

LOWER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF A MEETING of the **Finance Committee** held at
The Boards Offices, 17Albion Place, Maidstone, Kent
on **Wednesday 31 May 2017 at 2.00pm.**

Members of the Committee Present

Chairman: H R Neaves

S Batt
D Dewar-Whalley
J C Lewis

In attendance

M D Watson - Chief Executive
P Bush - Technical Engineer
L Collins - Office Administrator

1. APOLOGIES FOR ABSENCE

Apologies received from R Hinge and S Mair.

2. INTERNAL CONTROLS – YEAR ENDING MARCH 2017

RECEIVED a copy of the Boards Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2017.

(As attached to these Minutes)

Members were given time to read the documents.

The Office Administrator explained that these documents had been reported at the last Board Meeting for members consideration and approval.

All Members present **AGREED** that the Chairman should approve the Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2017.

Members were asked to consider whether the Committee agrees an adequate and effective Internal Audit of its accounting records and of its system of internal control has been undertaken as required by the Accounts and Audit Regulations 2015.

Members **AGREED** that an adequate and effective Internal Audit of its accounting records and of its system of internal control had been undertaken as required by the Accounts and Audit Regulations 2015.

3. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2017

RECEIVED the Annual Governance Statement as required by the amended Accounts and Audit Regulations 2015.

(As attached to these Minutes)

The Office Administrator explained that this document is basically Section 1 of the Annual Return.

Members discussed the content of this document and no concerns were raised.

The Chairman asked Members if they were happy for him to sign this document.

All members in attendance **AGREED** that the Chairman should sign the Annual Governance Statement.

Members were then asked to consider and approve by resolution Section 1 (Annual Governance Statement) of the Annual Return.

All Members present **RESOLVED** that the Chairman should sign and date Section 1 of the Annual Return.

4. INTERNAL AUDIT

RECEIVED David Griffiths' end of year internal audit report carried out on 11 May 2017.

(As attached to these Minutes)

Prior to the meeting D Dewar-Whalley contacted the office requesting to see the depot and office Fire Risk Assessments and Health & Safety folders.

These were made available for viewing.

Members were pleased that no concerns were raised with regarding the accounting records, all areas checked were satisfactory and an explanation given as to what was checked. However, with regards to the operations checks carried out during the depot visit members felt that the report lacked sufficient detail. Members felt that there should be some explanation as to what has been checked to justify the findings as satisfactory.

D Dewar-Whalley had viewed the depot and office Fire Risk Assessments prior to the meeting and had noticed they had been carried out in July 2015. There were a few recommendations made within the report which have not been responded to confirming what action has been taken and by whom. Also, there is no record of the

Fire Risk Assessments being reviewed since 2015, even though the report states it should be reviewed annually.

This matter was raised as a concern, Fire Risk Assessments cannot be ignored, as the Boards insurances could be affected.

Members were a little disappointed that the Internal Auditor had reported this area as satisfactory in his report.

D Dewar-Whalley asked the Chief Executive about Hand Arm Vibration monitoring arrangements (HAVS), as this had been identified as partially satisfactory.

The Chief Executive **REPORTED** that since the Audit the Boards Risk Assessment forms have been adjusted to take into account HAVS. The number of hours the equipment is used for is now recorded on the form, which can be monitored by person and item.

D Dewar-Whalley was satisfied that action had been taken and reference can be made to this particular item.

Members then referred to the Asset Register and asked what information this contained.

The Technical Engineer explained that each asset is given an asset number and detailed in the Asset Register by photograph, date of purchase, cost of purchase, supplier details and serial number.

Members were satisfied with this information, but felt that the Internal Auditors report needed to be broader and would be more useful and meaningful to them if more narrative was given regarding the findings.

Members asked whether the Internal Auditor was Health & Safety trained.

The Chief Executive didn't know whether the Internal Auditor had a Health & Safety qualification.

The Technical Engineer explained that he had recently passed his NEBOSH Health & Safety Training Course and would be reviewing the Boards operations and procedures to ensure they are up to date and comply with the Law and current Legislation. However, due to being newly qualified this is a large undertaking and will possibly take years to get everything in place, as this is not his primary job role. All the different areas to be looked at will be prioritised and put to the Boards for guidance on how to proceed, due to finances and resource which may be required. A report will be presented to the Joint Services Committee for consideration and guidance at their next meeting scheduled for 8 September 2017.

The Technical Engineer further explained that he is due to attend a NEBOSH Fire course in November, which will then allow him to be a suitably qualified person to deal with the Boards Fire Risk Assessments.

Members were happy that action was being taken to address in priority order over the coming months/years.

D Dewar-Whalley asked whether the Board held Health & Safety meetings on a quarterly basis.

