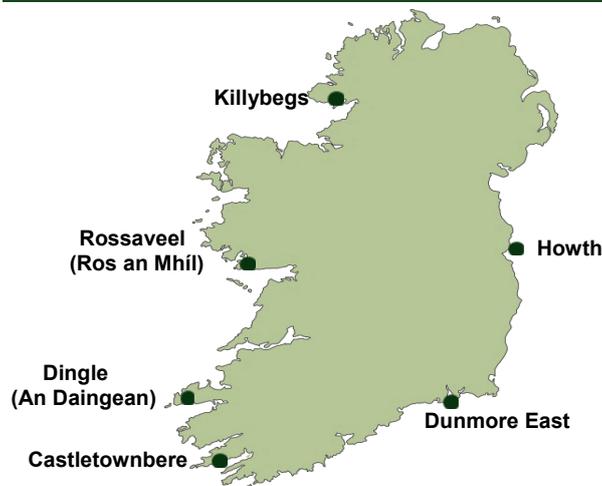


10 Financial management and reporting for fishery harbour centres

- 10.1** Fishery harbour centres (the centres) are designated at six locations throughout the State (see Figure 10.1).¹ The primary function of the centres is to develop and support fishery-related activities in Ireland. In addition, the centres' facilities may be used to promote leisure and amenity activities, and to assist social and economic development in the local areas.

Figure 10.1 Location of fishery harbour centres



Source: Office of the Comptroller and Auditor General

- 10.2** The Department of Agriculture, Food and the Marine (the Department) has direct responsibility for management and operation of the centres. Day-to-day operations are funded through harbour dues and charges set by law, and rents from State-owned properties. In addition, annual capital grant funding from the Exchequer is made available for the development and maintenance of harbour facilities.
- 10.3** The financial transactions of the centres are managed by the Department through a statutory fund, known as the Fishery Harbour Centres' Fund (the Fund), which is audited on an annual basis.
- 10.4** Following the transfer of responsibility for marine affairs (including fisheries) to the Department in 2007, significant delays emerged in the preparation and presentation of audited financial statements for the centres. A special report about the financial management and reporting for the centres was completed in April 2014.² The report sets out the background to the financial reporting delays and a number of related financial management issues, including billing of harbour dues, billing of rental income and the effectiveness of debt collection. The report included seven recommendations which were all accepted by the Department.

¹ The centres are designated under the Fishery Harbour Centre Act, 1968.

² C&AG special report number 82, *Financial Management and Reporting for Fishery Harbour Centres*, April 2014.

10.5 The Committee of Public Accounts (PAC) examined the special report at its meeting on 16 October 2014, and published its own report on the matter in June 2015.¹ The Committee's report contained 13 recommendations. Eight of the PAC's recommendations were closely related to recommendations in the special report.² In April 2016, the Minister for the Department accepted 12 of the PAC's recommendations, which included the eight related to recommendations in the special report.³

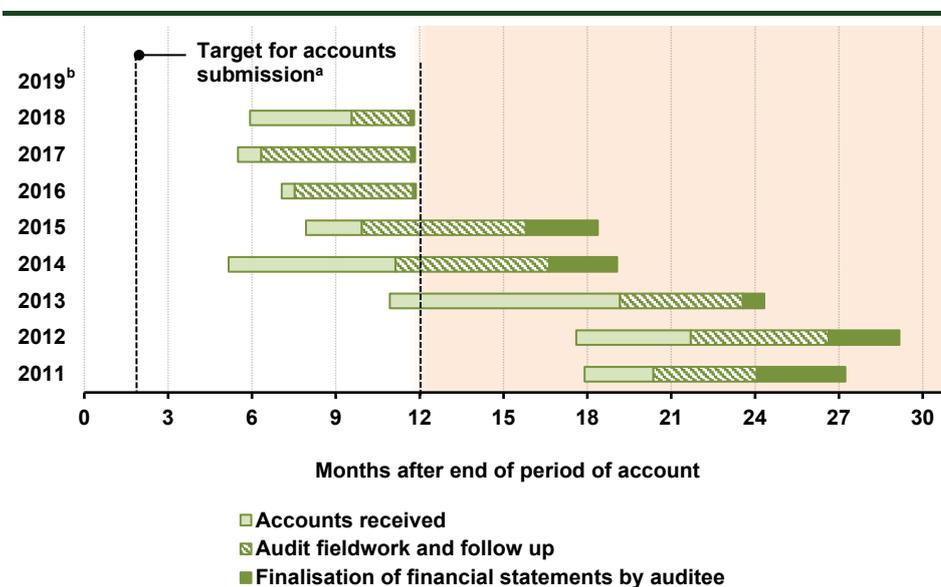
10.6 Given the elapse of time since the completion of the special report, it was considered appropriate to assess

