

KING'S LYNN IDB

Statement of Accounts: Year Ended 31 March 2020

Exercise of Public Rights

Local Audit and Accountability Act 2014
Accounts & Audit Regulations 2015
Accounts & Audit (Coronavirus) (Amendment) Regulations 2020

1. NOTICE is given that from 01 September 2020 to 13 October 2020 the accounts of King's Lynn Internal Drainage Board, for the year ended 31 March 2020, will be available on the website for inspection.

2. The IDB's accounts are subject to external audit by Ciaran McLaughlin, for and on behalf of Grant Thornton UK LLP, 110 Bishopsgate, London EC2A 1AG

3. During the period 01 September 2020 to 13 October 2020 members of the public and local government electors have certain rights in the audit process:

a. Any person may inspect the accounts of the IDB for the year ended 31 March 2020 and certain related documents;

b. A local government elector or their representative may ask the local auditor questions about the accounts;

c. A local government elector or their representative, may make an objection to the IDB's accounts which concerns a matter in respect of which the auditor could make a public interest report, and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 27 of the Local Audit and Accountability Act 2014). Written notice of a proposed objection and the grounds on which it is made must be sent to the auditor at the address given above and copied to the IDB.

4. Owing to the circumstances of the pandemic and social distancing impacting office access, persons exercising the rights set out above requiring contact with the King's Lynn IDB are invited to email in the first instance via sallyanne@wlma.org.uk

Sallyanne Jeffrey
Finance & Rating Manager/Responsible Financial Officer
King's Lynn Internal Drainage Board
Kettlewell House
Austin Fields Industrial Estate
Kings Lynn, Norfolk
PE30 1PH

30 August 2020



KING'S LYNN

INTERNAL DRAINAGE BOARD



King's Lynn
Drainage Board

**DRAFT
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING
31ST MARCH 2020**

Kettlewell House
Austin Fields Industrial Estate
Kings Lynn
Norfolk
PE30 1PH

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Narrative Statement

Annual Report

The King's Lynn IDB is an independent body created under Land Drainage Statutes responsible for flood defence, drainage and water level management works, other than on main rivers, in the King's Lynn IDB area. Board Members are either elected by and represent the occupiers of land in the area, or are appointed by Kings Lynn and West Norfolk Borough Council and Fenland District Council.

The Board secures income mainly from drainage levies on farmers and other occupiers, and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers and sea defences that protect the drainage district. In 2017/18 the Board took out a Public Works Loan for £10million, to assist funding two large capital works projects for the Wolferton and Islington Pumping Stations to proceed. These two projects have also been partially funded by the Environment Agency in the form of grant, on the provision that certain conditions and obligations are met by Kings Lynn IDB.

The Board consists of 10 elected members and 11 nominated members.

This document is the Statement of Accounts of Kings Lynn IDB for the financial year ended 31st March 2020. The accounts consist of:

The Annual Governance Statement

This statement acknowledges the Board's responsibilities in terms of preparing the financial statements and ensuring that there is a sound system of internal control.

The Statement of Responsibilities

This statement identifies the officer(s) who are responsible for the proper administration of the Board's financial affairs.

The Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure on the major activities for which the Board is responsible and compares that cost with the finance provided by the local rate payer and others.

The Balance Sheet

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal, the fixed and net current assets employed in its operation, together with summarised information of the fixed assets held. This statement also includes the assets and liabilities of the Board.

The Statement of Movement on Reserves

This statement shows the changes in reserves during the reporting period.

The Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operation of the authority are funded by way of rate payers, special levies, grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

Summary of Financial Performance

The Board's financial position improved during the year as follows:

1. **Surplus:** The Board made a surplus of £442,109, compared to an estimated deficit of £5,933,377. This was for a number of reasons, however a net change of £6.5million for expenditure/grant receivable against the two pumping stations is the biggest fluctuation. The change is due to requirements to use accounting policies as determined by moving into a principal authority audit. We would usually recognise the spend as it is incurred and recognise grant income relating to this spend in the same period. The requirements for this year and the next two years will be to capitalise the pumping stations on completion (IAS16/IPSAS28) and recognise the grant income once all of the obligations and conditions imposed by the grant have been met (IAS20/IPSAS23). Both income and expenditure will be recognised in the same financial period once all the relevant criteria have been met. The Board secured £118,000 of development contributions in the period, and achieved £23,000 more interest on investment than forecast. Interest rates dropped significantly late March 2020 due to the effects of COVID-19.
2. **Liquidity:** Cash surpluses have decreased from £12,072,100 to £11,355,249, as shown in the cash flow statement. This is expected and will decrease further in 2020/21 due the works being undertaken at the Wolferton and Islington Pumping Stations.
3. **Fixed Assets:** During the year the Board purchased a Claas Arion, Tractor, Ford Ranger, 2 x Flail Mowers and 2 x Herder Mowing Buckets at a total cost of £230,342. The Board disposed of an Energreen, tractor and compressor with net loss on disposal of £2,561.
4. **Pension:** The Board's notional pension deficit as administered by Norfolk County Council has reduced from £3,731,000 to £3,045,000 during the year. It is important to note that this balance does not represent the exit cost to the Board of closing down the pension scheme. It is a notional figure calculated by the Fund Actuary based on a number of actuarial assumptions. Both 2018/19 and 2019/20 figures include the McCloud assumption. A full breakdown of these figures and performance is included in Note 34 within the notes to the accounts,
5. **Funding:** The Boards expenditure is mainly funded by cash from annual levies on ratepayers and local Councils. The Board also holds a number of cash reserves. External funding is sought on Capital Improvement Schemes from the Environment Agency, this varies on the type of scheme but is typically 45% or 100%
6. **Revaluations:** The Boards pumping stations were revalued at 31st March 2020, and resulted in small revaluation gain of £5,000 on Islington House.

Statement of Responsibilities for the Statement of Accounts

The Board is required:

- 1) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Finance and Rating Manager, who was appointed at the Board Meeting of 15th May 2020. This role was previously carried out by the Chief Executive.
- 2) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3) Approve the Statement of Accounts.

The Finance and Rating Managers responsibilities:

The Finance and Rating Manager is responsible for the preparation of the Kings Lynn Internal Drainage Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date, and its Income and Expenditure for the year ended 31st March 2020.

In preparing this Statement of Accounts, the Finance and Rating Manager has:

- 1) selected suitable accounting policies and then applied them consistently;
- 2) made judgements and estimates that were reasonable and prudent;
- 3) prepared the Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on local authority accounting in the United Kingdom;
- 4) applied the accounting concept of a going concern by assuming the IDB will continue to operate for the foreseeable future.

The Finance and Rating Manager has:

- 1) kept proper accounting records which were up to date;
- 2) taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Finance and Rating Managers responsibilities:

I certify that the Statement of Accounts gives a true and fair view of the financial position of Kings Lynn IDB at the reporting date and of its income and expenditure for the year ended 31st March 2020.

Name: Sallyanne Jeffrey
Designation: Finance and Rating Manager/Responsible Financial Officer
Date: 30th August 2020

Movement in Reserves Statement

Movement in Reserves Statement for the year ended 31 March 2020

| | Distributable Reserves | | | | | | Non Distributable Reserves | | | | Total Reserves £'000 |
|---|--------------------------|------------------------------|--------------------------------|------------------------|------------------------|----------------|------------------------------|----------------------------------|--|----------------|-------------------------|
| | General Reserve £'000 | Development Reserve £'000 | Capital Works Reserve £'000 | Plant Reserve £'000 | Grant Reserve £'000 | Total £'000 | Revaluation Reserve £'000 | Pension Reserve (KLIDB) £'000 | Pension Reserve (KLIDB t/a WMA) £'000 | Total £'000 | |
| Balance at 31st March 2019 | 2,767 | 1,187 | 0 | 2,821 | 2,133 | 8,909 | 1,908 | -3,731 | -2,496 | -4,319 | 4,590 |
| Net Surplus/(Deficit) | 442 | | | | | 442 | | | | 0 | 442 |
| Transfer (to)/from Development Reserve | -118 | 118 | | | | 0 | | | | 0 | 0 |
| Transfer (to)/from Pension Reserve | 179 | | | | | 179 | | -179 | | -179 | 0 |
| Actuarial Gain/(Losses) On Pension Fund | | | | | | 0 | | 865 | -292 | 573 | 573 |
| Transfer to Grant Reserve | | | | | 6,064 | 6,064 | | | | 0 | 6,064 |
| Revaluation | | | | | | 0 | -100 | | | -100 | -100 |
| Balance at 31st March 2020 | 3,270 | 1,305 | 0 | 2,821 | 8,197 | 15,594 | 1,814 | -3,045 | -2,788 | -4,019 | 11,575 |

Annual Governance Statement

As the members of the King's Lynn Internal Drainage Board we acknowledge our responsibility for ensuring that there is a sound system of internal control, including the preparation of the Statement of Accounts. We confirm to the best of our knowledge and belief, with respect to the Board's Statement of Accounts for the year end 31st March 2020, that:

- 1) The Statement of Accounts have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.
- 2) We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.
- 3) We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Board to conduct its business or on its finances.
- 4) We have provided proper opportunity during the year for the exercise of electors rights in accordance with the requirements of the Accounts and Audit Regulations.
- 5) We have carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
- 6) We have maintained throughout the year an adequate and effective system of internal audit of the Board's accounting records and control systems and carried out a review of its effectiveness.
- 7) We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
- 8) We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year end, have a financial impact on the Board and where appropriate have included them in the Statement of Accounts.

Signed on behalf of King's Lynn Internal Drainage Board

Signed by: Chief Executive, Mr P J Camamile

Date: 30th August 2020

Signed by: Finance and Rating Manager, Miss S Jeffrey

Date: 30th August 2020

Governance

Board's Role

The Board provides leadership within a framework of prudent and effective controls, which enables risk to be properly assessed and managed. The Board sets the strategic aims, ensures that the necessary financial and human resources are in place to meet its objectives, and reviews management performance. The Board also sets values and standards, and ensures that the obligations to its stakeholders are understood and delivered.

