

# **Central Fisheries Board**

## **Audit Supplement**

### **Tourism Angling Measure**

#### **Background**

The Tourism Angling Measure (TAM) was part of the Product Development Sub-Programme of the Operational Programme for Tourism 1994 – 1999. Its aim was to upgrade Ireland's coarse, game and sea angling resources to the best international standards.

The TAM was funded by the EU and the State through the Department of Communications, Marine and Natural Resources. TAM projects were administered by the TAM Control Unit (TAM Unit), a unit within the Central Fisheries Board (CFB).

TAM projects were, in the main, relatively small scale projects for purposes such as

- in stream habitat improvements to spawning beds such as cleaning and/or extending gravel beds and protection of gravel beds by stabilisation of eroding riverbanks and fencing of riverbanks to allow vegetation growth
- establishment of new stocked coarse and game fisheries
- access improvements for both public and private fisheries involving, for example, clearance of riverbanks, construction of stiles and footbridges and improvements to rights of way
- improvement of water quality monitoring systems
- clarification and establishment of title to fisheries

Applications for TAM funding were submitted to the TAM Unit by the Central and Regional Fisheries Boards and other public and private bodies and individuals. Applications were assessed by a technical evaluation committee and a TAM management committee with the latter being the deciding committee. If approved, a project could proceed on the basis that qualifying expenditure incurred on that project would be reimbursed on submission of a valid claim. Claims for reimbursement were submitted to the TAM Unit whose role was to ensure that the claims were in respect of qualifying expenditure and were properly vouched. When satisfied, the TAM Unit made payments to the claimants out of monies drawn down from the Department.

#### **Accountability of the CFB**

In order to discharge its accountability the CFB is obliged to keep proper books of account which

- correctly record and explain its transactions,
- will, at any time, enable its financial position to be determined with reasonable accuracy, and
- will enable its accounts to be readily and properly audited.

The CFB is also obliged to follow public financial procedures. Those procedures require it to observe good cash management practice in relation to grants.

The TAM Unit operated with a degree of autonomy from the CFB in that it processed CFB claims in the same way as claims from other applicants. It also had a bank account dedicated

only to processing TAM Unit transactions, that is to say, receipt of funds from the Department and payment of funds to claimants. The Unit reported directly to the Chief Executive Officer of the CFB and all cheques drawn on the TAM Unit bank account were signed by the Chief Executive Officer and the Director of Finance. Notwithstanding the degree of operational autonomy afforded to the TAM Unit, accountability for its operations rests with the CFB.

In the course of the audit of the 1999 financial statements I became aware of a number of matters which gave rise to concern in relation to the management of the TAM Unit. These were as follows

- In a considerable number of cases there were delays between the date of receipt of funds from the Department and the date the funds were paid to claimants
- In some cases there were also delays between the date on which cheques were written and signed by the CFB and the date on which the cheques were issued to the claimants. In these cases the CFB's books of account recorded payments as made on the date the cheques were written. Thus, at the end of December 1999, payments totalling IR£385,000 were recorded as having been made notwithstanding the fact that the cheques were not issued until the following year. Of these, cheques to the value of IR£221,000 were issued in January 2000, IR£148,000 in subsequent months up to January 2001 and IR£16,000 were not recorded as having been issued in the TAM Unit records at January 2001.
- In August 2001 amounts totalling IR£222,000 which had previously been recorded in the CFB's books of account as payments were reversed. These amounts represented cheques written and included cheques to the value of IR£48,000 which had been written in 1999. It was not apparent from the material presented in the course of the audit whether these cheques had ever been issued.
- While TAM Unit records were available to show payments for each project it was not possible, in all cases, to match amounts drawn down from the Department to specific projects nor was it possible to reconcile the balance in the TAM bank account to claims on hand.

In the course of the audit I sought explanations for the make up of amounts due to claimants but these were not readily available. It took a considerable time for the CFB to provide partial explanations and, even then, it was found necessary to supplement the explanations provided with significant additional audit work to analyse TAM Unit records.

As these matters raised concerns as to compliance with public financial procedures as well as the keeping of proper books of account and the maintenance of a proper audit trail of transactions, I asked the Chief Executive Officer for his observations as to:

- Procedures followed by the Board in drawing down funds from the Department
- The adequacy of the records kept by the TAM Unit.

### **Chief Executive Officer's reply**

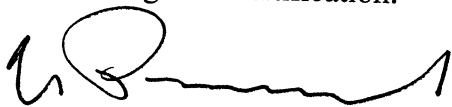
The Chief Executive Officer informed me that the Tourism Angling Measure was the single biggest capital investment programme in inland fisheries in Ireland since the foundation of the State. The Fisheries Boards went from a position in which they had no capital budget to a position in which there was a multi-million pound annual capital budget that amounted to £5.8m in 1999. In all, a total of over £20m was paid out under this Measure over a six-year period in respect of approximately 1,300 claims covering over 160 projects. Overall the implementation of the programme was recognised as a great success.

The relative magnitude of this programme put strains on the management, the accounting service and on the finances of the Boards. Because of the cash flow pressure that would be generated by funding claims up front and then seeking and waiting for reimbursement from the Department, drawdowns of funds from the Department were based on claims due to be paid plus anticipated expenditure. This practice operated in the early days of the programme. However, due to the low take up of funds in the early years of the programme there was concern that considerable funds were in the TAM account for long periods. As a consequence, in 1996 the Department decided to cease funding the Board in respect of anticipated expenditure. In June 1998 it indicated that drawdowns should only be made in respect of expenditure incurred and certified and that any balances on hand should be explained.

In the light of the circumstances described above it was clear to the Board that it was essential to operate a system that allowed timely reimbursement of expenditure, particularly to the Regional Fisheries Boards. This practice resulted in reduced expenditure by the Boards (and, by extension, the State) in servicing considerable overdraft interest charges. The difficulties caused by insisting that drawdowns could only be made in respect of expenditure incurred and certified were raised with the Department at a meeting in September 1998 (and later confirmed in writing) and the Department undertook to pursue the matter with the Department of Finance.

The CEO informed me that having made its concerns known to the Department the Board did not base its future drawdowns solely on claims cleared for payment and in respect of which funding was immediately required. As a result, it was difficult, if not impossible, to match drawdowns with projects. However, all claims were carefully scrutinised and fully approved before payments were made. Notwithstanding that, he accepted that the accounting of these transactions and the TAM Unit's records in general could have been better and more transparent and that lessons had been learned from the experience.

He accepted that in some cases payments were withheld following the writing of the cheques and that this did not represent best practice. He expressed the view that the principal reason for holding some cheques generally related to obtaining clarification on some small points or receiving final certification.



**John Purcell**

**Comptroller and Auditor General**

**17 December 2004**