- the timeliness of financial reporting now
- how the Department has implemented the recommendations contained in the report
- the governance arrangements put in place by the Department for implementing the recommendations.

Timeliness of financial reporting

10.7 There has been a significant improvement in the timeliness of financial reporting on the business of the centres (see Figure 10.2). Up to 2019, significant advances were achieved in the timeliness of submission of accounts for audit. The 2019 financial statements were not submitted for audit until 9 September 2020. The Department explained that the 2019 financial statements were delayed due to complexities associated with the recognition in the financial statements of harbour land and buildings and infrastructure for the first time as well as delays due to the Covid pandemic.

Figure 10.2 Timeliness of financial reporting on the fishery harbour centres, 2011 to 2019



1 Public Accounts Committee — *Report on the Fishery Harbour Centres* (June 2015).

2 All recommendations in special report number 82 (except recommendation 5) had an equivalent recommendation in the Committee's report.

3 Circular 09/2016 *Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Report on the Fishery Harbour Centres* (April 2016).

Source: Office of the Comptroller and Auditor General

- Notes:
- a Time targets for the submission of financial statements for audit vary between different categories of body. For the fishery harbour centres account, the legislation does not specify the target time for submission of financial statements for audit. The *Code of Practice for the Governance of State Bodies (2016)* requires draft accounts to be submitted for audit within two months after the end of the accounting period.
 - b The 2019 financial statements were submitted for audit on 9 September 2020 i.e. just over eight months after the end of the period of account.

Implementation of recommendations

- 10.8** The special report set out seven recommendations to the Department in relation to financial management and reporting for the centres. Progress in implementing the recommendations was assessed as at 28 February 2020. However, the assessment also took account of relevant developments after that date.
- 10.9** The current status of each recommendation has been assessed in terms of being implemented, part implemented, in progress or not implemented. The assessment of each recommendation is set out below.

Format of financial statements

Recommendation 1: The Department should review the format of the accounts for 2012 (and later years) with a view to ensuring consistency with up-to-date accounting practice.

- 10.10** The format of the centres' financial statements was devised many years ago. The report highlighted the need to improve the quality and usefulness of the financial information presented in the financial statements and identified inconsistencies in the accounting policies and practices when compared with current accounting practice.
- In the statement of financial position, fixed asset values are based on cumulative expenditure incurred on harbour properties from the various dates they were designated as fishery harbour centres. The value of existing assets transferred at the date of designation are not recognised.
 - Fixed assets are not categorised by type in the notes to the account.
 - Fixed assets are not depreciated.
 - Reviews are not undertaken for asset obsolescence or impairment.
 - Unusually, the statements dealing with the transaction in a year are prepared on both a cash and an accrual basis. Financial statements are normally prepared either on a cash basis or an accrual basis but not on both.
 - No cash flow statement is prepared — accrual-based financial statements typically include a cash flow statement.
 - A statement on internal financial control was not included as part of the annual financial reporting process for the centres.
- 10.11** Since the special report was completed in April 2014, the financial statements for the Fund have been enhanced in a number of ways.
- A statement on internal financial control has been included in the annual financial statements since the 2012 statements (signed May 2015).
 - The value of motor vehicles and plant and machinery was recognised for the first time in the statement on financial position as at 31 December 2018.¹
 - The draft financial statements for the Fund for the year ended 31 December 2019 recognise the value of fixed assets including land, building and infrastructure assets (valued on the basis of valuations provided by the Valuation Office) and capital assets under construction.² The 2019 draft financial statements also include a depreciation policy for these fixed assets.