Board's Composition

The Board has a total of 21 members, 10 of which are elected by occupiers of agricultural land who pay Drainage Rates directly to the Board for the services they receive (the elected members), and 11 members are appointed by the constituent Councils to represent the extent of other interests in the Drainage District (the appointed members).

Accountability

The Board is democratically accountable to those that pay for the service in its Drainage District. Consequently all money that we raise to do work in our Drainage District is spent actually doing work that benefits the Drainage District. All Board members are bound by the Members Code of Conduct and should also Register their Interests before taking office.

Elected Members

The number of elected members is set out in the constitution. The number of elected members as compared to the number of appointed members that each constituent Council is entitled to appoint depends upon the proportion of expenditure that is paid in total by the occupiers of agricultural land, as compared with what is paid by the constituent Councils. Elections for membership of the Board are held every 3 years, so if you're not happy with our performance you have the opportunity to do something about it; either by exercising your vote as a drainage ratepayer or standing for election yourself. For more information please visit our Elections webpage.

Appointed Members

The number of members that each constituent Council is entitled to appoint is determined by the Board every 3 years, in accordance with Schedule 1, Section 6(1) of the Land Drainage Act 1991. The Councils cannot just appoint anyone: they should appoint persons who have relevant knowledge or experience and have shown capacity in such matters. The Board may not approve the appointment of persons that do not fulfil this legal requirement, so please check out our guidance for Local Authorities when making appointments to IDBs. It is important to note that the appointed members do not represent the Councils themselves. As members of the Board they are duty bound to consider all proposals in the context of what is in the best interest of the Board, which may occasionally be different to what is in the best interest of their Council.

Decision Making

The Board make the key decisions and have reserved those matters that only it can take. Such decisions are made at Board meetings that take place at least 6 times a year and are recorded in the Minutes. Board meetings are public meetings at which anyone can attend the general business sessions. All other matters which, by definition, the Board considers suitable for delegation or may otherwise need to be dealt with between Board meetings have been delegated to its Plenary Committees and to the Consortium Management Committee, in accordance with the Board's Standing Orders, Scheme of Delegation and Financial Regulations. In addition to this the Board has constituted certain Advisory Committees and is represented on a number of Joint Advisory Committees, which make recommendations to the Board on various matters. Decisions and Board policy are then implemented by the Chief Executive and his/her Management Team. All staff are bound by the Employees Code of Conduct.

Managing Risk

The Board has put in place a number of plans policies and procedures to reduce the risk of fraud and to manage the key risks around delivering its strategic objectives: Anti-Fraud and Corruption Policy, Bribery Act Policy, Risk Management Policy, Employers Pension Policy Statement and Whistle blowing Policy.

Transparency

The Board's Minutes are published on our website along with the Reports that have helped inform these decisions. We aim to comply with the Government's Transparency Code and have also implemented the following policies to explain the types of information we have and when we can make this info. available, if requested: Data Protection Policy, Document Retention/Destruction Policy and our Freedom of Information Publication Scheme. Most information is freely available and can be accessed from our website. Other news and live updates are regularly communicated through our Facebook page, in accordance with the Board's Information Security and Systems – Acceptable Use Policy.

Independent Assurance

Following closure of the Audit Commission on 31 March 2015 and expiration of its audit contracts the Government's Specified Person (Public Sector Audit Appointments Ltd) now appoints an External Auditor each year to audit the Board's accounts and governance arrangements (the Appointed Auditor). The Appointed Auditor reports directly to the Board and therefore provides independent assurance to the Board and its stakeholders that the Accounts have been prepared in accordance with proper practices and that governance arrangements are sufficiently robust. Furthermore the Internal Auditor checks that the Board's management team are fully complying with these governance arrangements and reports directly to the Board on this every year. All of the Board's business processes are ISO 9001 and 14001 quality assured.

Borough Council of
**King's Lynn &
West Norfolk**



FINAL INTERNAL AUDIT REPORT

WATER MANAGEMENT ALLIANCE

**– REVIEW OF EFFECTIVENESS OF SYSTEM OF
INTERNAL CONTROL – 2019-2020**

16th April 2020



Internal Audit Service

This audit has been conducted in accordance with the Accounts & Audit Regulations 2015 and our Audit Charter, and complies with the Public Sector Internal Audit Standards. It should be noted that the assurances provided here can never be absolute, and therefore only reasonable assurance can be provided that there are no major weaknesses in control subject to Internal Audit review (at the time of testing).

The co-operation and assistance of all staff involved is greatly appreciated. This review was conducted by Mike Tweed to whom any query concerning the content of this report should be made to Michael.Tweed@West-Norfolk.gov.uk

The Executive Summary sets out the results of the work carried out and our overall conclusion on the system reviewed, and summarises the key recommendations arising.

Consultation

| | |
|--------------------------------------|-----------------------------------|
| Draft report issued | 15th April 2020 |
| Management agreement received | 16th April 2020 |
| Final report issued | 16th April 2020 |

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Executive Summary

| Our Assurance Opinion: SUBSTANTIAL ASSURANCE | | | | | | | | |
|---|-------------|---------|----|-------|-------------------------------------|--------|-----|-------|
| No. of Assurances Over Control Areas Reviewed | | | | | No. of Recommendations & Priorities | | | |
| Full | Substantial | Limited | No | Total | High | Medium | Low | Total |
| 5 | 5 | 0 | 0 | 10 | 0 | 5 | 1 | 6 |

Overall Objective and System Background

The overall objective of the audit was to ensure the effectiveness of the system of internal control operating within the Water Management Alliance (WMA).

The WMA provides administrative and management support services to the five constituent Internal Drainage Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers and South Holland, and to the Pevensey & Cuckmere Water Level Management Board.

Summary of Key Control Issues and Risks

Based upon the work carried out, Substantial Assurance can be given regarding the effectiveness of the system of internal control operating within the WMA. However, some control issues were identified which require attention by management:

- As stated in paragraph 17 in the Financial Regulations, the Finance Officer is required to prepare a Financial Report for each Board meeting; however, review of Board agendas for 2019/20 identified that a Financial Report is not presented to the last Board meeting of each financial year (usually held in January).
- East Suffolk IDB and Pevensey & Cuckmere hold just three Board meetings each year, therefore Board Members are not being kept fully informed of the financial position of their Board during the course of the year.
- King's Lynn General Reserve, which is required to be maintained at no less than £600k, stood at -£27,241 as at 30/09/19.
- Of the timesheets tested, two had not been authorised by the appropriate manager.
- Board Members are not being kept fully informed of the level of assets and investments held during the course of the year. These are included in the Financial Report, which as noted above, is not presented at the last Board meeting each year.

Summary of Key Recommendations

The key recommendations arising from the audit are:

- In accordance with Financial Regulations, Boards should receive a financial report for the year to date at each Board meeting, including the meetings held in January / February, so that Board Members are kept fully apprised of the financial position of the IDB.
- The Boards of East Suffolk and Pevensey & Cuckmere should consider increasing the number of Board meetings that they hold each year from three to four, so as to enable Board Members to be apprised of their Board's financial position during the course of the year.
- King's Lynn IDB should ensure that its General Reserve is maintained at no less than 20-25% of net expenditure, i.e. no less than £600k.
- Finance Officers should ensure that all timesheets have been appropriately authorised prior

to payment. Any that have not been signed should be returned to the appropriate manager for authorisation.

- Board Members should be kept fully apprised during the course of the year of the level of assets and investments held by their respective Board. The Financial Report, which includes details of assets and investments held, should be reported at each Board meeting.

Summary of Agreed Actions

The Finance & Rating Manager has agreed to implement the following actions:

- A full Balance Sheet will be included in the Management Report which is presented to Boards and CMC at their meetings in December, January and February, together with supporting notes.
- All capital works expenditure incurred on the Wolferton and Islington pumping station schemes that has been financed by the PWLB loan of £10m will be capitalised (as opposed to simply shown as expenditure on the face of the Income and Expenditure Account (I&E)). The revenue charge every year (or depreciation) that is shown on the I&E Account will equate to the loan repayment, which will regularise the KLIDB General Reserve.
- Any unauthorized timesheets will be returned to the authorising manager for appropriate authorisation to enable payment to be made.
- Assets and investments will be included in the Balance Sheet as part of the Management Report presented to Boards and CMC in December, January and February.

The Chief Executive will put the recommendation to the Boards of East Suffolk and Pevensey & Cuckmere that they consider increasing the number of Board meetings each year from three to four.

2. Objective & Scope

2.1 The overall objective of the audit was to ensure the effectiveness of the system of internal control operating within the Water Management Alliance (WMA).

2.2 The audit involved the following:

- Creditors – sample testing of purchase orders and invoice payments for appropriate authorisation in accordance with Financial Regulations.
- Risk Management - reviewing Board minutes for evidence of review of Risk Register at regular intervals; reviewing each Board's Risk Register for expected and relevant risks.
- Budgetary Control – reviewing Board minutes for evidence that budgets for the year ahead are set and that monitoring reports are presented to the Board on a regular basis with analysis of any variations. Checking that financial reporting to Boards is in accordance with Financial Regulations.
- Reserve's Policy – reviewing each Board's Reserves Policy for adequacy and assessing whether each Board's reserves are appropriate.
- Income – reviewing the system for the receipt and banking of income; test checking a sample of income receipts for evidence of prompt and correct banking, and that VAT is accounted for correctly.

