

UPPER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF THE MEETING of the **Finance Committee** held at
the Boards Offices, 17 Albion Place, Maidstone, Kent
held on **Thursday 26 May 2016.**

Members of the Committee Present

D Aikman - Chairman

J I B Cannon

T J Reader

C B Wheeler

In attendance

M D Watson - Clerk & Engineer

L Collins - Office Administrator

1. APOLOGIES FOR ABSENCE

Apologies received from M Dobson and R Young.

2. FINANCIAL RISK ASSESSMENT

RECEIVED a copy of the Boards Financial Risk Assessment.

(As attached to these minutes)

Members were given time to read the document.

The Office Administrator explained that she hadn't come across anything that required updating/amending. Members were asked to review and suggest any necessary amendments.

Members reviewed and **AGREED** that no amendments were necessary.

3. INTERNAL CONTROLS – YEAR ENDING MARCH 2016

RECEIVED a copy of the Boards Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2016.

(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 Meetings for members consideration. One proposed amendment was agreed with regard to the Statement of Accounting Policies – Item 2 Fixed Assets. The wording of the third paragraph was amended to reflect the way the Board has to account for fixed assets within the Annual Return in order to satisfy the external auditor.

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 2016.

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.

4. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2016

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.

5. INTERNAL AUDIT

RECEIVED Kevin Funnell's end of year internal audit report carried out on 12 May 2016.

(As attached to these Minutes)

The Clerk informed members that K Funnell had been in to the Boards Offices this morning and had said his last goodbyes; as he was due to retire at the end of June 2016. A new Independent Internal Auditor needs to be appointed. The Clerk and the Office Administrator are in the process of obtaining details of suitable candidates. These will be presented to the Internal Audit Sub Committee at their next meeting for consideration.

Members noted the content of the Internal Audit report.

The Chairman asked about the £1358.30 of rates overpaid.

The Office Administrator explained that some landowners prefer to send in a payment that covers them for a number of years, especially if they only pay a small sum of money each year.

Members were informed that this sum of money is shown as a current liability in the Boards end of year accounts because it would have to be paid back to the landowner if they sold the land, or the Board ceased to operate.

6. ANNUAL RETURN – YEAR ENDING MARCH 2015

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

(As attached to these minutes)

The Office Administrator explained to members that this shows any comments the External Auditor raised on last years accounts.

REPORTED that the External Auditor in Section 3 of the Annual Return noted one item of “other matters not affecting our opinion which we draw to the attention of the board”.

We note that the Board has adopted the anticipated revision to the guidance on asset valuation, in line with the wording on Box 9 of the Annual Return. Revised guidance in respect of the treatment of fixed assets is expected to be communicated on behalf of the Association of Drainage Authorities to all Internal Drainage Boards for the 2015/16 and subsequent years. The Guidance is expected to indicate that assets should be recorded at their original cost (or proxy such as insurance value where this is not known) and no adjustment is required until disposal.

REPORTED that the revised Governance and Accountability in Internal Drainage Boards in England – A Practitioner’s Guide has recently been published by ADA, which reflects the External Auditor’s comment made above.

REPORTED that in order to satisfy the External Auditors requirements where the original cost of the Boards fixed assets was known, the revised figures were used in the Annual Return and marked as “restated”.

For example, the Boards offices is currently valued at £295,000, 50% of this cost (£147,500) is usually reported in the Upper Board accounts, however, the original

cost was £13,131.92, so 50% of this cost (£6,565.96) is now reported on the annual return instead.

This also applies to any vehicles, plant and equipment. The original purchase price is recorded on the Annual Return. Then upon the sale of the equipment, the original price is removed.

The Office Administrator explained that she had previously discussed this with the Internal Auditor, as surely it would make better sense to report actual current value of assets, which would be more meaningful to the Board and the general public. However, this is the request from the External Auditors and required for accounting purposes. The ADA Practitioners Guide has been amended to reflect this change for all IDBs.

7. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2016

RECEIVED the End of Year Accounts for the year ending 31 March 2016 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 Chairman asked the Office Administrator to clarify the Joint Administration Income and Expenditure costings, as they didn't balance.

The Office Administrator explained that the Income figure of £187,302.01 relates to all the costs that have been invoiced to the Lower Medway IDB in relation to the Boards Offices and Officers.

The Expenditure figure totals £318,981.11 and this relates to all the invoices and payments the Board has made during the year with regard to the Boards Offices and the Officers. However, only 50% of this cost will be invoiced to the Lower Medway IDB.

The Upper Board pays for all joint services costs and then invoices the Lower Board the following month for 50% of the costs. So when it comes to year end there is always an overlap period regarding any expenditure during March/April which is accounted for in the Upper Board accounts, but not invoiced to the Lower Board until the following month/next accounting year.

The Office Administrator explained that she was confident that everything relative to joint service costs had been invoiced to the Lower Board correctly. It's just unfortunate that due to the timings for submitting the end of year accounts, it is not possible to have both income and expenditure to balance.

8. ANNUAL RETURN – YEAR ENDING MARCH 2016

RECEIVED a copy of the IDB Annual Return for the year ending 31 March 2016.

(As attached to these Minutes)

REPORTED that the form has changed this year from previous years. The Annual Return used to be a blue form issued just for IDBs, however, the new form is purple and is issued to Local Councils, Internal Drainage Boards and other Smaller Authorities in England.

REPORTED that the information required for box number 4 has changed from last year. Previously we have had to report watercourses and pumping stations costs in this box. This year it has changed to report staff costs, including PAYE, NI and Pension contributions relating to employees and employers. So box 4 and box 6 have had to be shown as “RESTATED” because the figures reported in this years Annual Return are different to those reported and approved in last years Annual Return.

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

The Clerk explained that K Funnell had seen the figures reported during his end of year audit and as a result was able to sign off Section 4 of the Annual Return.

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

9. ANY OTHER BUSINESS

There was no other business to discuss.

10. CLOSURE

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