

Fishery Harbour Centres

Financial Statements

For the year ended 31 December 2022

**Fishery Harbour Centres
Financial Statements for the year ended 31 December 2022**

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**Fishery Harbour Centres
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Fishery Harbour Centres

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

The Fishery Harbour Centres Act, 1968 to 2015 (as amended) makes provision for the establishment, maintenance, and management of the Fishery Harbour Centres Fund. Responsibility for the Fishery Harbour Centres Fund transferred to the Department of Agriculture, Food and the Marine under the terms of S.I. No. 707/2007 - Sea Fisheries, Foreshore, and Dumping at Sea (Transfer of Departmental Administration and Ministerial Functions) Order 2007.

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department in relation to the operation of the Fishery Harbour Centres Fund.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness is kept under ongoing review.

Shared services

Payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for the National Shared Services Office has put in place an audit process to provide independent assurance on the operation of controls within shared services. This assurance is a combination of:

- Internal audit work performed by the National Shared Services Office's Internal Audit Unit, and
- Audits conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on the controls within shared services. These audits report on the effectiveness of controls operated in 2022.

The Accounting Officer for the National Shared Services Office has provided me with a letter of assurance on the internal control and audit arrangements and reports on the audits of the operation of controls during 2022.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for the National Shared Services Office.

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Financial Control Environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Harbour dues income - Landings data

The Sea Fisheries Protection Authority (SFPA) was established under the Sea - Fisheries and Maritime Jurisdiction Act 2006 and is responsible (in conjunction with the Irish Naval Service) for the control and enforcement of Fisheries legislation. In this regard, the SFPA is the single legal competent authority responsible for the collection and reporting of fish landings into Ireland.

As referenced in Note 1 to these accounts, charges for landings of fish for vessels greater than or equal to 10 metres in length overall are based on the landings data provided by the SFPA.

The Department must therefore place reliance for fish landings on the SFPA's systems of control.

The Department is aware of an issue following an audit by the DG-Mare of the European Commission, of Ireland's system of sea fisheries controls. An interim control plan was agreed with the Commission in 2022 and a new permanent control plan was approved in Dec 2022. This came into effect in January 2023.

Internal Audit and Audit Committee

The activities of the Fund may be subject to audit by the Department's internal audit function which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed. Its annual internal audit plans are based on this analysis and aim to cover key controls on a rolling basis over a reasonable period. There is also an Audit Committee to advise me in discharging my responsibilities for the internal financial control system within the Department generally. The internal audit function is reviewed periodically by me and by the Audit Committee. The last internal audit report in respect of Fishery Harbour Centres Fund issued in 2017.

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Risk and Control Framework

Development and enhancement of the Department's risk management system has continued throughout 2022.

- The Risk Office, which is based in the Finance Division, works full-time at promoting and developing active risk management across the organisation. This is achieved through quality assessing the risks on the risk register, the provision of support in implementing risk management to individual staff, through engagement with the eRisk system developers to improve and enhance the eRisk system and through running targeted Risk Management Workshops on a division-by-division basis, to embed good practice in relation to risk management.
- The Risk Committee, which is chaired by the Assistant Secretary General with responsibility for governance and has representation at Head of Division level across the Department, meets on a quarterly basis and provides governance and oversight of the work of the Risk Office.
- The Risk Committee reports on a quarterly basis to the Management Board.
- The risk policy for the Department was revised and approved by the Management Board in July 2020.
- Quarterly anti-fraud reporting and monitoring procedures have been implemented and a fraud register is maintained in Finance Division.
- The Department's Fraud Policy, incorporating anti-fraud measures, was reviewed and updated and approved by the Management Board in 2022. Training in relation to the Fraud Policy will be rolled out in 2023.

Financial Management and Reporting for Fishery Harbour Centres

In July 2022, the Fishery Harbour Centre Management Committee presented its annual report on Progress in the Fishery Harbour Centres to the Department's Management Board.

The Review of the Fishery Harbour Centres Acts 1968 to 2015 is progressing in order to proceed with the recommendation to subsume the Fishery Harbour Centres Fund into the Department Vote, which will ultimately be a matter for the Oireachtas to decide. Provision has been made in the Government's Legislative Programme for this purpose.