-
- Petty Cash – reviewing the petty cash system and the appropriateness of payments made out of petty cash for appropriateness.
 - Payroll – sample testing of payroll records for correct authorisation of timesheets and correct application of PAYE/NIC deductions.
 - Assets & Investments – reviewing the process for monitoring and reporting investments and assets, ascertaining each Board's current investments and where they are held. Tracing a sample of investments back to source documents for appropriate authorisation. Reviewing the process for the monitoring and reporting of cash flow, ensuring that cash flows are maintained at an appropriate level.
 - Cashbook & Bank Reconciliations – sample testing of the reconciliation of each Board's cashbook to their bank statements, checking that any discrepancies are identified, investigated and explained, and that corrective action is taken. Checking that all bank accounts have remained in credit throughout the whole year.
 - Year End Procedures – checking that accounting statements prepared during the year were prepared using the correct accounting basis.
- 2.3 Recommendations arising from the previous audit were followed-up to ensure their implementation by management.
- 2.4 The audit review was undertaken in liaison with the Finance & Rating Manager and consisted of discussions relating to the operation of the internal control processes, review of relevant documentation and sample testing of specific transactions.
- 2.5 Due regard was taken of the guidance issued on 30th March 2019 by the Joint Practitioners' Advisory Group (JPAG), "Governance and Accountability for Smaller Authorities in England – A Practitioners Guide to proper practices to be applied in the preparation of statutory annual accounts and governance statements (March 2019)" and "Good Governance for IDB Members" published by the Association of Drainage Authorities (ADA) in November 2018.
- 2.6 Following completion of the audit, Internal Audit completed section 4 of the Electronic Annual Governance and Accountability Return for 2019/20 for each of the six Boards.
- 2.7 The review was undertaken during March and April 2020.

3. Background Information

- 3.1 The WMA provides administrative and management support services to the five constituent Internal Drainage Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers and South Holland, and to the Pevensey & Cuckmere Water Level Management Board.

4. Our Opinion

- 4.1 On the basis of the work undertaken, management can be provided with an overall opinion of “Substantial Assurance” regarding the effectiveness of the system of internal control operating within the WMA.

| OVERALL INTERNAL AUDIT OPINION: SUBSTANTIAL ASSURANCE | |
|---|--------------------------|
| Control Objectives | Assurance Opinion |
| 1. Creditors - To ensure that all orders have been raised and payments processed in accordance with Financial Regulations. | Full |
| 2. Risk Management – To ensure that the authority has assessed the significant risks to achieving its objectives and has reviewed the adequacy of the arrangements to manage these. | Full |
| 3. Budgetary Control - To ensure that robust controls exists regarding the budget setting and monitoring process, and that budgets are set for the year ahead and are monitored throughout the year, with any variances identified and explained adequately. | Substantial |
| 4. Reserve’s Policy - To ensure that each Board has a Reserves Policy in place relating to capital financing and reserves, and that reserves are appropriate. | Substantial |
| 5. Income – To ensure that expected income is fully received, based on correct prices, properly recorded and promptly banked, and that VAT is appropriately accounted for. | Substantial |
| 6. Petty Cash - To ensure that petty cash provisions are reasonable, used in accordance with Financial Regulations and that adequate records are kept of payments made. | Substantial |
| 7. Payroll - To ensure that salaries and wages have been paid correctly, and that PAYE and NIC have been paid over to HMRC correctly and in a timely manner. | Full |
| 8. Assets & Investments - To ensure that investments and assets are properly recorded, that reimbursements and interest are received promptly and in full, and that cash flows are maintained at an adequate level. | Substantial |
| 9. Cashbook & Bank Reconciliations - To ensure that regular monthly reconciliations are carried out by a responsible officer and that this is evidenced. To ensure that any discrepancies are investigated and explained, and that corrective action is taken where necessary. | Full |
| 10. Year End Procedures – To ensure that accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported by an adequate audit trail and, where appropriate, debtors and creditors were properly recorded. | Full |

- 4.2 The detailed findings and recommendations arising from the review are attached as Appendix A, incorporating the agreed management actions and due dates for their implementation.

- 4.3 A total of 14 recommendations were made arising from last year's review; as part of this current year's audit these were followed-up to ensure that they had been implemented by management. The results of the follow-up are attached as Appendix B. Of the 14 recommendations, 10 have been actioned, three partly actioned and one did not require any action to be taken by management. The three recommendations which are currently in the process of being implemented are:
- Physical verification of assets is in progress; not completed for the WMA Eastern Boards due to Covid-19 outbreak;
 - As at 4th March 2020, out of a total of 152 Members across all six Boards, 13 (9%) had not filed a declaration of interest return and six (5%) had not completed the return fully;
 - Norfolk Rivers and East Suffolk IDB have agreed to reduce the number of Members; Broads IDB decided not to reduce the number of their Members.
- 4.4 Appendix C provides definitions of the Internal Audit assurance opinions given in the report and of the recommendation priorities.
- 4.5 The Terms of Reference for the review are attached as Appendix D.

5. Reporting

- 5.1 A copy of the final report will be sent to the Chief Executive of the Water Management Alliance.

6. Acknowledgements

- 6.1 Internal Audit would like to express our thanks to the following for their assistance during the course of the audit:
- Sallyanne Jeffrey, Finance & Rating Manager
 - Phil Camamile, Chief Executive
 - Lisa Manning, Senior Finance & Rating Officer
 - Trish Walker, Finance & Rating Officer
 - Amy Taylor, Finance & Rating Officer.

Findings, Risks, Recommendations and Management Action Plan

Control Objective 3: Budgetary Control - To ensure that robust controls exist regarding the budget setting and monitoring process, and that budgets are set for the year ahead and are monitored throughout the year, with any variances identified and explained adequately.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|---|---|-----------------|---|--|
| 1. | <p><u>Finding</u> As stated in paragraph 17 in the Financial Regulations, the Finance Officer is required to prepare a Financial Report for each Board meeting; however, review of Board agendas for 2019/20 identified that a Financial Report is not presented to the last Board meeting of each financial year (usually held in January). For example, the Board of Broads IDB considered and approved the Financial Report for 2018/19 at their meeting in May 2019, the Financial Report for April – June 2019 in August 2019 and the report for April – September 2019 in October 2019. At their meeting in January 2020, the Board did not receive a financial report for the year to date. Similarly, under consortium matters, the Board received a WMA Financial Report at each meeting in May, August and October but not in January 2020.</p> <p><u>Risk</u> Risk that Board Members are not fully apprised of the financial position of their Board during the course of the year.</p> | In accordance with Financial Regulations, Boards should receive a financial report for the year to date at each Board meeting, including the meetings held in January / February, so that Board Members are kept fully apprised of the financial position of the IDB. | Medium | <p>A Management Report containing financial information is presented to the Boards and to the CMC for their meetings in December, January and February, but it only includes detailed Income and Expenditure for the purposes of budgeting and rate setting, and does not include a Balance Sheet.</p> <p>The Earmarked Balances and Reserves are also included in the Management Reports, along with a five-year indicative forecast.</p> <p>We will include a full Balance Sheet with these Management Reports, together with supporting notes, moving forward (please also see rec 6).</p> | <p>Finance and Rating Manager</p> <p>December 2020, January and February 2021.</p> |
| 2. | <p><u>Finding</u> King's Lynn IDB Board reviewed the Financial Report for the period April 2019 to January 2020 at their meeting on 13th March 2020; their next meeting is on 15th May 2020. King's Lynn hold Board meetings every six months, whereas</p> | The Boards of East Suffolk and Pevensey & Cuckmere should consider increasing the number of Board meetings that they hold each year from three to four, so as to enable Board Members to be apprised | Medium | I will put this to both Boards when they next meet, but doubt they will agree or consider it to be necessary. | <p>Chief Executive</p> <p>June 2020</p> |

Findings, Risks, Recommendations and Management Action Plan

Control Objective 3: Budgetary Control - To ensure that robust controls exist regarding the budget setting and monitoring process, and that budgets are set for the year ahead and are monitored throughout the year, with any variances identified and explained adequately.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|--|--|-----------------|---|---|
| | <p>the other IDBs have only three or four Board meetings each year; for example, East Suffolk only has three meetings a year and their next meeting is not until 17th June 2020. Therefore, Boards are not being fully appraised of the financial position of the IDB frequently enough.</p> <p><u>Risk</u> Risk that Board Members are not being appraised of the financial position of the Board frequently enough.</p> | of their Board's financial position during the course of the year. | | <p>We keep all of our Board members apprised of relevant matters between meetings by newsletters and emails.</p> <p>In fact both of these two Boards have actually asked for less financial information in future, as has been recorded in the Boards minutes (with P&CWLMB expressly requesting that we only report by exception from now on).</p> | |

Findings, Risks, Recommendations and Management Action Plan

Control Objective 4: Reserves – To ensure that each Board has a Reserves Policy in place relating to capital financing and reserves, and that reserves are appropriate.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|--|--|-----------------|--|--|
| 3. | <p>Finding</p> <p>Each IDB aims to maintain their General Reserve at a level commensurate with their net expenditure:</p> <ul style="list-style-type: none"> • Broads – no less than 20% of net expenditure i.e. £200k • East Suffolk – between 20-25%; no less than £50k. • King’s Lynn – 20-25%; no less than £600k. • Norfolk Rivers – not less than 25%; i.e. £100k. • South Holland – 20-25%; i.e. £600k. • Pevensey & Cuckmere – 20%. <p>Point 4.6 in the Reserves Policy states that “as a minimum, the Board’s Reserves (net of grant) should not fall below one year’s net expenditure, as set out in ADA’s Guide to Good Governance”. Therefore, each IDB aims to maintain their Reserves at the following levels:</p> <ul style="list-style-type: none"> • Broads - £1m • East Suffolk - £1m • King’s Lynn - £3m • Norfolk Rivers - £0.85m • South Holland – £3.25m • Pevensey & Cuckmere - £0.55m. <p>Analysis of each Board’s Reserves (as at 31/09/19) identified that all Boards were maintaining their reserves at appropriate levels, and were complying with 4.6 in the Reserves Policy. However, it is noted that the King’s Lynn General Reserve, which is required to be maintained at no less than £600k, stood at -£27,241 as at 30/09/19.</p> | King’s Lynn IDB should ensure that its General Reserve is maintained at no less than 20-25% of net expenditure, i.e. no less than £600k. | Medium | <p>It will be at the end of the financial year when we prepare the statutory accounts.</p> <p>All capital works expenditure incurred on the Wolferton and Islington pumping station schemes that has been part-financed by the PWLB loan of £10m will be capitalised (as opposed to simply shown as expenditure on the face of the Income and Expenditure Account (I&E)).</p> <p>The revenue charge every year (or depreciation) that is shown on the I&E Account will equate to the PWLB loan repayment, which will regularise the General Reserve.</p> | <p>Finance and Rating Manager</p> <p>15 May 2020</p> |