¹ Motor vehicles and plant and machinery with a net book value of €626,000 were recognised.

² This included assets valued at €494 million at 31 December 2019 — land, building and infrastructure assets totalling €457 million and capital assets under development of €37 million.

Otherwise, the format and accounting policies of the financial statements have not changed.

- 10.12 *Assessment:*** This recommendation has only been partly implemented. While the Department has taken action to address some of the inconsistencies in accounting policies and practices identified in the special report, some work remains to be done to bring the format of financial reporting into line with standard accounting practice. The Accounting Officer has committed to establishing a project group to review this issue and make recommendations. The Department will then seek approval from the Minister for Public Expenditure and Reform, as appropriate, for any changes required.

Governance of the fishery harbours

Recommendation 2: The Department should review the governance arrangements for the centres to ensure that they adequately take account of the nature of the business.

- 10.13** The services the fishery harbour centres provide are mainly of an industrial/commercial nature. These include management and rental of property for commercial enterprises in the harbour precincts; provision of infrastructure and services such as auction halls; electricity; water and ice provision; levying and collection of fees for fish landings; and parking, etc. In some harbours, there is also a significant element of amenity and/or tourist activity. This type of activity is very different to much of the other activity of the Department, which is more administrative in nature. Furthermore, because the harbour centres were integrated into departmental systems, a number of problems arose when they were transferred between Departments in 2007.
- 10.14** The special report recommended that the management and governance arrangements of the centres should be reviewed to take account of the nature of the business.
- 10.15** Prior to the completion of the special report in April 2014, the Department had carried out an internal review of the management and reporting structures at the centres which was approved by the Management Board in July 2013.¹ The objective of the review was to re-organise and maximise the potential of the staff resources at each of the six centres in the context of achieving increased efficiencies and the objectives of the Croke Park Agreement.
- 10.16** Arising from the review, changes were made to the management and reporting structures at the centres which included the separation of the operational day-to-day functions of the centres from the property and debt management functions. The Department stated that the revised structures allowed it to provide a dedicated property unit to focus on management of the harbour properties in tandem with the pre-existing debt recovery unit already working to improve the financial returns owed to the centres.
- 10.17** The review also provided for the establishment of an internal fishery harbour centre management committee, at principal officer level. The Committee originally comprised representation from the sea fisheries administration division and the marine engineering division. Following publication of the special report, the Department amended the membership of the Committee to include also the accounts division.
- 10.18** The harbours management committee does not have a formal 'terms of reference', and it does not prepare minutes of its meetings or have formal reporting arrangements.

¹ *Reform of Management & Reporting Structures at Department of Agriculture, Food and the Marine's six Fishery Harbour Centres: Leading to improved efficiencies, effectiveness and the elimination of dual streaming*, June 2013.

- 10.19** The Department has stated that the management committee meets as appropriate, and at least twice a year and that it has an effective remit to consider the following matters¹
- strategic, operational and management issues
 - financial issues
 - capital programme
 - accounts preparation and
 - health and safety.
- 10.20** The Department is currently formalising the management committee's terms of reference and arranging that its proceedings will be formally recorded and reported periodically to the Management Board of the Department.
- 10.21** The Department stated that the governance arrangements have been further enhanced by inputs from annual harbour users' meetings for each harbour and an annual harbour masters' forum in which all six harbour masters discuss matters affecting the operation of the harbours.
- 10.22** **Assessment:** This recommendation was part implemented. The Department made changes to the management and reporting arrangements for the centres following an internal review, including the establishment of a new management committee, and these were further adjusted following the completion of the special report. However, there has been no formal review of the merits of possible alternative governance structures e.g. establishment of a stand-alone State body to manage the business of the harbours.
- 10.23** The Accounting Officer has stated that the adjustments to the accounts format, the significant reform of the debt collection processes, the valuation of assets and the establishment of a management committee are substantive evidence of review of governance. He accepts that such a review might have formally considered other structural options of a policy nature, including moving this element of the Department's functions to an existing State body, or the creation of a State body to carry out these functions of the Department. However, he stated that the Department has never been convinced that either accountability or transparency for the fishery harbour centres would be improved by the establishment of a State body, with the obvious additional expense of a new layer of senior management and board members, or the dissipation of accountability through multiple layers of administration, or that the primary focus of the fishery harbours administration — the provision of infrastructure and services for the development and regulation of the fishing industry — might have been improved by transferring the functions from the Department to a State body. It is equally the case that the scale of these operations is significantly smaller, from a financial point of view, than many other divisions of the Department.

