

Internal Audit Report - Final Salcombe Harbour 2023-24 South Hams and West Devon

March 2024

Service Objective

To manage and improve the Salcombe Harbour and Kingsbridge Estuary for a variety of users in the most economically, environmentally and effective manner to ensure it is used appropriately and safely.

Audit Opinion

Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Risks or Areas Covered

- key concerns or unmitigated risks

Inadequate governance structures in place.

- Good governance arrangements are in place.
- Risks; business continuity plan, data management and stores

Strategic management and related long-term plans are insufficiently robust.

Payments to employees are as expected.

Income and Expenditure.

- Risks; Harbour software system controls and separation of duties.
- Evidence of independent checks.

Breach of Port Marine Safety Code.

- Some areas for ongoing improvement

These areas / risks combine to provide the overall audit assurance opinion. Definitions of the assurance opinion ratings can be found in the Appendices. The observations and findings in relation to each of these areas has been discussed with management, see the "Detailed Audit Observations and Action Plan" appendix A. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed.

Level of Assurance

Reasonable Assurance

Substantial Assurance

Substantial Assurance

Reasonable Assurance

Substantial Assurance

Introduction

The audit objective was to confirm appropriate controls over the range of Harbour operations to ensure risk was appropriately managed. This included review of Harbour governance arrangements, strategy, and to confirm that financial assessment and performance are regularly reported.

A review of the Council's governance arrangements resulted in the Executive assuming the role of duty holder for the purposes of the Port Marine Safety Code (PMSC) and the Harbour Board becoming an advisory board to the Executive. The Board will provide advice and assistance to the Executive so that it can take account of the needs of the Harbour as a business and an environmental and community asset and the commercial realities of municipal port operations.

Executive Summary

We are able to confirm that appropriate governance arrangements are in place with a properly constituted Executive and Harbour Board, an experienced Harbour Master and supporting officers. Officer, Board and Executive members have received suitable training and good governance arrangements are in place. The Council has completed the review of its governance arrangements for the Harbour and has adopted the Executive in the role of the duty holder. We have identified the need for the Executive and Harbour Board members to formerly accept these requirements, now actioned.

Substantial work is being undertaken to update the Port Marine Safety Code (PMSC) and implement a more robust safety management structure and risks are mitigated, including regular independent inspections. The Harbour was subject to an independent review of the PMSC in 2021 and is finalising its updated code and related regulations ready for a further inspection at the time of this audit report. The initial review highlighted areas for improvement, such as providing a good safety management structure, but overall we can confirm compliance with the PMSC. We have included in this report areas of weakness that have been identified and require updating.

Significant work has been completed on the five year plan and this is required to inform the longer term strategic plan. Appropriate capital works are underway and planned, with external funding, to enhance the infrastructure. Costs are being covered by income to provide a balanced budget and plans are in place for next year's budget.

We have made some recommendation related to the PMSC, Business Continuity, the finance software, website improvements and stock systems outlined below. The Harbour does not have a Business Continuity Plan. This should link to the Council plan to cover unexpected disasters or loss of service. All officers need to be aware of the requirements, such as emergency numbers, revised working practices and where to work.

The updated Five Year Business Plan links to Council strategies and is due to be finalised and approved by members. It is good practice for it to be reviewed annually. Officers are also planning to introduce a longer-term strategy document for the Harbour, potentially for 20 years. This is also good practice and should identify potential future risks, such as rising sea levels, and link to a formal Risk and Opportunities Register.

Council finances are subject to regular review by the Harbour Master and Head of Finance and are presented systematically to the Harbour Board with regular update of the budget position. Gross expenditure is set at £1.399 million in the 2023/24 balanced budget. We have raised observations for a number of years around compliance and controls related to the harbour financial software and separation of duties and these are raised again. Although we have not identified any areas of impropriety the harbour system software limitations and lack of evidence of independent checks increases the risk and a reasonable assurance.