The FHC Management Committee has put in place procedures for managing projected debt levels, and in line with those procedures presented a report to the Management Board in July 2022, setting out that €1.8 million is an appropriate level of mature debt which should not be exceeded in 2022. The trade debtors figure on 31 December 2022 was €1.716 million.

Signed: 
Brendan Gléeson, Secretary-General
Dept of Agriculture, Food and the Marine

Date: 15/02/23



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Fishery Harbour Centres

Opinion on the financial statements

I have audited the financial statements of the Fishery Harbour Centres prepared by the Department of Agriculture, Food and the Marine for the year ended 31 December 2022 under section 8 of the Fishery Harbour Centres Act 1968. The financial statements comprise the statement of accounting policies and principles, the Fishery Harbour Centres statement of receipts and payments, the Fishery Harbour Centres statement of income and expenditure and retained revenue reserves, the statement of financial position, and the related notes.

In my opinion, the financial statements properly present

- the balance of the Fishery Harbour Centres at 31 December 2022, and
- the transactions of the Fishery Harbour Centres for 2022.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Department of Agriculture, Food and the Marine and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the financial statements. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Colette Drinan
For and on behalf of the
Comptroller and Auditor General

19 December 2023

Appendix to the report

Responsibilities of the Department of Agriculture, Food and the Marine

The Department is responsible for

- the preparation of the annual financial statements in the format specified by the Minister for Agriculture, Food and the Marine, after consultation with the Minister for Public Expenditure, National Development Plan Delivery and Reform, in accordance with section 8 of the Fishery Harbour Centres Act 1968
- ensuring the financial statements properly present the transactions and balances of the Fishery Harbour Centres
- ensuring the regularity of transactions, and
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 8 of the Fishery Harbour Centres Act 1968 to audit the financial statements of the Fishery Harbour Centres and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements properly present the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Department regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the statement on internal financial control presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the statement on internal financial control presented and, in doing so, consider whether the information therein is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

**Fishery Harbour Centres
Financial Statements for the year ended 31 December 2022**

Fishery Harbour Centres

Statement of Accounting Policies and Principles

Basis

The Minister shall establish, maintain and manage in accordance with Section 9 (1) of the Fishery Harbour Centres Act, 1968 a fund to be known as the Fishery Harbour Centres Fund.

These financial statements are prepared, on a cash accounting basis, in accordance with Section 8 (1) of the Fishery Harbour Centres Act, 1968.

A Statement of Income and Expenditure and Retained Revenue Reserves and a Statement of Financial Position are also prepared and presented for completeness.

Capital Assets

Valuation of Capital Assets

The Department commissioned a valuation programme in 2019 in respect of land, buildings and infrastructure. The Statement of Financial Position includes a revaluation reserve as a result of this valuation programme. It is policy that such assets should be valued every 5-7 years, as recommended by the Department of Public Expenditure, National Development Plan Delivery and Reform (DPENDPDR). It is intended to commission the State Valuation Office to commence the next revaluation in 2024.

Capital assets with a value of greater than €10,000 are capitalised in accordance with circular 21/2020 *Increase in the value threshold for inclusion of assets in the asset register.*

Harbour infrastructure is valued on a depreciated replacement cost (DRC) basis.

Land and buildings are valued on a Market Value/Fair Value basis.

Depreciation

Depreciation is charged on a monthly basis for the life of the asset.

The depreciation policy is that a full month's depreciation is charged in the month of acquisition or commissioning and no depreciation is charged in the month of disposal.

Infrastructure: 'Functional obsolescence is only a nominal factor for these structures but an allowance for physical obsolescence should be considered. In relation to physical obsolescence a maximum depreciation of 20% has been applied using the "Monsanto Scales" to determine the level of depreciation for these longer life structures.' Source: Valuation Office Report 2019.

The depreciation on infrastructure is amortised against the accumulated Oireachtas Grant. All other depreciation is expensed in the Statement of Income and Expenditure and Retained Revenue Reserves.

From 2021, assets in the category of motor vehicles are depreciated on a straight line basis over their estimated useful life of ten years. This change reflects the industrial nature of these assets.