¹ Reference is made to this Committee, with the matters it should have particular regard to and the frequency of its meetings, in the *Fishery Harbour Centre Best Practice Manual*, September 2020.

Review of charging orders

Recommendation 3: The Department should, at regular intervals, formally review the adequacy of the charging order to ensure that all charging rates reflect current economic conditions, and that all relevant activities and services by centres are captured.

- 10.24** A statutory instrument called a charging order sets the rates the centres charge for their services. For example, the charges vessels pay for entering a harbour or landing their catches are set in this order. Other charges include car parking fees and the costs associated with electricity usage and other overheads.
- 10.25** In response to the recommendation, the Department agreed to carry out a formal review of the orders every three years (commencing in 2015). However, it has not updated the charging orders since 2012.
- 10.26** At the end of October 2019, the Department completed a review of the charges under the order, identified a new series of charges and, based on legal advice, drafted six new charging orders to replace the single 2012 charging order. The Department has stated that, as of 28 February 2020, the process of updating the charging orders was at an advanced stage but the review of the 2012 order was unexpectedly but necessarily protracted as operational issues took considerable time to resolve.
- 10.27** Asked about the delay in signing the orders and implementing the new charges, the Department stated that there is a legal issue in regard to car parking charges in one of the centres which needs to be clarified before the orders can be signed by the Minister. The Department also explained that the Act requires that whenever the Minister proposes to make an order he shall publish the proposal and make it available for public consultation for 21 days and then consider any objections before deciding whether to introduce a new charging regime. The Department stated that once clarity is received from the Office of the Attorney General in relation to car parking charges and on any other related issues should they arise, it plans to proceed to public consultation.
- 10.28** The Department pointed out that the biggest contributor to fishery harbour income is generated by fishing activity and that the landing charges are based on the average price of fish landings in the previous year which means that the landing charges from the 2012 order are dynamic and still represent current economic circumstances.
- 10.29** **Assessment:** Work on implementing this recommendation is still in progress. In line with the original commitment, the orders should have been reviewed twice since the special report was completed. As outlined above, the Department intends to finalise new orders shortly and thereafter to complete a triennial review of the appropriateness of the charges.

Management of commercial property

Recommendation 4: The Department should immediately review those properties which are currently being provided free of charge or are vacant, with a view to ensuring that a proper competitive return is being obtained by the centres.

- 10.30** The special report highlighted that a number of properties located in the fishery harbour centres that were owned by the State were either unoccupied or were being used by third parties without paying a rental charge.
- 10.31** The Department has stated that it keeps its full property portfolio under review on an ongoing basis as part of its property management function. In January 2020, the Department formalised the reporting structure for the review process of the property portfolio by introducing a requirement to present an annual report to the Department's Management Board for its consideration.
- 10.32** The only agency currently being afforded free or "peppercorn" rent is the lifeboat service (RNLI). This has been and remains Departmental policy, in recognition of their charitable status and their contribution to the safety of seafarers.
- 10.33** Of the 249 properties on the property portfolio as at 3 February 2020, 17 were classified as vacant. Of the 17 vacant properties, six were deemed potentially available for tender or disposal, while 11 were deemed unsuitable for tender or disposal. The Department confirmed that it is actively working on resolving issues and engaging with relevant parties in respect of all of the vacant properties with a view to preparing them for third-party occupancy, development or disposal.
- 10.34** **Assessment:** This recommendation has been implemented.

Sale of properties

Recommendation 5: The Department should ensure that appropriate arrangements are in place in the case of property sales to enable it to continue to obtain a return from the property pending the completion of the sales process.