Findings, Risks, Recommendations and Management Action Plan

Control Objective 5: Income – To ensure that expected income was fully received, based on correct prices, properly recorded and promptly banked, and that VAT was appropriately accounted for.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|--|---|-----------------|---------------------|--|
| 4. | <p><u>Finding</u> Each Board has the same Drainage Rates & Special Levies Collection Policy. With the exception of Pevensey & Cuckmere's policy, each Board's policy has passed its stated review date. The policy was reviewed in May/June 2014 and was next due to be reviewed in October/November 2019 i.e. the policy is reviewed every five years. The Pevensey & Cuckmere policy was reviewed on 31st October 2017 and is next due for review in October 2022.</p> <p><u>Risk</u> Risk that the Rate Levies & Collection Policy is out of date and not fit for purpose.</p> | Each Board's Rate Levies & Collection Policy should be reviewed and updated/amended as appropriate. | Low | Agreed. | <p>Chief Executive</p> <p>Next face-to-face meeting of the Boards.</p> |

Findings, Risks, Recommendations and Management Action Plan

Control Objective 7: Payroll - To ensure that salaries and wages have been paid correctly, and that PAYE and NIC have been paid over to HMRC correctly and in a timely manner.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|--|---|-----------------|---------------------|---|
| 5. | <p><u>Finding</u></p> <p>Payrolls for King's Lynn, Norfolk Rivers, South Holland and Broads IDB, and for WMA, for July 2019 and January 2020, were checked to ensure that:</p> <ul style="list-style-type: none"> • BACS Submission Details report had been initialled by CEO; • Update Records Check Report payroll totals for each employee agreed to their payslip; • Payslip details agreed to timesheet or expenses sheet; • Timesheet or expenses sheet signed by employee; • Timesheet or expenses sheet authorised by the appropriate officer. <p>The following exceptions were identified:</p> <ul style="list-style-type: none"> • C. Rowley (South Holland) claimed three non-taxable miles on his timesheet for w/e 30/12/19 for which he was not paid; • M. Norman (King's Lynn) claimed a total of 31.2 basic hours on his timesheet for w/e 15/06/19 but was only paid for 30.2 hours; • A. Cullingford's (Broads) timesheet for w/e 21/06/19 was not authorised (out of a total of 21 timesheets tested); • J. Voutt's (King's Lynn) timesheet for w/e 29/12/19 was not authorised (out of 30 timesheets tested). <p>The two underpayments were discussed with the Finance & Ratings Manager who agreed to update the payroll so that the two employees receive their full entitlement.</p> | <p>Finance Officers should ensure that all timesheets have been appropriately authorised prior to payment. Any that have not been signed should be returned to the appropriate manager for authorisation.</p> | Medium | Agreed. | <p>Finance and Rating Manager</p> <p>With immediate effect.</p> |

Findings, Risks, Recommendations and Management Action Plan

Control Objective 8: Assets and Investments - To ensure that investments and assets are properly recorded, that reimbursements and interest are received promptly and in full, and that cash flows are maintained at an adequate level.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date |
|----------|--|---|-----------------|----------------------------------|--|
| 6. | <p><u>Finding</u> Investments and assets are reported to the Board in the Financial Report, which, as mentioned above at 3.1, is not reported to each of the Boards at their Board meeting held in January / February each year. Therefore, Board Members may not be kept fully apprised during the course of the year of the current level of assets and investments held by their respective Board.</p> <p><u>Risk</u> Board Members are not kept fully apprised of the level of assets and investments held by the Board.</p> | Board Members should be kept fully apprised during the course of the year of the level of assets and investments held by their respective Board. The Financial Report, which includes details of assets and investments held, should be reported at each Board meeting. | Medium | Agreed, as per recommendation 1. | <p>Finance and Rating Manager</p> <p>December 2020, January and February 2021.</p> |

Follow-up of Previous Report's Recommendations

Control Objective 5: To ensure that a robust framework is in place demonstrating compliance with GDPR and DPA 2018.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|---|-----------------|---|---|--|
| 1. | <u>Finding</u> The Risk Management Policy does not state the frequency of review, who it is to be reviewed by and when it is next due for review. The policy was last reviewed in January 2017 and is generally reviewed by the Board every three years, or earlier if there are any changes advised by the JPAG Practitioners' Guide. | The Risk Management Policy should state how often it should be subject to review, who it is reviewed by (i.e. the Board) and when it is next due for review. | Low | Agreed. RMP has been updated and the new front pages of the policy uploaded to the WMA website for all six Boards. | Phil Camamile, CEO WMA. Completed. | Actioned. Front sheet of each Board's RMP state: <ul style="list-style-type: none"> • Date last updated – January 2017 (to be reviewed every 5 years); • Next review date – January 2022; • Reviewed by the Board. South Holland's RMP states that it was last reviewed in November 2016 and is next due for review in November 2021. |
| 2. | <u>Finding</u> Each Board's Risk Register only gives the current risk score; they do not give the target risk score i.e. the risk score which the organisation is working towards. By showing both target and current risk scores, it can be seen if any progress has been made in mitigating each risk. It is not clear who the responsible officer is for addressing each risk. The Good Governance Guide for IDB Members (Nov 2018) states, at 10.2.2, that the IDB's Risk Register should | Management should consider enhancing the format of each Board's Risk Register so that it includes the following details: <ul style="list-style-type: none"> • Strategic objectives; • Risks – key risks to achieving strategic objectives; • Key controls – those controls/systems currently in place to mitigate each risk; | Low | The CEO stated to Internal Audit that the Risk Registers used to be laid out in the format as recommended, but that in 2017 it was decided to change them to follow the "simpler" format set out in Section 5, Appendix 1 of the JPAG Practitioner's Guide 2017. The Risk Registers do still show the strategic objectives agreed by the five Boards every year and all risks are linked to these objectives. | No required action. | The "simpler" format of the Risk Register is appended to each Board's RMP. |

Follow-up of Previous Report's Recommendations

Control Objective 5: To ensure that a robust framework is in place demonstrating compliance with GDPR and DPA 2018.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|---|-----------------|--|---|----------------------------|
| | <p>assign ownership for each risk. The ADA Risk Management Strategy & Policy template includes a suggested format for a Risk Register, which differs to the format currently used by each Board. The ADA Risk Register includes the following column headings:</p> <ul style="list-style-type: none"> • Strategic objectives • Risks • Key controls – what controls/systems are in place to mitigate these risks? • Assurances on controls – what evidence shows controls / systems are effective? • Risk score • Gaps in controls – where are there no controls or ineffective controls? • Gaps in assurance – where is further evidence of effective control required? • Action plan – what should we do to rectify the situation? • Responsible officer / implementation date. | <ul style="list-style-type: none"> • Assurances on controls – evidence demonstrating that the systems and controls in place are effective in mitigating the risk; • Current risk score; • Gaps in control – where controls are lacking or are ineffective; • Gaps in assurance – where is further evidence of effective control required? • Action Plan – actions/controls required to meet target risk score; • Target risk score • Officer responsible for implementing required actions; • Due date for reaching target risk score; • Update on required actions/controls; • Current status. | | <p>Following guidance received from External Audit, it has been decided to keep the current format of the Risk Registers (following the JPAG best practice guidance). However, the CEO is to raise the possibility of amending the current risk register format with JPAG.</p> | | |

Follow-up of Previous Report's Recommendations

Control Objective 5: To ensure that a robust framework is in place demonstrating compliance with GDPR and DPA 2018.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|--|-----------------|---|--|--|
| 3. | <p><u>Finding</u></p> <p>From benchmarking the WMA's Data Protection Policy against a sample of Borough Councils' own such policies, there are a number of areas which are not included in the WMA policy:</p> <ul style="list-style-type: none"> Risks to compliance with DPA/GDPR, such as accidental or deliberate breach of data protection, potential sanctions imposed against WMA by the ICO as a result of loss or misuse of data, and potential legal action from data subjects following a breach. Staff responsibilities regarding data protection/GDPR. Duties of the Data Protection Officer. Data Breaches – brief mention in the policy but the procedure for dealing with data breaches is not included. Breach of policy by a Member or staff – the WMA policy does not state that failure to comply with the policy could amount to misconduct, which could be a disciplinary matter, leading to the dismissal of staff, and serious breaches could result in personal criminal liability. Breach of the policy by a Member would be a potential breach of the Members' Code of Conduct. A data protection breach could lead to individual officers or Members being prosecuted under GDPR, not just WMA. | <p>The WMA Data Protection Policy should be enhanced by including the following:</p> <ul style="list-style-type: none"> Risks of non-compliance; Staff responsibilities relating to Data Protection and GDPR; Process for dealing with data breaches; Breach of policy by staff or Member; Duties of DPO. | Low | Agreed. The Data Protection Policy document will be revised to include the points as recommended at the next scheduled policy review. | Phil Camamile, CEO WMA. 31 st December 2019 | <p>Actioned.</p> <p>Data Protection Policy was reviewed in July 2019; it is next due for review in July 2024.</p> <p>Point 1.4 of the policy outlines the responsibilities of employees.</p> <p>Appended to the policy is a Data Breach Questionnaire which is required to be completed and sent to the DPO if a data breach occurs.</p> <p>The duties of the DPO are briefly referred to in section 4 – Data Handling, which states that each WMA Member Board shall have an appointed DPO who will be the point of contact for any data protection or personal data, processing and/or queries.</p> <p>Section 4.6 of the Information Security Systems Acceptable Use Policy states that failure to comply with the policy could lead to disciplinary action being taken and serious breaches could also result in personal criminal liability, with individual officers and/or members being prosecuted. At the request of Internal Audit, the CEO has agreed to include a paragraph regarding any breach of the policy in the Data Protection Policy.</p> |