Motor Vehicles - 10% straight line

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Plant & Machinery - 10% straight line

Office equipment - 20% straight line

Land is not depreciated.

Buildings are not depreciated on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition.

Capital assets under development

Capital expenditure on new developments spanning multiple accounting periods is accounted for as a capital asset under development and is transferred to the relevant asset category on completion. Depreciation is charged once the asset is commissioned.

Oireachtas Capital Grants

Oireachtas capital grants comprise the accumulated grants made available by the Exchequer, by way of the Vote of the Department of Agriculture, Food and the Marine, for capital development and maintenance in the Fishery Harbour Centres.

Bad Debts

Provision has been made in the accounts for bad and doubtful debts. It is made based on the age of the debt at the following rates: 2022 - 5%, 2021 - 10%, 2020 - 80% and pre 2020 - 100%.

Capital Account

The Capital Account represents the cumulative amount of income received from the Department's Vote (Vote 30) to develop and maintain the infrastructure of the harbours. The balance on the Account is the amount received net of infrastructure depreciation and maintenance expenses (note 4).

**Fishery Harbour Centres
Financial Statements for the year ended 31 December 2022**

**Statement of Receipts and Payments
for the year ended 31 December 2022**

	2022	2021
	€000	€000
Revenue Receipts and Payments		
Receipts		
Harbour Dues	4,507	4,508
Rental Income	2,083	1,247
Sundry Receipts	591	349
Asset Disposals	2	14
	<u>7,183</u>	<u>6,118</u>
Payments		
Salaries & Wages	3,209	3,065
Light, Heat & Power	1,264	874
Maintenance	1,188	957
Telephone	17	21
Water Rates	153	162
Sundry Expenses	472	188
Fixed Asset Purchases	57	226
	<u>6,360</u>	<u>5,493</u>
Surplus/(Deficit) on Revenue Account	<u>823</u>	<u>625</u>
Capital Receipts and Payments		
Receipts : Exchequer Grants	30,199	22,571
Capital Expenditure – Grant	(30,199)	(22,571)
Capital Expenditure – FHCF	(1,520)	(605)
Surplus/(Deficit) of Capital Expenditure	<u>(1,520)</u>	<u>(605)</u>
Opening Cash Reserves Balance as at 01/01/2022	11,301	11,280
Total Surplus/(Deficit)	(697)	20
EU VAT	-	1
Closing Cash Reserves Balance as at 31/12/2022	<u>10,604</u>	<u>11,301</u>

Signed: 
Brendan Gleeson, Secretary-General
 Dept. of Agriculture, Food and the Marine

Date: 15/12/23

**Fishery Harbour Centres
Financial Statements for the year ended 31 December 2022**

**Statement of Income and Expenditure and Retained Revenue Reserves
for the year ended 31 December 2022**

	Note	2022 €000	2021 €000
Income			
Harbour Dues	1	4,183	4,559
Rents		2,053	1,106
Sundry Receipts		442	553
Sale of Assets		2	14
Total Income		<u>6,680</u>	<u>6,232</u>
Expenditure			
Salaries & Wages	3	3,209	3,065
Light, Heat & Power		1,295	869
Telephone		18	21
Water Rates		172	154
Sundry Expenses		317	273
Maintenance of plant and equipment		1,260	969
Maintenance of infrastructure		2,453	3,364
Bad Debt Expense		-	49
Bad Debt Provision		91	(88)
Loss on Asset Disposal	8	401	-
Depreciation of plant and equipment	2	216	242
Depreciation of infrastructure	2	6,015	5,997
Total Expenditure		<u>15,447</u>	<u>14,915</u>
Surplus/(Deficit) Before Appropriations		(8,767)	(8,683)
Transfer (to)/from the Capital Account	4	6,015	5,997
Surplus/(Deficit) for the year after appropriations		(2,752)	(2,686)
Balance brought forward at 1 January 2022		13,999	16,685
Balance carried forward at 31 December 2022		<u>11,247</u>	<u>13,999</u>

Signed: _____



Brendan Gleeson

**Secretary-General
Dept. of Agriculture, Food and the Marine**

Date: _____

15/12/23

**Fishery Harbour Centres
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**Statement of Financial Position
As at 31 December 2022**

