually</li> <li>• Auditor may be consulted at any time for advice</li> </ul>
Appointment of Independent Auditor for 2021-22	Should Moore & Smalley be re-appointed as Independent Auditor for the financial year 2021-22 to take place in July/August 2022 or as soon as possible thereafter?	Yes	Moore & Smalley LLP: <ul style="list-style-type: none"> <li>• provide reliable, reputable, thorough and prompt service</li> <li>• meet all the criteria for an effective independent audit</li> <li>• know NWIFCA systems well</li> <li>• facilitate compliance with any statutory audit requirements</li> <li>• advise on any improvements</li> <li>• can provide extra audit checks if Authority require this</li> <li>• can attend finance meetings if required</li> </ul>

## ANNEX B: Annual Review of Financial Risks to NWIFCA

### 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 to approve–Clerk/FO follow up	Clerk/FO
	Not paid by council	L	Check receipt/Issue reminders	FO
	Adequacy of precept	H	Monthly review of budget to actual	FO
Other Income	Cash handling /banking	L	Income comes as BACS, cheques or card payments, not cash	FO/Auditor
	Sampling income	L	Check sampling records to invoices	FO verify
Grants	Claim when available	L	CEO contact with DEFRA	CEO/FO
Funding for Vessel	Need large extra levy or source of income	L	Now being set aside annually at a rate of £121,151 per year in reserves	Review annually
Permit Fees	Variable source of income	H	Used to meet administrative costs of permit and enforcement	Review annually
Investment Income	Received on withdrawal	L	FO check as required	FO/Auditor
	Surplus funds	L	Invested with Lancashire CC	FO/Auditor
Reserves-General	Adequacy	L	Consider at Budget setting. Keep minimum of 3 months running costs.	FO/Audit advice
Assets	Loss, Damage etc.	M	Annual inspection, update insurance and asset registers	FO/Auditor
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance at renewal	FO
Staff	Loss of key personnel	L	Assess & manage hours, health, stress, training, long term sick, early departure	CEO/HR/Heads of Teams
	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	FO
Maintenance	Reduced value of assets or amenities-loss of performance	M	Regular maintenance inspections and inventory	All staff
Legal powers	Illegal activity or payment	M	Educate officers as to their legal powers	Head of Enforcement
Financial Records	Inadequate records	L	FO check regularly + audit review advice followed	FO/Auditor
Minutes	Accurate and legal	L	Review at following meeting	Chair/Members
Members interests	Conflict of interest	M	Declarations of interests at NWIFCA meetings/standing orders	Chair/Members
Salaries	Wrong salary/hours /rate paid	M	Check salary, hours and rate to contract. Auditor checks.	FO/Auditor
	Wrong deductions-NI and Income Tax	M	Check to PAYE calculations. Auditor checks.	FO/Auditor
Direct Costs and overhead expenses	Goods not supplied	M	Check goods received before invoice paid	FO
	Invoice incorrectly calculated or recorded	L	Check arithmetic on Invoices and perform bank reconciliation on monthly basis	FO/CEO/Auditor
	Cheque payable is excessive/wrong payee	L	Bank require 2 Signatories	FO/CEO/Auditor
VAT	VAT analysis incorrect	L	All items checked on Sage	FO/Auditor
	VAT purchases/sales	L	Check Sage/quarterly VAT reconciliation	FO/Auditor
	Claimed by time limits	M	Returns submitted by HMRC deadline	FO/Auditor

## Part 2: General Financial and Governance Risks to NWIFCA

	RISK IDENTIFIED		MANAGEMENT OF RISK	STAFF ACTION
Carnforth Office	Loss or damage	L	Building Insurance through Landlord	Landlord/annual review
	Loss of contents	M	Contents insurance	Zurich Municipal review
	Security of building	H	Alarm, monitoring, security camera	Clerk
Whitehaven Office	Loss or damage	L	Buildings Insurance	Zurich Municipal/review
	Loss of contents	M	Contents insurance	Zurich Municipal/review
Public Liability	Damage to third party by NWIFCA	M	Public Liability Insurance	Zurich Municipal/annual review
Legal Action	Third party action against NWIFCA staff	M	Libel and slander cover added to insurance	Zurich Municipal
	Legal action by permit holders	H	Rigorous, transparent and fair systems for permit issue/new database	Head of Enforcement
	Staff time lost in case preparation	H	Detailed records of any problems/HOE manage cases	CEO/Head of Enforcement
	Legal challenge to byelaws	M	Ensure good consultation and sound legal basis	Members/CEO/engage specialist legal advice
	Legal defence expenses incurred	M	Legal expenses cover added to insurance/keep insurer well informed	Zurich Municipal
	Prosecution expenses/problems	H	Costs not fully reimbursed/defendants raise complex defence on legal aid	Use solicitor to pursue costs
	FOI requests for extensive information	H	Reduce time and costs to staff and organisation	Training in FOI/Data Protection
Insurance	Adequacy/robustness	L	Consider annually/ good communication	Use reputable insurers/FO
Patrol Vessel and other marine vessels	Main patrol vessel replacement	L	New vessel in place, Fund being saved annually for future replacement	Vessel Committee/CEO
	Lack of vessel cover for whole district	L	NW Protector kept in good order by skilled Engineer. Use of 3 large RIBS across district very effective.	New Patrol Vessel now in place. Proposed new RIB.
	Unexpected repairs	L	Adequate budget set	FO
	Loss or damage	L	Adequate marine insurance	British Marine/annual review
Motor Vehicles	Loss, Damage etc.	M	Adequate insurance cover	Zurich Municipal/ review annually
	Damage to third party property or individuals	M	Adequate insurance cover	Zurich Municipal/ review annually
	Maintenance	H	Regular checks by officers/servicing	Head of Enforcement
Staff	Injured in course of duties	M	Employer's Indemnity Insurance. Health & Safety Consultant gives advice	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 IT system	Good management and communications/CEO
	Staff threatened by fishers	H	Avoid lone working /call police to arrest/review protective clothing	Head of Enforcement
	Threats by fishers not pursued by police	H	Meet with police to discuss better support for IFCOs	Head of Enforcement
	Performance and adequacy for duties	M	Staff appraisal system in place and training offered where required	CEO/FO
Minutes of Authority	Proper documentation	L	Minutes promptly prepared,/pages numbered/ master copy signed by Chair	Chair/Clerk to the Authority
Members interests	Corruption or self interest	H	Declaration signed at each Authority meeting by anyone with a financial interest in an item – may not vote	Chair/Members
	Lobbying of members by groups	H	Members must maintain independence and work for equal good of all sectors	Chair of NWIFCA
Dealing with public	Failure to provide good service	M	Procedures kept on record and followed/ records kept/complaints handled well	CEO/Clerk
Authority procedures	Inadequate safeguards	M	Good governance/ observe standing orders at meetings	Chair/Members