The Technical Engineer explained that a Works, Health and Safety Group has been set up compiling of the Chief Executive, Technical Engineer, Office Administrator, Works Supervisor and one appointed representative from each workforce that meet for consultation and to discuss any issues. This group was set up to involve the workforce and give them a voice. Minutes of the meetings are reported to both Boards and contain details of the concerns raised, the action plan put in place, along with an agreed timescale to deal with and confirmation on who will be dealing with it.

D Dewar-Whalley felt that a Board Member should also be involved in these meetings to provide feedback and give opinion to the Board at their meetings. The member doesn't necessarily need to be Health & Safety qualified to be part of the meetings.

All members in attendance **AGREED**.

The Technical Engineer explained that these meetings are not just Health & Safety matters, but can also be work related or workforce related.

5. ANNUAL RETURN – YEAR ENDING MARCH 2016

RECEIVED a copy of the External Auditor Certificate and Opinion - Section 3 of the 2015/16 Annual Return.

(As attached to these minutes)

The Office Administrator explained to members that this shows any comments raised by the External Auditor on last years accounts. Any matters raised should be discussed and addressed by the Board prior to submission of the next Annual Return.

REPORTED that no matters affecting the External Auditors opinion had been raised, therefore, no action is required.

6. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2017

RECEIVED the End of Year Accounts for the year ending 31 March 2017 produced for information only.

(As attached to these Minutes)

The Office Administrator explained that these were produced for members information only and showed the true value of the Boards assets, rather than the figures that have to be reported in the Annual Return.

Members **NOTED** the End of Year Accounts.

The Office Administrator explained that the first page provides details of the Boards assets and liabilities, and the second page shows the Boards income and expenditure.

REPORTED that this document is produced from the figures contained within the end of year trial balance and the figures are then used to compile the Annual Return.

D Dewar-Whalley asked about the 4 pumping stations shown at open market value at August 2009.

Members discussed this issue at length because the pumps have no value as such.

Members asked whether the pump stations are adequately insured.

The Chief Executive explained that the pumps are adequately insured for a rebuild cost.

J Lewis asked what is the value of old Bells pump station when removed.

The Technical Engineer confirmed that the Board has having to pay to have it removed.

J Lewis felt that the new pump station when completed should be depreciated 3% each year over a 50 year period, which will then get to scrap value at the end of its useful economical life.

Members felt that this matter needed further investigation. It may be worth speaking to the NFU for advice.

7. ANNUAL RETURN – YEAR ENDING MARCH 2017

RECEIVED a copy of the IDB Annual Return for the year ending 31 March 2017.

(As attached to these Minutes)

REPORTED that the Annual Return is issued to Local Councils, Internal Drainage Boards and other Smaller Authorities in England.

Members were asked to consider and approve by resolution Section 2 (Accounting Statements) of the Annual Return.

The Office Administrator explained that the Internal Auditor had used the End of Year Accounts document in order to verify the figures reported on the Annual Return during his end of year audit and as a result was able to sign off Section 3 of the Annual Return.

The Office Administrator explained to Members where the figures in Boxes 1 to 10 on the Annual Return had come from.

The Office Administrator explained that 50% of the original purchase value of the Boards Offices are declared, which is in line with the revised Practitioners Guide issued last year. The Boards plant, equipment and vehicles are all declared at their original purchase price.

Members were reminded that the Practitioners Guide states that all assets must be recorded at their original purchase price, not what they are actually worth. Therefore,

the Boards Offices are reported at a cost of £6,565.96 even though the last revaluation was £147,500. Depreciation is not taken into consideration.

D Dewar-Whalley asked when the Boards Financial Risk Assessment Register was last reviewed.

The Chief Executive retrieved the minutes of the Finance Committee Meeting dated 27 May 2016 where it was recorded as being reviewed and amended.

The Office Administrator explained that the Internal Audit Sub Committee at their last meeting requested that this document be presented to them at their next meeting scheduled for 27 November 2017. Any suggested amendments from this committee will then be reported to each Board for consideration and approval.

D Dewar-Whalley queried the frequency of review. He felt that this document should be reviewed twice a year, as financial matters are high risk.

Members **AGREED** to review this document at the Finance Committee meetings twice a year, and then any necessary amendments will be presented to the Board for consideration at their meeting under Any Other Business.

All Members present **RESOLVED** that the Chairman should sign and date Section 2 of the Annual Return.

REPORTED that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2016/2017.

REPORTED that PKF LittleJohn LLP will complete the first page of Section 3 and this is where any comments on their findings will be made.

REPORTED that David Griffiths', the Boards Internal Auditor completed the second page of Section 3 during his audit on 11 May 2017.

D Dewar-Whalley felt that the Office Administrator should be congratulated on a good audit record and should be minuted accordingly.

All members in attendance **AGREED**.

The Office Administrator thanked members for their kind words.

8. ANY OTHER BUSINESS

There was no other business to discuss.

9. CLOSURE

There being no further business the Chairman thanked Members for their attendance and declared the meeting closed.