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AUDIT COMMITTEE

Monday, 27 April 2015 (2.00 pm)

Please find the attached report (Item 9) marked as "TO FOLLOW" on the Audit Committee agenda:

8 **EXTERNAL AUDIT - ANNUAL AUDIT PLAN**

Item withdrawn.

9 **INTERNAL AUDIT REVIEW - MARITIME DIESEL** (Pages 1 - 4)

To receive a report by the Head of Service (Economic and Community Regeneration) on progress in responding to the Internal Audit review.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO :	Audit Committee
DATE:	27 April 2015
SUBJECT :	Update on Response to Internal Audit Review – Maritime Diesel
REPORT AUTHOR:	Dylan Williams
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PURPOSE:	For Information

1. PURPOSE OF REPORT

To update Members of the Audit Committee on the response and actions undertaken following the Internal Audit Review (Maritime Diesel), November 2014.

2. BACKGROUND

The IACC provides facilities for the purchase of maritime diesel as a service to commercial fishermen and small to medium sized commercial craft. The diesel is bought in 18000 litre vehicles and is stored within storage tanks at Holyhead Fish Dock and Amlwch harbour. Holyhead Fish Dock has three tanks of 56,000 litres capacity, but only one in is currently in use. Amlwch Harbour has one tank of 25,000 litres capacity. The dispensing and recording of maritime diesel issues are undertaken by all of the four employees within the Maritime Service.

The Audit review was limited to the processes and procedures for the receipt, storage, issuing, invoicing, and cash collection and receipting and recording of income on the Council’s General Ledger relating to Maritime Diesel. The review concentrated mainly on the Maritime Diesel records for 2013-2014 although some analysis of the past three years was also undertaken.

The Final Audit Report (November 2014) outlined a number of conclusions, which informed the Recommendations. The recommendations have been considered and progressed by officers over recent months.

3. PROGEESS TO DATE

Ref	Recommendations	Progress to Date	Status
1	The procurement arrangements for fuel including marine diesel should be in accordance with the Council’s Contract Procedure Rules	Guidance sought from Corporate Procurement Team. National Procurement System to be utilised from 1 st May 2015 to procure marine diesel.	Completed

2	<p>Procedures for the recording of stock levels of marine diesel at Holyhead and Amlwch should be documented. The procedures should include for the recording of fuel tank levels before and after each issue of fuel at both sites.</p> <p>To facilitate the recording of accurate stock levels the external fuel tank gauges at both Holyhead and Amlwch should be repaired and used to record readings on a regular basis and before and after each delivery of fuel.</p> <p>The cumulative issue meter readings on pumps should be used to reconcile back to total fuel issued figures on a regular basis.</p>	<p>Dipping of fuel tanks at Holyhead and Amlwch now undertaken on a monthly basis (commenced 31st March 2015).</p> <p>Log Sheets have been amended to enable stock levels to be recorded.</p> <p>Condition report on the tank gauges and meters has been commissioned.</p> <p>Currently awaiting further detailed information regarding cost of repairs to the fuel system.</p>	<p>Completed</p> <p>Completed</p> <p>On-going</p> <p>On-going</p>
3	<p>The fuel issue records should be regularly reconciled to the invoice and income records to ensure that all income for issues has been invoiced or collected.</p>	<p>Records now reconciled at end of every month.</p> <p>Finance notified of sundry debtors and invoices raised.</p>	<p>Completed</p>
4	<p>Maritime staff involved with the issuing of fuel should be notified on a regular basis of those debtors who have outstanding invoices. Where outstanding invoices do exist no further fuel issues should be made.</p>	<p>Maritime staff informed on a monthly basis by Finance of debtors with outstanding invoices.</p> <p>No fuel issued to customers with outstanding invoices</p>	<p>Completed</p>
5	<p>The production and issuing of SAGE 'invoices' should stop and segregation of duties in line with Financial Procedure Rules enforced between the calculating, checking and recording of debts and the collection of such debts.</p>	<p>The practice of issuing SAGE invoices ceased in April 2013.</p>	<p>Completed</p>

6	Consideration should be given to transferring and / or utilising the 18000 litres of fuel currently residing in an unused tank at Holyhead Fish Dock.	Condition report on the valves between the three tanks has been commissioned. Currently awaiting further detailed information regarding cost of repairs to the fuel system.	On-going
7	The ledger fuel income codes should be analysed to ensure that all shown income is marine diesel related and assigned to the correct code for the site of issue. Procedures concerning the paying in of payments relating to marine diesel through the Cash Receipting system should be reviewed to ensure that there is an adequate audit trail of each payment back to source.	Fuel income codes are now analysed monthly to ensure income is assigned to the correct code (ref: Maritime 2015-16 Zero Base Budget). All payments through the Cash Receipting system are supported by receipts and Log Sheets which are coded to correspond to the original payment. All Log Sheets are reviewed at the end of the month to ensure diesel sales and income reconcile.	Completed Completed Completed

4. CONCLUSION

The above table, and progress achieved, hopefully gives the Audit Committee reassurance and confidence that the Audit Report Recommendations have been actioned, with appropriate systems, processes and protocols established to improve governance (in relation to the scope of the Audit).

The changes, and compliance by the Maritime officers, will be monitored periodically to ensure they remain fit-for-purpose.

Successfully completing the on-going recommendations will be determined by cost and budget availability.

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