		2022	2021
		€000	€000
	Note		
Fixed Assets			
Plant, property and equipment	2	455,738	453,586
Capital Assets under Development		<u>84,029</u>	<u>63,691</u>
		539,767	517,277
Current Assets			
Debtors	5	898	1,479
PMG		<u>10,604</u>	<u>11,301</u>
		11,502	12,780
Current Liabilities			
Creditors	6	<u>(619)</u>	<u>(514)</u>
Net Current Assets		10,883	12,266
Total Net Assets		<u><u>550,650</u></u>	<u><u>529,543</u></u>
Representing			
Capital Account	4	337,466	313,607
Retained Revenue Reserves		11,247	13,999
Revaluation Reserve		<u>201,937</u>	<u>201,937</u>
		<u><u>550,650</u></u>	<u><u>529,543</u></u>

Signed: _____

**Brendan Gleeson, Secretary-General
Dept. of Agriculture, Food and the Marine**

Date: 15/12/23

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Notes forming part of the financial statements cont.

Capital Assets under Development at 31 December 2022

	€000
Opening balance at 1 January	63,691
Cash payments for the year	29,304
Transfers to asset register	(8,861)
Transfers to Capital Maintenance Register	<u>(105)</u>
Balance at 31 December	<u>84,029</u>

3. Employee Numbers and Pay

The following employee numbers and pay information relates to staff directly employed in the Fishery Harbour Centres.

	2022	2021
Number of staff at year end	57	57
	2022	2021
	€000	€000
Pay	2,341	2,203
Allowances	256	249
Overtime	284	234
Employer's PRSI	285	279
Direct salaries and wages	<u>3,166</u>	<u>2,965</u>
CSSO Solicitors*	43	100
Total salaries and wages	<u>3,209</u>	<u>3,065</u>

* In 2022, contract solicitors continued to be employed by the Chief State Solicitor's Office (CSSO) at the Department's request to deal exclusively with the Fishery Harbour Centre property portfolio. This cost was borne by the Fishery Harbour Centres Fund.

Three Officers of the Department are employed in the Fishery Harbour Centres. The cost of their total salary of €103,771 is borne by the Department's Vote.

4. Capital Account

	2022	2021
	€000	€000
Opening balance	313,607	297,033
Exchequer Grant*	30,199	22,571
Amortisation in line with infrastructure depreciation	(6,015)	(5,997)
Asset Threshold Exclusion – Circular 21/2020	<u>(325)</u>	<u></u>
Closing balance	<u>337,466</u>	<u>313,607</u>

* Vote 30 Subhead Programme D3

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Notes forming part of the financial statements cont.

5. Debtors

	2022	2021
	€000	€000
Sundry Trade Debtors	1,716	2,028
Income accruals	201	376
Provision for Bad Debts	(1,019)	(927)
Petty Cash balances	—	2
	<u>898</u>	<u>1,479</u>

Trade debtor levels decreased from €2.028 million in 2021 to €1.716 million in 2022. There has been a decrease in the average number of debtor days from 127 in 2021 to 97 in 2022. No write offs took place in 2022. (13 writes offs in 2021)

6. Creditors	2022	2021
	€000	€000
Sundry Trade Creditors	8	17
Expense accruals	394	295
Deferred Income	217	202
	<u>619</u>	<u>514</u>

7. Contingent Liability

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Currently VAT is not applied to charges made in respect of harbour charges or property rentals. The Office of the Revenue Commissioners has provided guidance in relation to the application of VAT generally and this guidance is being examined. It is not possible to estimate any potential liability at this time. Further detailed guidance will be sought in relation to any potential VAT liability arising in respect of services provided at the Fishery Harbour Centres.

8. Contingent Asset

A marina pontoon and related infrastructure in Dingle Fishery Harbour Centre were damaged on Saturday, November 26th 2022, by a trawler manoeuvring in the harbour. A contingent asset exists at the reporting date in respect of damages, which the Department will seek to recoup. It is not possible to estimate the scale or timing of the recoupment at this time.

9. Ex-gratia payments

Ex-gratia payments to the value of €1,065,235 were paid in the year under the Inflation/Supply Chain Delay Co-Operation Framework.