



Briefing Report No: **147/2009**

Public Agenda Item: **Yes**

Title: **Harbour and Marine Services Internal Audit Report - May 2009**

Wards Affected: **All Wards in Torbay**

To: **Harbour Committee**

On: **22 June 2009**

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1. Key points and Summary

- 1.1 This report provides Members with the detailed results of the Internal Audit Report of the Harbour and Marine Services business unit concluded in May 2009 as set out in the exempt appendix.

2. Introduction

- 2.1 The key objective of the audit was to provide assurance to the Audit Committee that the strategic management of Tor Bay Harbour, undertaken by the Harbour Committee and delivered by the Harbour & Marine Services business unit, meets the overall objectives of the service.
- 2.2 It is entirely appropriate that the Harbour Committee also receives and notes the Internal Audit of the Harbour & Marine Services business unit.
- 2.3 The review considered the controls and the risks associated with the service area, as well as any current or possible future recommendations by central government. Incorporated within the review were the following headings regarded as prime indicators of future development and enhancement of the Harbour function across the Bay :-
- Operational Systems
 - Risk Management
 - Harbour Authority Structure
 - Financial Profile
 - Fishing Industry
 - Ferry Operations

- Brixham Regeneration
- Customer needs, both commercial and leisure

- 2.4 The opinions and recommendations contained within the report are based on restricted samples of transactions / records and discussions with officers from the Harbour & Marine Services business unit.
- 2.5 It is the Audit Report's opinion that the administrative, financial and risk management systems and controls within the Harbour Authority are generally well managed.
- 2.6 The scope and content of the report was of necessity wide ranging and it contains some high profile projects/plans. It was decided to include such items to ensure that all issues likely to impact upon the Harbour Authority in the medium and long term are discussed by those in a position to influence future policy.
- 2.7 In treating the audit in such a manner it is hoped that the report will become a discussion / reference point by all parties with a vested interest in the future development of the Harbour Authority and by implication that of the Council.
- 2.8 The table below summarises the assurance opinion on specific sections.

Control Objectives	Assurance Opinion	Recommendations Category
Operational Systems	Limited	Medium
Risk Management	Full	N/A
Brixham Trawler Agents	Substantial	Low
Petty Cash / Banking	Limited	Medium
Personnel Records	Limited	Low
Debtors	Limited	Low

- 2.9 Assurance opinion levels are defined as follows :-

- Full** Strong controls are in place and complied with
- Substantial** Controls are in place but improvements would be beneficial
- Limited** improvements in controls or in the application of controls are required.
- Minimal** Urgent improvements in controls or in the application of controls are required

- 2.10 The recommendations are categorised as follows :-

- High** A key finding that management is required to effect immediate and priority action to deal with the matter. If not acted upon significant risks will remain. An issue that if not dealt with could lead to the Council not meeting its legal responsibilities and obligations.

Medium Important recommendations that are required to bring internal controls, systems or procedures up to an adequate standard, or to manage identified risks. Failure to implement recommendations could lead to the occurrence of undetected errors, or inefficiencies in service provision.

Low A minor weakness or lesser inefficiency that, while not critical in terms of service delivery, requires management attention to improve internal control, risk management or procedures. Reported separately to the responsible manager during the audit & therefore not included within this report.

- 2.11 The areas requiring the most attention are those that have a 'Limited' assurance opinion and a 'Medium' recommendation category. It can be seen from the table in 2.8 above that these areas are "Operational Systems" and "Petty Cash / Banking". The agreed actions identified within the report, for both of these areas, have already been implemented or are in the process of being implemented.
- 2.12 Other matters identified within the Audit Report may require further debate by the Harbour Committee and possible future recommendations to the Council.
- 2.13 The Audit Report did not find any area requiring urgent improvements in controls or in the application of controls and none of the recommendations were considered as being an immediate or high priority. The Council was found to be meeting its legal responsibilities and obligations as a Harbour Authority.

Captain Kevin Mowat
Executive Head of Harbour and Marine Services
Tor Bay Harbour Master

Appendices

Exempt Appendix 1 Harbour and Marine Services Internal Audit Report - May 2009

Documents available in members' rooms

Not applicable.