



Draft Internal Audit Report

Tor Bay Harbour Authority
- Income

Torbay Council

June 2016

OFFICIAL



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Devon Audit Partnership

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1 Introduction

Tor Bay Harbour Authority incorporates three separate Harbours; Torquay, Paignton and Brixham. Torquay and Paignton are primarily focussed on tourism and leisure activities, whereas Brixham also includes commercial fishing. Tor Bay Harbour Authority is responsible for providing various services to harbour users and harbour tenants, along with ensuring compliance with statutory requirements and adherence to harbour byelaws.

The control framework related to income ensures that the Tor Bay Harbour Authority effectively collects all income arising from services, in order that future service provision and maintenance of the service infrastructure is adequately funded.

Until recently the Harbours income was managed and processed through the Harbour Management System (HMS); however debt management and recovery has now been transferred to the Council's financial management system (FIMS) with core customer data remaining on the HMS.

2 Audit Opinion

Improvements Required - In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

3 Executive Summary

Opportunities exist to improve the arrangements for income billing, collection and recovery and the associated record management. Recent change of practice to utilise the Councils Financial Management System (FIMS) and the implementation of the new Harbour Management System (HMS) will assist in facilitating these improvements in a number of areas along with increasing efficiency and ensuring compliance with information governance expectations.

Local recovery practices and monitoring arrangements are employed in addition to the FIMS system recovery controls; however further steps are now required to address the older debt.

We noted that office security arrangements are inconsistent across the three sites.

The arrangement with the Brixham Trawler Agency (BTA) for fish toll does not provide a formal robust structure within which both the Tor Bay Harbour Authority and BTA can operate effectively. Further, direct fish landing is not adequately controlled. As such, fish toll from both sources may not be complete and accurate.

Income may not be being maximised in relation to rental and leasing on Tor Bay Harbour estate property because agreements are not being reviewed to ensure they remain appropriate. Income improvement opportunities are also evident in relation to utility recharging to reduce the cost borne by the Tor Bay Harbour Authority

Other income opportunities exist in relation to expanding existing facilities that are known to be popular. Additionally pursuing new methods for maximising take up of facilities could also increase income to the Tor Bay Harbour Authority.

The detailed findings and recommendations regarding these issues and less important matters are described in the Appendices. Recommendations have been categorised to aid prioritisation. Definitions of the priority categories and the assurance opinion ratings are also given in the Appendices to this report.

4 Assurance Opinion on Specific Sections

The following table summarises our assurance opinions on each of the risks covered during the audit. These combine to provide the overall assurance opinion at Section 2. Definitions of the assurance opinion ratings can be found in the Appendices.

Risks Covered		Level of Assurance
1	Loss of income	Improvements Required
2	Income data is not reliable and complete	Improvements Required
3	Income not maximised	Good Standard

The findings and recommendations in relation to each of these areas are discussed in the "Detailed Audit Observations and Action Plan" appendix. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed.

5 Issues for the Annual Governance Statement

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement. In our opinion there are no issues that warrant inclusion within the Annual Governance statement.

6 Scope and Objectives

The audit for 2015-16 was undertaken based on key risks identified through discussions with the department and Internal Audit's view on risk within the function.

The key risks are:

- Loss of income

- Income data is not reliable and complete
- Income not maximised

Internal Audit has provided added value through evaluating arrangements for the collection of fish toll including the verification of data to records held by the Brixham Trawler Agents (BTA) and the Marine Management Organisation (MMO), and assessment of related security measures, in order to determine whether controls sufficiently mitigate the risk of fraud.

7 Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

8 Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

Robert Hutchins
Head of Partnership