- 10.35** The special report noted that, during the planned sale of a property in 1992, the proposed purchaser was allowed to occupy the property without paying rent. The sale process became protracted, and had still not been finalised by 2014, when the report was completed. For the intervening 22 years, the premises had been occupied rent free.
- 10.36** The Department stated that this property sale was a unique legacy case. The sale was completed in 2017, and the purchaser was in occupation between 1992 and then without any rent being charged. The Department confirmed that since the special report was completed to the end of February 2020 that there has been no other case where a property had been sold to an existing occupant without rent being charged until the sale was closed.

- 10.37** The Department stated that since the completion of the report, rather than sell, the general policy is to lease property on a commercial basis in order to ensure a steady stream of income which is required to meet the ongoing costs of operating the centres. The *Fishery Harbour Centre Best Practice Manual* was changed in 2020 to reflect this general policy.
- 10.38** Of the 249 properties on the property portfolio on 3 February 2020, rent was not being charged on four parcels of land which are in the process of being sold. In addition, rent was not being charged on another parcel of land which is not on the property portfolio and is in the process of being sold. According to the Department, these are parcels of land on the periphery of two centres, which had historically formed part of domestic gardens, have no commercial, strategic or operational value and are being sold at their commercial valuation.
- 10.39 *Assessment:*** This recommendation has been implemented.

Efficient debt collection

Recommendation 6: The Department should set specific targets for reducing the time taken to collect debts. It should also focus earlier attention on larger customers as arrears emerge, and devise and document appropriate strategies to work with those customers.

- 10.40** The prompt collection of debts is an important part of the effective financial management of any organisation. Due to delayed invoicing by the fishery harbour centres, the Department faced significant challenges in collecting its debts. As a result, debts of around €4 million were outstanding at the end of 2014.¹ Debts were outstanding on average by 256 days.²
- 10.41** In 2016, the Department introduced changes to its debt management and recovery function. As part of this, the monitoring of accounts receivable debt (including fishery harbour centre debt) is carried out centrally by a debt monitoring unit in the Department's accounts division. A dedicated debt management unit within the Sea Fisheries administration division concentrates on the collection and recovery of the centres' debts, working in conjunction with and as an integral part of the new procedures and processes.
- 10.42** A bespoke central debt management system was set-up in the Department's accounting system to bring consistency to its debt management activities. The system facilitates and tracks the steps taken to recover debt at an individual debtor level. The Department considers that the current procedures and system are effective in delivering the objectives of reducing debt collection timelines and overall debt levels.
- 10.43** Outstanding debt has been reduced from some €4 million as of 31 December 2014, to €1.9 million at 31 December 2019. Average debtor days have been reduced from 256 days at the end of 2014 to an estimated 128 days at 31 December 2019.³
- 10.44 *Assessment:*** This recommendation was part implemented. There is more active management of debtors, and the value of debt outstanding and the average debtor days have been substantially reduced. The Department has not set targets for what it wants to achieve in terms of debt level or timeliness but has committed to doing so whilst taking account of the likely impact of the pandemic restrictions.

¹ The debt figure of €4 million excludes debt of €1.6 million which was deemed not due and owing following a Supreme Court judgement in December 2015.

² 'Average debtor days' is a standard measure of the timeliness of debt collection. It is defined as the average number of days a body's debtors are taking to pay. It is calculated in the centres as follows: the year-end trade debtors figure divided by the trade income figure (i.e. harbour dues and rents) multiplied by 365 days.

³ Based on draft 2019 financial statements.

Valuation of land, infrastructure and buildings

Recommendation 7: The Department should obtain a current valuation of centre land and property. This would give more complete and up-to-date information and support financial analysis of the centres' performance, and decision making regarding the use of the centres' assets.

