

## **Appendix A**

### **Kent and Essex Inshore Fisheries Conservation Authority**

#### **Proposed Internal Audit Plan for 2017/18**

The majority of the audit work will be done by sample testing a sufficient number of transactions to gain an assurance that the systems of financial control work effectively and provide accurate information to support the Authority's activities. It is therefore proposed that a review of the following control objectives is carried out to ensure they are being achieved throughout the year to a standard adequate to meet the needs of the Authority:

- ❖ Significant risks are assessed by the Authority to ensure objectives are achieved along with a review of the adequacy of the arrangements to manage these
- ❖ Appropriate books of account have been kept accurately throughout the year
- ❖ The annual levy requirement resulted from an adequate budgetary process with progress against the budget regularly monitored and reserves appropriate
- ❖ The Authority's financial regulations have been met, payments supported by invoices with expenditure approved and VAT appropriately accounted for
- ❖ Expected income fully received, based on correct prices, accurately recorded and promptly banked; and VAT appropriately accounted for
- ❖ Petty cash payments properly supported by receipts with expenditure approved and VAT appropriately accounted for
- ❖ Salaries to employees and allowances to members paid in accordance with Authority approvals, and PAYE and NI requirements accurately applied
- ❖ Complete and accurate Asset and Investments registers that are properly maintained
- ❖ Regular and year-end bank account reconciliations accurately carried out
- ❖ Accounting statements prepared during the year are prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors accurately recorded
- ❖ Awareness of the potential for fraud, error or non-compliance, and any issues that may increase this potential, including a review of the arrangements for the security of systems and data.

If there are any matters that Kent and Essex IFCA would like to be included in the audit programme, or greater emphasis given to an item, then the proposed internal audit plan set out above can be amended.

## Appendix B

Recommendation	Response	Follow Up Findings
<b>Recommendations from 2015/16</b>		
<p><b>Data Protection</b> The Kent and Essex IFCA should determine the length of time it is necessary to retain copies of personal documents and implement a process to ensure that they are securely destroyed when this timeframe has elapsed.</p> <p>Introduction of basic data protection training for all staff should be considered.</p>	Accepted	<p>Implemented.</p> <p>The Authority has confirmed with the Information Commissioner's Office that documents can be kept for the duration of the permit and must then be destroyed. We confirmed that all copy personal documentation had been destroyed for previous years.</p>
<p><b>Officers' Expenses</b> Claims should include a sufficient level of detail so that actual and business miles can be verified.</p> <p>Spot checks should be completed regularly to ensure that mileage claims are accurate.</p> <p>All expenses claims should be reconciled against the payroll report to ensure accuracy and to detect duplication or error</p>	Accepted	<p>Implemented</p> <p>Follow up testing established that sufficient detail had been recorded to verify the claims and that these are regularly reconciled against the payroll report.</p>
<p><b>Purchase Card Authorisation Process</b> The current purchase card authorisation process should be reviewed to ensure that authorisation levels are appropriate.</p>	Accepted	Implemented
<p><b>VAT</b> A VAT receipt should be obtained for all purchases subject to VAT to ensure that VAT can be reclaimed.</p>	Accepted	<p>Implemented</p> <p>VAT receipts had been obtained in order to reclaim VAT for all transactions in our sample.</p>
<p><b>Accuracy of asset register</b> The complete asset register should be reviewed against the assets held to ensure that it reflects the current position and that the register contains sufficient detail to identify the items. Any discrepancies should be investigated.</p>	Accepted	<p>In progress</p> <p>This recommendation was first raised in 2014/15 but due to the recent purchase of the new vessel, additional work is now needed to ensure that the register is complete and up to date. We have agreed with officers a deadline of October 2017</p>

		for this work and we will review it at our mid year visit.
<p><b>Annual asset check</b> An annual asset check should be carried out by someone independent from the day to day maintenance of either the asset register or the equipment.</p>	Accepted	<p>In progress</p> <p>This recommendation was first raised in 2014/15 but due to the recent purchase of the new vessel, additional work is now needed to ensure that the register is complete and up to date before it can be reviewed. We have agreed with officers a deadline of October 2017 for this work and we will review it at our mid year visit.</p>
<p><b>Inventory</b> A separate inventory should be compiled for any assets recorded as aggregate value and the inventory should be checked annually with the asset register.</p>	Accepted	<p>In progress</p> <p>An inventory needs to be compiled for the new vessel. We have agreed with officers a deadline of October 2017 for this work and we will review at our mid year visit.</p>
<p><b>Security marking</b> Consideration should be given to security-marking portable items to act as a deterrent to theft and also to identify the item as belonging to the Authority in the event of recovery following theft.</p>	Accepted	Implemented
<b>Recommendations from 2016/17</b>		
<p><b>Salaries and Appraisal Process</b> Independent checks of salary and pay award calculations should be carried out before pay increases are processed.</p> <p>Testing of the appraisal process and resultant salary calculations identified that the pay increase for one officer had been miscalculated, resulting in an overpayment.</p>	Accepted	<p>Implemented.</p> <p>There is now a review process in place to mitigate the risk of this issue re-occurring.</p>
<p><b>Officers' Expenses</b> We identified a number of payments to staff made from the main bank account. These were reimbursements for items purchased on behalf of the Authority using personal money as</p>	Accepted	The Financial Adviser is currently negotiating with the purchase card control team at KCC to remove restrictions on spend for these cards. This will remove the need for officers to pay from their own money and reclaim. The Authority has

<p>staff had been unable to use their purchase cards due to restrictions placed on the cards by the administrators.</p> <p>We appreciate why this is being done however in the event KEIFCA has to publish the accounts and there are a number of payments to officers within the accounts this could cause KEIFCA reputational damage.</p>		<p>investigated using charge cards from Lloyds rather than KCC purchase cards however the application was unsuccessful.</p>
<p><b>Purchase Cards</b></p> <p>Testing identified some instances where purchases had been made by an officer using another officer's purchase card; the purchase card must only be used by the named card holder.</p> <p>Whilst there was no indication that any of these purchases were inappropriate, the use of the card in this way does increase the risk of inappropriate or fraudulent transactions.</p>	<p>Accepted</p>	<p>Implemented</p> <p>Follow up testing did not identify any instances where the purchase card had been used by anyone other than the named officer on the card.</p>