Follow-up of Previous Report's Recommendations

Control Objective 5: To ensure that a robust framework is in place demonstrating compliance with GDPR and DPA 2018.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|---|-----------------|---|---|---|
| 4. | <u>Finding</u> According to a spreadsheet provided to Internal Audit, of the 32 members of staff at WMA who are required to undertake GDPR training, only 11 to date have completed the online training. However, the CEO and Data Manager have given guidance/training on GDPR compliance to all of the other staff shown in the spreadsheet at a number of Internal Best Practice meetings, which are held quarterly. Therefore, most staff and all Line Managers are therefore aware of the requirements of GDPR and the Information Security & Systems – Acceptable Use Policy, as it affects them. | All relevant members of staff should receive appropriate training in GDPR and Data Protection. | Low | All of the key staff have had GDPR training. Those staff that have yet to receive any external training as shown in the spreadsheet will receive an appropriate “lower level” of training in due course, but it is not a priority for them because of the nature of their roles. Not everyone in the spreadsheet has access to personal data. | Phil Camamile, CEO WMA. 31 st December 2019 | Actioned. All staff have now had GDPR training and Cyber Security Training, which has been provided by an external consultant (please see the Certificates of Attendance and Invoice attached). |
| 5. | <u>Finding</u> WMA does not have a written policy/procedural document describing the process to be followed in the investigation and reporting of data breaches. At present, WMA refers to the ICO website guidance with regards to reporting a data breach. | Management should consider compiling a written policy/procedure detailing the process to be followed in the investigation and reporting of data breaches. | Low | Agreed, although this is covered briefly in the Information Security & Systems - Acceptable Use Policy (particularly 4.4). | Phil Camamile, CEO WMA. 30 th September 2019 | Actioned. The WMA now has separate Data Breach Procedures which cover this. |

Follow-up of Previous Report's Recommendations

Control Objective 6: To ensure that asset registers are complete, accurate and properly maintained, that stock is held securely, and that robust security of assets is in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|---|---|-----------------|---|---|--|
| 6. | <u>Finding</u> The JPAG Practitioners' Guide (March 2018) at point 5.57 lists the key information which is needed in an asset register. This recommends that an asset register should include the location of the asset and the responsible officer (the guidance states that it may be appropriate to assign responsibility for each asset to members of staff). It is noted that the Boards' asset registers do not include location or responsibility. However, assets listed in the Fixed Asset Register are either located at each Board's depot or working in/alongside the infrastructure within the drainage district. | In accordance with the JPAG guidance, each Board's asset register should include location of the asset and the officer responsible for each asset. | Low | Agreed, although each Board's Financial Regulations clearly state who is responsible for its tangible fixed assets (Section R: Security). | Phil Camamile, CEO WMA. 30 th September 2019 | Actioned. All Fixed Assets have been assigned to a responsible officer, and their location and assignment will be shown on the month 12 financial report for 2019/20, and on all financial reports in future, moving forward. |
| 7. | <u>Finding</u> There is a lack of evidence of an annual physical verification of assets, listed on each Board's asset register, taking place. Point J.4 of the Financial Regulations states that at least once a year, the Finance Officer will confirm the accuracy of the fixed asset register by carrying out a physical inspection of the Board's assets. Some managers do | In accordance with the Financial Regulations, an annual physical verification of all assets recorded on each Board's Fixed Asset Register should be undertaken so as to confirm the accuracy of the register. | Medium | Agreed. A process of undertaking annual checks of assets held at each depot will be introduced. This will include the verifying of asset IDs and taking photographs of assets, evidencing the checking process. | Phil Camamile, CEO WMA. 30 th September 2019 | Partially Actioned (not completed for all Boards due to COVID-19) Full physical verification of fixed assets for SHIDB and KLIDB have been completed. The Senior Finance & Rating Officer alongside the Operations Manager for |

Follow-up of Previous Report's Recommendations

Control Objective 6: To ensure that asset registers are complete, accurate and properly maintained, that stock is held securely, and that robust security of assets is in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|---|-----------------|---------------------|--|--|
| | check their assets periodically; however, this is not evidenced. Monthly financial reports, which include the Board's asset register, are sent to each manager; therefore, managers should be aware of the assets they are responsible for. | | | | | each Board enacted this. This will happen annually at an agreed time. This has only been partially actioned and not completed for the WMA Eastern Boards due to the restrictions of COVID-19 (this was planned for March 2020). |
| 8. | <u>Finding</u> WMA maintain an inventory of IT equipment held by staff; however, there is a lack of assurance that the inventory is up to date. The Data Manager is currently undertaking an audit of IT equipment such as laptops, phones and printers provided to staff for use in their work, which they may have at home. An email was sent to relevant staff asking them to confirm details of any such items held by them; to date, only a few have replied back. It should be noted that this only applies to the three WMA Eastern Boards where most staff work from home; it does not apply to the other three Boards. | The inventory of IT equipment held by staff for their use at home should be updated. This should be referenced when staff leave the organisation to ensure that all such equipment is returned. | Low | Agreed. | Phil Camamile, CEO WMA. 30 th September 2019. | Actioned. Inventory Register has been updated during the year. |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|---|---|-----------------|---|--|---|
| 9. | <u>Finding</u> Board Members are not required to make an annual declaration of interests; a new form is required for each new term of office i.e. every three years. However, it has been made clear to Members that the requirement for ensuring their details are correct rests with them; this is included in the Members' Code of Conduct (section 13) and on the first page of the Declarations of Interest Form (item 1). | In the absence of Members submitting an annual declaration of interests form, an email should be sent to each Member each year asking them to confirm their current declaration as being correct and up to date. Members should be given 28 days to respond; if no response is forthcoming, the assumption can be made that there is no change. However, it should be made clear to Members that the requirement for ensuring that their details are correct rests with them. | Low | Agreed; an email will be sent to all Board Members every year. | Phil Camamile, CEO WMA. 31 st December 2019 | Actioned. Declarations of Interest (DoI) Logs have been completed. Further evidence of emails that have been sent to Board Members can be provided on request. |
| 10. | <u>Finding</u> A review was undertaken of the declaration of interest's forms filed by Members on each Board's website. This identified that of the 142 current members across the 6 Boards, only 93 members (65%) had submitted a fully and correctly completed declaration of interests form; 14 members had not filed a return and 35 had not completed the form correctly/fully. At the top of the form it clearly states that where a | All Members should complete a declaration of interests form for each new term of office i.e. every three years. | Low | Agreed. Members are always asked to submit a declaration of interest form and most do. Due to a lack of resources, the website is not always kept up to date. The CEO has been through all of the Dols received during the last financial year and has updated the website. | Phil Camamile, CEO WMA. Completed | Partly Actioned. Members' Dols for each Board were reviewed on the website (as at 4 th March 2020). Out of a total of 152 Members across all six Boards, 13 (9%) had not filed a return and 8 (5%) had not completed the return fully. This is broken down as follows: |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|---|----------------|-----------------|---------------------|---|---|
| | <p>question does not apply then the member should put "NONE" and that they should not leave any boxes blank. One member had only signed and dated the form, leaving all of the questions blank; another had answered just one question, leaving the rest blank. Several members had left some questions blank, while others had crossed through a question rather than writing "NONE". All forms had been signed.</p> <p>Members are required to complete a declaration of interest form every 3 years i.e. at each new term of office. However, several forms were identified dating longer than that, typically from 2015, although one appeared to date from 2011, and another from 2013. It should be noted that Members are also required by law to declare an interest in any of the business being transacted at each Board meeting (this is a standard agenda item); such declarations are regularly made and always minuted.</p> | | | | | <ul style="list-style-type: none"> • Broads – 4 (appointed) Members out of a total of 39 had not yet filed a return; of those DoIs filed, all had been completed fully, and signed and dated. • East Suffolk – 1 not completed fully; 3 (appointed) Members not filed a return (out of a total of 23). • King's Lynn – 3 not completed fully; 1 (appointed) Member not filed a return (21 Members in total). • Norfolk Rivers – 2 not completed fully; 2 not filed a return (out of 31 Members). • South Holland – 1 not completed fully; 2 (appointed) Members not filed a return (21 Members in total). • Pevensey & Cuckmere – |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|--|---|-----------------|--|---|---|
| | | | | | | 1 not completed fully; 1 (appointed) Member not filed a return (17 Members in total). |
| 11. | <p>Finding</p> <p>A total of eight declarations of interest (DoI) forms had been filed under the wrong member on the Broads website relating to Appointed Members; the forms had been filed out of sequence, with each member's form filed under the name of the member listed below them. In addition, for one appointed member who had not filed a return, their entry contained a copy of a form relating to someone else who is not shown on the current list of members.</p> | <p>Completed declaration of interests forms should be filed under the correct Member on each Board's website.</p> <p>Management should consider removing the DoI forms from the website so as to prevent similar errors happening in the future. The CEO informed Internal Audit that no other IDB publishes its Members' Dols o their website.</p> | Low | <p>Agreed. The CEO has been through the Dols of elected and appointed members for all Boards to ensure that they are current and correct, and has uploaded them onto the website. These were checked by Internal Audit (on 29/04/19) and no errors were found.</p> | <p>Phil Camamile, CEO WMA. Completed.</p> | <p>Actioned.</p> <p>As at 4th March 2020, the eight Dols, identified in the previous report as being filed under the wrong Member, were now filed correctly on the website.</p> |
| 12. | <p>Finding</p> <p>The Employees' Code of Conduct states that any gift or hospitality valued at more than £25 must be declared in the Register of Gifts & Hospitality. The Members' Code of Conduct does not mention such a limit. The Register of Members' Interests Form states the</p> | <p>The same de-minimus limit, above which a gift or hospitality must be declared, should be stated in the Employees' and Members' Codes of Conduct and in the Register of Members' Interests Form.</p> | Low | <p>Agreed. The correct de-minimus figure is £30; this figure was changed by all of the Boards a few years ago and the revised Members Code of Conduct does not appear to have been uploaded to the WMA website. The CEO has updated the</p> | <p>Phil Camamile, CEO WMA. Completed.</p> | <p>Actioned.</p> <p>Each Board's Members' Code of Conduct states the de-minimus figure of £30.00 (section 9(6a)(viii)).</p> <p>The Employees Code of</p> |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|---|---|-----------------|---|--|---|
| | limit at £30. | | | Members Code of Conduct for each Board to reflect the current figure of £30 and uploaded the new documents to the website. | | Conduct states that any gift or hospitality valued at £30 or more must be declared (2.3.1). |
| 13. | <p><u>Finding</u></p> <p>Some key governance policies do not state when they were last reviewed, frequency of review or when they are next due for review. . However, it should be noted that most policies do have the Date Last Reviewed and Next Review Date on the first page of the policy.</p> <p>Key governance documents should be reviewed every three to five years; however, the Whistleblowing Policy has not been reviewed since January 2008.</p> | Key governance documents should state when they were last reviewed, by whom (i.e. the Board) and when they are next due to be reviewed. Any document which has not been reviewed within the last five years should be reviewed. | Low | <p>Agreed. All governance policies will be updated so that they state on their front page Date Last Reviewed and Next Review Date.</p> <p>Most governance policies are reviewed every three years at the start of a new three year term, after the IBD has had an election. It would appear that the Whistleblowing Policy slipped through the review process; however, all other governance policies are up to date.</p> <p>A register of policies will be compiled listing all Board policies, the date they were last reviewed and date when they are next due for review.</p> | Phil Camamile, CEO WMA. 30 th September 2019. | <p>Actioned.</p> <p>All Governance policies have been updated to state date last reviewed, frequency of review and next review date. Most Governance policies are reviewed every 5 years.</p> <p>Whistleblowing Policy has been updated to state date last reviewed, that it is reviewed every 3 years, and next review date.</p> <p>Broads IDB Whistleblowing Policy was last reviewed by the Board on 12th August 2019.</p> |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|---|--|-----------------|---|---|---|
| 14. | <p><u>Finding</u></p> <p>There are wide differences in the number of Members each Board has. For example, King's Lynn and South Holland both have 21 Members, whereas Broads has 38 and Norfolk Rivers 29. Attendance at Board meetings is low; typically, only two thirds of Members attend each meeting; at Norfolk Rivers, only half of Members attend Board meetings. ADA's Good Governance Guide (November 2018) states that Defra suggest that IDBs should have 21 Members; it states that "larger IDBs may wish to consider reconstituting to a smaller size, to see fewer vacant seats, more contested elections, and better attendance at meetings".</p> | <p>The membership of Broads, Norfolk Rivers and East Suffolk should be reduced to no more than 21 Members each, as they are geographically much smaller than both King's Lynn and South Holland.</p> | High | <p>Agreed. The CEO will seek to reduce the membership of Broads, Norfolk Rivers and East Suffolk to no more than 21 Members each.</p> | <p>Phil Camamile, CEO WMA. 30th December 2019.</p> | <p>Partly Actioned.</p> <p>As at 4th March 2020, as per their website, Norfolk Rivers had 31 Members (16 Appointed and 15 Elected). At the Board meeting on 15th August 2019, it was agreed that the total number of Board members would be reduced from 31 to 21 (minute ref. 52/19/02). Agreed that the Chief Executive would prepare a map that established 10 new Electoral Divisions (one elected member per division) for consideration at the next meeting (on 17th October 2019), where it was decided that any further suggested changes would be discussed at the following meeting in January 2020. At the Board meeting in January 2020, the Board agreed the 10 Electoral Divisions.</p> |