- 10.45** Significant assets are managed by the centres on behalf of the State. At the time the special report was completed (in 2014), the most recent independent valuation of the property assets in the centres had been undertaken in 2004. This valued property at the five centres then designated at €259 million. This valuation did not take account of property at the Dingle centre which was only designated a fishery harbour centre in 2007. When significant assets are acquired by an existing enterprise, the standard practice is to recognise them in the financial statements at their current value. In accordance with the Fund's accounting policies, fixed assets in the Dingle centre transferred at the date of designation were not recognised in the financial statements.
- 10.46** In 2015, the Valuation Office provided the Department with an updated valuation for all six centres (as at 31 December 2014) at a provisional value of €638 million which was disclosed in a note to the Fund's 2017 financial statements.¹ However, the Department believed that this valuation did not take account of the totality of the centres' properties (buildings, land and related infrastructure) resulting in it commissioning a new mapping exercise in order to ensure the completeness of its property assets.
- 10.47** The mapping exercise took just over three years to complete and involved the creation of a digital database of each centre, based on the maps of Ordnance Survey Ireland, detailing the physical footprint of the centres and all structures contained within it.
- 10.48** In November 2019, following the completion of the mapping exercise for the six centres, the Department sought an updated valuation as at 31 December 2019 of its property assets on a centre-by-centre basis from the Valuation Office using the digital database as the source data for the revaluation exercise. In quarter three, of 2020 the Valuation Office provided a valuation of €457 million for land, buildings and infrastructure for the six centres. This valuation is reflected in the statement of financial position in the draft 2019 financial statements of the Fund. According to the Department, the reduction in the value of the six centres from the previous valuation was due to the greater level of detail afforded by the mapping exercise which allowed for more accurate replacement costs to be applied to the asset listing resulting in a more accurate, although lower valuation.
- 10.49** **Assessment:** This recommendation has now been implemented. An inventory of property was completed in November 2019 and a formal valuation was completed in quarter three 2020.

¹ The 2015 valuation was revised to €647 million which was disclosed in a note to the Fund's 2018 financial statements.

Monitoring of implementation of the recommendations

- 10.50** Any process of change management requires an implementation plan with appropriate monitoring and oversight arrangements. This requirement extends to the implementation of recommendations made by external and internal auditors.
- 10.51** Formal processes for implementation of change are especially important in an organisation as large, complex and diverse as the Department of Agriculture, Food and the Marine. In public sector bodies, it is standard practice that the Audit Committee would maintain a monitoring role in relation to recommendations of the auditors.
- 10.52** We enquired of the Department how it had managed the implementation of the recommendations set out in the special report. The Department reported as follows:
- Responsibility for implementation of the recommendations was shared between the Department's assistant secretary with responsibility for corporate affairs and the assistant secretary with responsibility for the marine.
 - Implementation of the recommendations has been a collaborative process involving the accounts, sea fisheries and marine engineering divisions. The Department did not develop a formal action plan incorporating time frames and key responsibilities.
 - No specific resources/budget were allocated to implement the recommendations.
 - Actions to implement recommendations were not approved separately by senior management.
 - Monitoring of implementation of the recommendations was undertaken as part of ongoing work practices and procedures of the Department. There was no specific monitoring report cycle. The Department did not supply any evidence to indicate the involvement of the Audit and Risk Committee in monitoring the progress of implementation. However, the Department stated that while its Internal Audit Unit was not specifically asked to keep the recommendations under review, the Unit did carry out two independent audits of the centres' operations, dealing with collection of fees and debt management (February 2016) and the harbour development programme (July 2017).
 - Progress in relation to implementation was reported to the Secretary General via the annual process of the submission of the financial statements of the Fund, the Department's annual report and briefings ahead of attendance at PAC meetings.

Conclusions and recommendations

- 10.53** The very significant delays in financial reporting on the operations of the fishery harbour centres outlined in the 2014 special report were dealt with promptly by the Department. Audited financial statements for 2012 were not available until mid 2015 i.e. 29 months after the end of the year of account. Audited financial statements for all years since 2016 have been available within 12 months of the end of the year of account. There is scope for further improvement in relation to timeliness of financial reporting for the centres.
- 10.54** The Accounting Officer for the Vote for Agriculture, Food and the Marine accepted all the recommendations set out in the special report. While progress has been made on their implementation up to 28 February 2020, further work is required to complete the project of modernising the financial management and reporting for the centres (see summary position in Figure 10.3).

