

North Western Inshore Fisheries and Conservation Authority

Internal Audit Report

31 March 2022, 31 March 2023 and 31 March 2024

Summary:

Objective:

The primary objective of this internal audit was to assess the effectiveness and compliance of internal controls, financial processes, and systems within the Authority for financial years ending 31 March 2022, 31 March 2023 and 31 March 2024.

Scope:

Our review focused on key financial processes including purchases, receipts, payroll, budgetary controls, VAT accounting, fixed assets, and banking. As well as examining processes in place regarding compliance with relevant regulations, requirements, and laws.

Key Findings:

- Historically there had been issues with internal controls and segregation of duties, especially in the year ended 31 March 2022.
- However, following the implementation of Rushton's as bookkeepers there were significant improvements and a complete overhaul of all financial internal controls, systems, and processes.
- For the years ended 31 March 2023 and 31 March 2024; strong internal controls were observed in most areas, with effective record keeping and compliance with relevant regulations.

Conclusion:

Overall; the internal controls, financial processes, and systems are now highly effective and help ensure the Authority runs efficiently and complies with relevant regulations. There are some recommendations which we have included on our report to management which the Authority should consider.

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Detailed Findings:

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:

- The accounting system for purchases, receipts, payroll, VAT, at the month-end, and at the year-end was adequate and it was operated as documented.
- The audit trail from the underlying records was complete and easy to follow.
- The budgetary process was rigorous and supported the levy asked for.
- Sampling and permit income was in line with Authority policy.
- Every item of expenditure we tested showed that they had been ordered, invoiced, and approved in line with the Authority's agreed thresholds.
- VAT Returns reviewed were all submitted before their deadlines and approved by the CEO. With the appropriate VAT rates being used on each item line reviewed.
- Wages reports were prepared in a timely manner with statutory payments being made on time.
- Assets which were included on the fixed asset register were all depreciated at their correct agreed upon rate.
- The Authority bank account was reconciled on a timely basis, with requests for the draw down of funds from the LCC account in line with Authority policies.
- From discussions with the CEO and the Financial Officer, as well as reviews of the Annual Plans, Annual Reports and Quarterly meetings; it appears the Authority is acting to its best ability to meet the requirements of DEFRA and act within its own Constitution.
- The financial and general risks to the organisation appear to be well documented and acted upon through the Risk Assessment.
- We have prepared a report to management containing recommendations the Authority should consider.
- Internal Controls Review (below)

Note – detailed testing has been done on the new systems, processes and controls implemented from Rushton's arrival in the year ended 31 March 2023 and so the above points are in regard to our testing on the years 31 March 2023 and 31 March 2024.

Internal Controls Review

The Authority's Internal Audit Service, 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 years ended 31 March 2022, 31 March 2023 and 31 March 2024.

Internal audit has been carried out in accordance with the Authority'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 years to a standard adequate to meet the needs of the Authority.

Internal Control Objective	Agreed?
Appropriate accounting records have been kept properly throughout the year.	Yes
The Authority's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	Yes
The Authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes
The annual levy requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes
Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	Yes
Purchase orders were all raised and approved in line with the Authority's agreed approval thresholds.	Yes
Payments of supplier batch payments as well as wage payments were made through CreDec.	Yes
Salaries to employees and allowances to members were paid in accordance with Authority approval, and PAYE and NI requirements were properly applied and paid on time.	Yes
Asset registers were complete and accurate and properly maintained.	Yes
Periodic and year-end bank account reconciliations were properly carried out.	Yes
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.	Yes
Quarterly and Annual meetings are held with minutes and proper documentation kept. Annual Plans and Reports are prepared and include all regulatory information required per the Authority's constitution.	Yes

Note – detailed testing has been done on the internal controls implemented from Rushton's arrival in the year ended 31 March 2023 and so the above table is in regard to our testing on the years 31 March 2023 and 31 March 2024.

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Accounting Statements for the years 31 March 2022, 31 March 2023 and 31 March 2024:

	2022	2023	2024
Income (+)			
Income from Levy	£1,363,820	£1,404,735	£1,446,877
Other Income	£105,299	£201,521	£215,851
	£1,469,119	£1,606,256	£1,662,728
Expenditure (-)			
Employee Costs	£949,862	£879,788	£1,108,977
Exceptional Item	-	£(674,158)	-
Other Costs	£322,933	£443,772	£507,267
	£1,272,795	£649,402	£1,616,244
Surplus (-Deficit)	£196,324	£956,853	£46,484

The figures above have been taken from the Authority's Annual reports, no amendments have been made to these figures during our internal audit review.

We would like to take this opportunity to thank the staff within the Authority, as well as the staff at Rushton's for all their help and assistance whilst completing the audit.

Kind regards

Yours sincerely

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