Follow-up of Previous Report's Recommendations

Control Objective 7: To ensure that robust governance arrangements are in place.

| Rec. no. | Finding / Risk | Recommendation | Priority Rating | Management Response | Responsible Officer and Agreed Due Date | Follow-up of Agreed Action |
|----------|----------------|----------------|-----------------|---------------------|---|---|
| | | | | | | <p>Broads IDB has 39 Members. At the Board meeting on 20th May 2019, the Board decided not to consider reducing the no. of Board members. The Chief Executive “was instructed not to spend any time on preparing reports or on any further consideration of this issue” (minute ref. 32/19/02).</p> <p>East Suffolk has 23 Members. At the Board meeting on 30th October 2019, it was agreed to reduce the total no. of members from 23 to 21 (minute ref. 58/19/02).</p> |

Assurance Opinion and Recommendation Priority Definitions

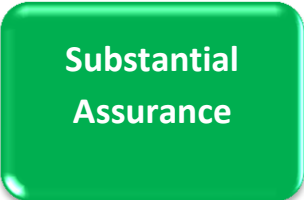
Assurance Opinion

Definition



Full Assurance

In our opinion, there is a **sound** system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.



Substantial Assurance

In our opinion, there is a sound system of internal control operating, but there are a **few weaknesses** which could put the achievement of system objectives at risk.



Limited Assurance

In our opinion, there is a system of internal control with a number of weaknesses likely to **undermine** achievement of system objectives, and which is vulnerable to abuse or error.



No Assurance

In our opinion, there is a **fundamentally flawed** system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

Recommendation Priority

Definition



Low

These issues would contribute towards improving the system under review, and are of limited risk. It is expected that corrective action to resolve these will be taken as resources permit.



Medium

A control process that contributes towards providing an adequate system of internal control. It is expected that corrective action to resolve these will be implemented within three to six months.



High

A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected. It is expected that corrective action to resolve these will be commenced immediately.

Internal Audit Service

Borough Council of
**King's Lynn &
West Norfolk**



WATER MANAGEMENT ALLIANCE

**REVIEW OF EFFECTIVENESS OF THE
SYSTEM OF INTERNAL CONTROL
2019 - 2020**

**INTERNAL AUDIT
TERMS OF REFERENCE**

1. INTRODUCTION

- 1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the financial year 2019 – 2020.
- 1.2 Section 6 of The Accounts and Audit Regulations 2015 states that ‘*The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control*’.
- 1.3 Internal Audit is defined as ‘*an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*’ Public Sector Internal Audit Standards, April 2017.
- 1.4 The Internal Auditor will work in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by CIPFA from April 2017 and thus will be able to provide the review required by the Regulations.
- 1.5 The authority of the Internal Auditor is established in the Financial Regulations.
- 1.6 The audit work will concentrate on records and systems used by the Water Management Alliance, who provide the financial and administrative functions for the following Internal Drainage Boards:
 - Broads
 - East Suffolk
 - King’s Lynn
 - Norfolk Rivers
 - South Holland

and to the Pevensey & Cuckmere Water Level Management Board.

As such, this work will enable the auditor to complete the Annual Governance and Accountability Returns for 2019-20 for all six Boards.

2. OBJECTIVES AND SCOPE OF THE AUDIT

- 2.1 The work of the Internal Auditor will be guided by ‘Governance and Accountability for Smaller Authorities in England – A Practitioners Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements (March 2019)’ published by the Joint Panel on Accountability & Governance (JPAG).
- 2.2 In order to be able to complete section 4 of the Electronic Annual Governance and Accountability Return for 2019-20, the auditor will consider the following internal control objectives (as stated on the return):
 - A. Accounting Records
To ensure that appropriate accounting records have been properly kept throughout the financial year.

- B. Financial Regulations and Standing Orders
To ensure that the authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
- C. Risk Management
To ensure that the authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- D. Budgetary Control
To ensure that budgets are prepared on a realistic basis and are monitored throughout the year, any variations are investigated, with corrective action being taken if necessary, and that reserves are appropriate.
- E. Income
To ensure that expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
- F. Petty Cash
To ensure that petty cash provisions are reasonable, used in accordance with Financial Regulations and that adequate records are kept of payments made.
- G. Payroll
To ensure that salaries to employees and allowances to Members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.
- H. Assets and Investments
To ensure that investments and assets are properly recorded, that reimbursements and interest are received promptly and in full, and that cash flows are maintained at an adequate level.
- I. Cashbook and Bank Reconciliations
To ensure that periodic and year-end bank account reconciliations are properly completed and verified.
- J. Year End Procedures
To ensure that accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail and, where appropriate, debtors and creditors were properly recorded.

2.3 Last year's audit reviewed the following areas:

- Accounting Records
- Financial Regulations and Standing Orders
- Risk Management
- Income
- Payroll
- Year-End Procedures
- Asset Management
- GDPR and Data Protection Act 2018
- Board Members' Declarations of Interest

- Write-offs
- Succession Planning.

2.4 The agreed actions arising from recommendations made in last year's audit will be followed up to establish if they have been implemented by management.

2.5 Contained within the scope of work described above it is implied that the auditor will have due regard for Value for Money considerations and the potential for fraud.