Figure 10.3 Implementation status of recommendations made in special report 82 (April 2014), as of 28 February 2020^a

Recommendations	Status
1 The Department should review the format of the accounts for 2012 (and later years) with a view to ensuring consistency with up-to-date accounting practice.	
2 The Department should review the governance arrangements for the centres to ensure that they adequately take account of the nature of the business.	
3 The Department should, at regular intervals, formally review the adequacy of the charging order to ensure that all charging rates reflect current economic conditions, and that all relevant activities and services by centres are captured.	
4 The Department should immediately review those properties which are currently being provided free of charge or are vacant, with a view to ensuring that a proper competitive return is being obtained by the centres.	
5 The Department should ensure that appropriate arrangements are in place in the case of property sales to enable it to continue to obtain a return from the property pending the completion of the sales process.	
6 The Department should set specific targets for reducing the time taken to collect debts. It should also focus earlier attention on larger customers as arrears emerge, and devise and document appropriate strategies to work with those customers.	
7 The Department should obtain a current valuation of centre land and property. This would give more complete and up-to-date information and support financial analysis of the centres' performance, and decision making regarding the use of the centres' assets.	

Source: Office of the Comptroller and Auditor General

Note: a The assessment also took account of relevant developments after 28 February 2020.

Key:  Implemented  Part implemented
 In progress  Not implemented

- 10.55** Better and earlier progress may have been made in relation to the agreed recommendations if the Department had taken a more structured approach to monitoring their implementation. While there was formal assignment of responsibility for implementation and annual reporting on progress, the Department missed out on putting in place other key good practice elements that help ensure effective change management (see Figure 10.4).

Figure 10.4 Key good practice principles in relation to change management

Assign responsibility — the accounting officer/accountable person should formally assign responsibility for implementation of change/recommendations to a relevant individual(s).

Develop an action plan — this should set out: the change objectives and a statement of what successful change would mean; the necessary actions; a timeline, with intermediate time targets; the resources to be assigned.

Plan approval — ensure that the action plan is endorsed/approved by the relevant senior management/accounting officer/accountable person.

Allocate the resources — ensure that sufficient appropriate resources are made available to implement the process of change; this may require freeing up existing management resources from current responsibilities.

Monitor the plan — establish a formal mechanism to regularly monitor: progress on implementation of the plan; availability of resources; delivery of change milestones — for recommendations arising from audits (external or internal) this should normally include the organisation's audit and risk committee.

Report on progress — there should be periodic external reporting to keep stakeholders informed of progress.

Source: Office of the Comptroller and Auditor General

Recommendation 10.1

In relation to the operation of fishery harbour centres, the Department should complete a review of the financial reporting and financial management processes. Following consultation with relevant parties, it should adopt a formal plan to implement recommendations identified by that review within a specified timescale.

Accounting Officer's response

Agreed.

Since the publication of the special report, robust procedures and processes have been put in place covering all aspects of the management of the harbours. Procurement processes, management of capital works, invoicing, management of debt etc. are all now in a much more secure framework. Nonetheless, I will establish a project group to make the arrangements to prepare the harbours' accounts on an accruals basis and to review the current financial management processes.

Recommendation 10.2

The Department should set an appropriate target date for earlier presentation of its annual financial statements for the fishery harbour centres and should develop a plan to achieve delivery within that target timeframe. This plan should also take account of the requirements for the preparation, audit and presentation of the other financial statements the Department is required to produce.

Accounting Officer's response

Agreed.

However, there has already been a significant improvement in the timeliness of financial reporting which is recorded in this chapter, although there are particular circumstances in 2020 that meant that the 2019 accounts could not be submitted as early as those for 2018.

10.56 The Department made changes to the management and reporting arrangements for the centres following an internal review, including the establishment of a new fishery harbour centre management committee, and these were further adjusted following the completion of the special report. However, there has been no formal review of the merits of possible alternative governance structures e.g. establishment of a stand-alone State body to manage the business of the harbours.

10.57 The fishery harbours management committee does not have a terms of reference under which it operates, minutes are not prepared in respect of meetings held and there are no formal reporting arrangements to the Department's Management Board, Audit and Risk Committee or other appropriate authority.

Recommendation 10.3

The Department should ensure that all management committees have a clearly defined terms of reference that has been approved at an appropriate level, minutes of meetings held are prepared and approved and that there are appropriate formal reporting arrangements.

Accounting Officer's response

Agreed.

I am considering formal terms of reference for the management committee which I will shortly approve. This will require the preparation of a quarterly report on harbour activities for presentation to the Department's Management Board.