3. TASKS

3.1 The project tasks are to:

- Establish if the procedures recorded as part of the audit for 2018-19 remain the same and document any changes that may have taken place.
- Perform tests to establish that systems are operating in accordance with the procedures and that good practice is being complied with.
- Assess strengths and weaknesses of the systems operated and the levels of financial and management risk.
- Discuss the results with the Chief Executive and make recommendations as appropriate, which will be communicated to the Boards by means of a report.
- Complete Section 4 of the Electronic Annual Governance & Accountability Return for 2019-20.

4. WORK PLAN

4.1 The audit will be undertaken by Mike Tweed, Internal Auditor, Borough Council of King's Lynn & West Norfolk.

4.2 The audit has been allocated five days, which will be utilised as follows:

| Task | Time |
|--|-------------|
| Confirm existing procedures and record any changes. Undertake a follow-up of actions agreed from the audit report for 2018-19. | 0.5 |
| Undertake sample testing to establish that processes are being applied as intended. | 3.5 |
| Exit meeting with management to discuss the findings and recommendations arising from the review. Drafting the report. | 0.5 |
| Completing the Return and reporting if required. | 0.5 |

5. AGREEMENT

| | Signature | Date |
|--|------------------|-------------|
| Phil Camamile Chief Executive, Water Management Alliance | | |
| Kathy Woodward Shared Internal Audit Manager, Borough Council of King's Lynn & West Norfolk | | |

From: 01 April 2019
To: 31 March 2020

Period: 12
Year Ending: 31 March 2020

| Notes | Income and Expenditure Account | 2018/19 Actual £ | 2019/20 Actual £ | Annual Estimate £ | Variance £ |
|---------------------------------|---|------------------------|------------------------|-------------------------|-------------------|
| <u>Income:</u> | | | | | |
| | Occupiers Drainage Rates | 316,022 | 322,328 | 322,328 | 0 |
| 1 | Special Levies issued by the Board | 1,918,285 | 1,960,429 | 1,960,429 | 0 |
| | Grants Received | 0 | 0 | 3,280,000 | 3,280,000 |
| | Rental Income | 365 | 11,436 | 350 | -11,086 |
| 2 | Highland Water Contributions | 49,052 | 63,480 | 46,389 | -17,091 |
| | Income from Rechargeable Works | 74,092 | 192,892 | 3,000 | -189,892 |
| | Investment Interest | 101,580 | 114,929 | 92,000 | -22,929 |
| | Development Contributions | 128,589 | 138,447 | 0 | -138,447 |
| 4 | Other Income | 172,511 | 334,439 | 283,414 | -51,025 |
| | Total Income | £2,760,496 | £3,138,380 | £5,987,910 | £2,849,530 |
| <u>Less Expenditure:</u> | | | | | |
| 5 | Capital Works | 261,049 | 95,217 | 9,780,395 | 9,685,178 |
| 6 | Environment Agency Precept | 163,371 | 170,572 | 171,540 | 968 |
| 7 | Maintenance Works | 1,046,525 | 1,327,869 | 1,323,580 | -4,289 |
| | Development Expenditure | 21,688 | 20,767 | 6,000 | -14,767 |
| | Interest Payments | 258,275 | 286,696 | 286,696 | 0 |
| 8 | Administration Charges | 344,286 | 368,984 | 353,076 | -15,908 |
| | Cost of Rechargeable Works | 67,646 | 140,712 | 0 | -140,712 |
| | Bad Debt Provision | 64,643 | 0 | 0 | 0 |
| | Pension Interest Cost and Expected Return on Assets | 111,000 | 179,000 | 0 | -179,000 |
| 3 | Net Deficit/(Surplus) on Operating Accounts | 125,722 | 103,893 | 0 | -103,893 |
| | Total Expenditure | £2,464,205 | £2,693,710 | £11,921,287 | £9,227,577 |
| | Profit/(Loss) on disposal of Fixed Assets | £28,917 | -£2,561 | £0 | -£2,561 |
| 9 | Net Surplus/(Deficit) | £325,208 | £442,109 | -£5,933,377 | -6,375,486 |

| | | 2018/19 Closing Balance £ | 2019/20 Closing Balance £ |
|--------------|---------------------------------------|---------------------------------|---------------------------------|
| Notes | Balance Sheet as at 31-3-2020 | | |
| 10 | Fixed Assets: | | |
| | Land | 1,065,000 | 1,065,000 |
| | Building | 380,000 | 353,028 |
| | Plant and Equipment | 978,424 | 922,660 |
| | Pumping Stations/Outfall Structures | 602,500 | 542,250 |
| | Properties | 205,000 | 189,500 |
| | Shared Consortium Assets | 0 | 0 |
| | | 3,230,924 | 3,072,438 |
| | Current Assets: | | |
| 11 | Bank Account | 72,100 | 1,855,249 |
| | Stock | 7,712 | 7,444 |
| 12 | Trade Debtors | 105,803 | 94,958 |
| 13 | Long Term Work in Progress | 5,007,335 | 12,900,867 |
| 14 | Term Deposits | 12,000,000 | 9,500,000 |
| 15,16 | Drainage Rates and Special Levies Due | 7,358 | 8,657 |
| 17 | Prepayments | 0 | 0 |
| | Prepayments to WMA | 10,268 | -4,430 |
| | Accrued Interest | 65,746 | 68,169 |
| | VAT Due | 292,064 | 612,042 |
| 18 | Grants Due | 0 | 0 |
| | | 17,568,386 | 25,042,956 |
| | Less Current Liabilities: | | |
| | Trade Creditors | 8,193 | 659,485 |
| 28 | Accruals | 0 | 27,923 |
| 29 | Deferred Revenue | 0 | 18,012 |
| | Bad Debt Provision | 64,643 | 64,643 |
| 30 | Retentions Held | 0 | 108,602 |
| 31 | Receipts Paid in Advance | 0 | 3,292 |
| 32 | BCKLWN Covid-19 Grant (to be repaid) | 0 | 10,000 |
| | PWLB Loans due in less than one year | 93,395 | 96,123 |
| | | 166,230 | 988,080 |
| | Net Current Assets | 17,402,155 | 24,054,875 |
| | Less Long Term Liabilities: | | |
| 25 | Pension Liability (KLIDB) | 3,731,000 | 3,045,000 |
| 25 | Pension Liability (KLIDB t/a WMA) | 2,496,000 | 2,788,000 |
| | PWLB Loans due in more than one year | 9,815,860 | 9,719,737 |
| | | 16,042,860 | 15,552,737 |
| | Net Assets | £4,590,219 | £11,574,577 |
| 19 | Reserves: | | |
| | Earmarked | | |
| 20 | General Reserve | 2,766,779 | 3,270,208 |
| 21 | Development Reserve | 1,187,343 | 1,305,023 |
| 22 | Capital Works Reserve | 0 | 0 |
| 23 | Plant Reserve | 2,821,148 | 2,821,148 |
| 18 | Grants Reserve | 2,133,472 | 8,197,472 |
| | | 8,908,742 | 15,593,850 |
| | Non-Distributable | | |
| 24 | Revaluation Reserve | 1,908,477 | 1,813,727 |
| 25 | Pension Reserve (KLIDB) | -3,731,000 | -3,045,000 |
| 25 | Pension Reserve (KLIDB t/a WMA) | -2,496,000 | -2,788,000 |
| | | -4,318,523 | -4,019,273 |
| | Total Reserves | £4,590,219 | 11,574,577 |

Cashflow Statement for the year ended 31st March 2020

2020

£'000

Cash flows from Operating Activities

| | |
|--|-------------|
| Net surplus/(deficit) on the provision of services | £442,109 |
| (Increase)/decrease in debtors | -£310,432 |
| (Increase)/decrease in stock | £268 |
| Increase/(decrease) in creditors | £651,292 |
| (Increase)/decrease in Long Term WIP | -£7,893,532 |
| Prior Year Adj for Long Term WIP | £0 |
| Increase/(decrease) in provisions | £167,830 |
| Increase/(decrease) in Grants Received in Advance | £6,064,000 |
| (Increase)/decrease in accrued interest income | -£2,423 |
| (Increase)/decrease Prepayment to WMA | £14,698 |
| Adjustment for investing and finance activities | |
| Adjustment for Pension Costs | £179,000 |
| Adjustment for(Profit)/Loss on Disposal | £2,561 |

Net cash flows from Operating Activities

-£684,630

Cash flows from Investing Activities

| | |
|-----------------------------|-----------|
| Purchase of PPE | -£230,342 |
| Sale of PPE | £83,123 |
| Adjustment for Depreciation | £208,393 |

Net cash flows from Investing Activities

£61,174

Cash flows from Financing Activities

| | |
|--|----------|
| Increase/(decrease) in PWLB less than 1 Year | £2,728 |
| Increase/(decrease) in PWLB more than 1 Year | -£96,123 |

Net cash flows from Financing Activities

-£93,395

Net Increase/(Decrease) in cash and cash equivalents

-£716,851

| | |
|--|-------------|
| Cash and Cash Equivalents at the beginning of the reporting period | £12,072,100 |
|--|-------------|

| | |
|---|--------------------|
| Cash and Cash Equivalents at the end of the reporting period | £11,355,249 |
|---|--------------------|

Statement of Accounting Policies

Basis of Financial Statement and Accounting Policies

The Statement of Accounts have been prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

King's Lynn IDB's accounting policies are the principle, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be shown in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves. It has adopted the following accounting policies which should be read in conjunction with the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in this statement of accounts.

Accruals:

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation.

Provisions:

A provision is recognised if, as a result of a past event, KLIDB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of 12 months or less. All maturities can be withdrawn with 24 hours notice with no reduction in the principal value invested, should withdrawal be required.

Government Grants:

Government grants are recognised in the Income and Expenditure when all of the obligations and conditions have been met, if these have not yet been met these funds are held in the Grant Reserve.

Income Recognition:

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.

Stock:

Stock is valued at the lower of cost or net realisable value.

Taxation:

Drainage Board are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable.

Pensions:

The Board participates in the Norfolk Local Government Pension Scheme, a defined benefit scheme operated by Norfolk County Council. The Board pays a contribution of 23% on employees pensionable pay into the pension fund. The expected costs of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the Income and Expenditure in order to spread the cost over the service lives of employees in the scheme. The annual report is available on request.

Fixed Assets:

Fixed assets are recognised as expenditure on acquisition, creation or enhancement of fixed assets. Assets with estimated useful lives in excess of 1 one year and a value of £5,000 or above are capitalised on an accruals basis in the accounts.

Disposals are written off at cost less depreciation. Any surplus/deficit is charged/credited to Profit/Loss on Disposal in the Income and Expenditure Account.

Depreciation has been provided for using the straight line method.

The useful lives of the various items on the Fixed Asset Register are as follows:

Motor Vehicles - 3 years
Excavators and Plant - Various (3-10 years)
Pumping Stations - 10 years
Properties - 10 years
Land - No Depreciation
Buildings: 50 years

Properties, Pumping Stations and Land have been subject to revaluations, which are shown in the Revaluation Reserve account. These will be reviewed regularly so that the carrying amount does not materially differ from its fair value at the balance sheet date.

Revaluation Reserve:

Gains and losses arising on the revaluation of assets are credited or debited to the Revaluation Reserve. The reserve cannot be used for any other purpose.

General Reserve:

The Association of Drainage Authorities guidance recommends that the General Reserve held by the Board is 20-25% of estimated net expenditure. Year end surplus and deficits are taken to the General

Development Reserve:

The purpose of this Reserve is to reduce the impact on drainage rates from development that takes place in the area. The Board charges developers a standard rate per impermeable hectare for agricultural land which is developed and becomes a hard standing area, such as housing, roadways etc. The money is credited to this Reserve and then used to reduce the gross cost of capital work needed to cater for the additional flows arising from such development. The income for this reserve therefore comes exclusively from developers and is used to fund in part improvement works that are necessary because of development.

Plant Reserve:

The purpose of this provision is to reduce the impact on drainage rates as and when equipment is bought/sold or when pumping plant/sluices require refurbishment or improvement.

From: 01st April 2019
To: 31st March 2020

Period To: 12
Year Ended: 31 March 2020

Note Notes to the Accounts

- 1 Special Levies collected from constituent Billing Authorities were as follows:

| | <u>Y-T-D Budget</u> | <u>Y-T-D Actual</u> |
|---------------------------------------|---------------------|---------------------|
| Borough of King's Lynn & West Norfolk | 1,851,019 | 1,851,019 |
| Fenland District Council | 85,665 | 85,665 |
| South Holland District Council | 23,745 | 23,745 |
| | 1,960,429 | 1,960,429 |

- 2 The Highland Water Claim for 2019/20 is due to be paid by the Environment Agency (EA) to the Board each September, following the changes made to the timetable in 2015 (previously the payment was made in two installments - one in May and one in December). This has been paid in full.

- 3 The Net Operating Deficit/(Surplus) for this year is made up as follows: This deficit has decreased significantly compared to the previous year. We have increased the Plant and Labour Charge Out Rates for 2020/21 and would hope to see this reduced even further, ideally to a balanced budget.

| | <u>Y-T-D Budget</u> | <u>Y-T-D Actual</u> |
|---------------------------------|---------------------|---------------------|
| Labour Operations Account | 0 | 74,206 |
| Mobile Plant Operations Account | 0 | 29,687 |
| | 0 | 103,893 |

Detailed operating surpluses/(deficits) for the Labour Operations Account and each item of Mobile Plant are shown in the Labour and Plant Operations Reports, which can be made available to members on request. These Reports are scrutinised by the Board's Plant and Works Committee every year.

- 4 Other Income for this year is made up as follows:

| | <u>Y-T-D Budget</u> | <u>Y-T-D Actual</u> |
|---|---------------------|---------------------|
| Shared Income from WMA | 280,414 | 332,595 |
| Summons Costs | 1,000 | 975 |
| East Wash Coastal Management CIC Administration Fee | 500 | 500 |
| Sundry Income | 1,500 | 369 |
| | 283,414 | 334,439 |

- 5 The cost of each capital scheme is approved by the Board annually and detailed on the schedule of capital works, as managed by the Project Managers, which can be made available to members on request. This Report is also scrutinised by the Board's Plant and Works Committee every year.

- 6 The EA Precept due for 2019/20 is slightly less than we originally estimated. It is payable in two halves on 31st May and 30th November. This has been paid in full.

- 7 The detailed maintenance operations in each sub catchment are approved by the Board annually and shown on the schedule of maintenance works, as managed by the Operations Manager, which can be made available to members on request. The summarised analysis of expenditure is as follows:

| | <u>Y-T-D Budget</u> | <u>Y-T-D Actual</u> |
|--------------------------------------|---------------------|---------------------|
| Labour Charges | 457,418 | 476,594 |
| Plant Charges | 235,152 | 245,010 |
| Materials | 17,233 | 17,956 |
| Contractors | 23,560 | 24,548 |
| Electricity | 172,692 | 179,932 |
| Pumping Station Insurances | 29,724 | 30,970 |
| Telemetry | 19,233 | 20,039 |
| Heating Fuel | 8,798 | 9,167 |
| Pumping Station Depreciation | 0 | 0 |
| Direct Works | 963,810 | 1,004,214 |
| Technical Support Staff Costs | 295,936 | 288,414 |
| Other Technical Support Costs | 29,000 | 28,951 |
| Biodiversity Action Plan Costs | 9,834 | 6,290 |
| Contingency | 25,000 | 0 |
| Annual Asset Reinstatement Provision | 0 | 0 |
| Maintenance Works | 1,323,580 | 1,327,869 |

- 8 Administration charges reflect the Board's share of consortium expenditure (excluding the technical support costs, which are included in the maintenance works expenditure). We are showing an overspend in year due to an increase in expected external audit fees for 2019/20 of £35,000 compared to budget. This is because we require a Principal Authority Audit for this year, and also the following two years due to our level of expenditure. Legal and professional fees in year were also £11,000 over budget. Detailed expenditure is monitored by the Consortium Management Committee and the Board every three months:

| | <u>Y-T-D Budget</u> | <u>Y-T-D Actual</u> |
|---|---------------------|---------------------|
| Administration Staff Costs | 118,739 | 94,201 |
| Other Administration Costs | 214,865 | 260,832 |
| Sundry Expenses | 0 | 366 |
| Pension Pay Strain 2019/20 | 0 | 0 |
| Drainage Rates AV Increases/(Decreases) | 9,000 | 3,972 |
| Kettlewell House Depreciation | 7,972 | 7,972 |
| Sundry Debtors written off | 0 | 0 |
| Settlement Discount | 2,500 | 1,641 |
| | 353,076 | 368,984 |

From: 01st April 2019
To: 31st March 2020

Period To: 12
Year Ended: 31 March 2020

Note Notes to the Accounts

- 9 The Board has planned to increase/(reduce) balances by financing expenditure from the following reserves:

| | Budget |
|-----------------|-------------------|
| PWLB | -5,587,091 |
| General Reserve | -346,286 |
| | -5,933,377 |

- 10 The movement in Fixed Assets is detailed in the Fixed Assets Register for 2019/20, which can be made available to members on request. There was a revaluation surplus on Islington House of £5,000 in the year.

| | Land and Buildings | Plant and Equipment | Pumping Stations | Total |
|--------------------------------|---------------------------|----------------------------|-------------------------|------------------|
| Net Book Value as at 31-3-2019 | 1,650,000 | 978,424 | 602,500 | 3,230,924 |
| Net Book Value as at 31-3-2020 | 1,607,528 | 922,660 | 542,250 | 3,072,438 |

The Board also share ownership of a proportion of the WMAs Shared Fixed Assets, which were last valued by Cruso & Wilkin, Chartered Surveyors, as at 31 March 2018. Such assets have a Net Book Value of zero.

- 11 The Bank Account balance will be kept to a minimum following the decision to invest additional working balances on the short term money market. The Bank Account is reconciled as follows:

| | 2018/19 | 2019/20 |
|---|----------------|------------------|
| Opening Balance as at 1-4-2019 b/fwd | 9,463,622 | 72,100 |
| (+) Receipts | 9,305,333 | 17,446,916 |
| (-) Payments | -18,696,855 | -15,663,767 |
| (=) Closing Balance as at 31-3-2020 c/fwd | 72,100 | 1,855,249 |
| Balance on Statement as at 31-3 | 128,471 | 1,881,260 |
| Less: Unpresented Payments | -56,371 | -26,500 |
| Add: Unpresented Receipts | 0 | 489 |
| Closing Balance as at 31-3-2020 c/fwd | 72,100 | 1,855,249 |

- 12 Aged Debtor profile is currently as follows:

| Debt period | Amount | Number of Debtors |
|------------------------------|---------------|--|
| <=30 days | 11,003 | 9 |
| >30 days and <=60 days | 0 | 0 |
| >60 days and <=90 days | 0 | 0 |
| >90 days | 83,956 | 2 |
| | 94,958 | 11 |
| >90 days | Amount | Inv. Date Originator |
| Foster Property Developments | 19,313 | 12/12/2018 S106 now signed off. Development halted due to COVID-19 |
| Lovell Partnerships Ltd | 64,643 | 14/12/2017 Bad Debt Provision |
| | 83,956 | |

- 13 Work In Progress (WIP) is currently made up of the following jobs, which will be capitalised when complete.

| Customer | Estimated Amount | Completion date | Budget Holder |
|--|-------------------------|------------------------|------------------------|
| Wolferton Costs | 5,007,899 | 31/03/2021 | KLIDB Project Engineer |
| Wolferton Costs (Invoice Accrual) | 475 | 31/03/2021 | KLIDB Project Engineer |
| Islington Catchment Flood Risk Mgmt Scheme 2018/19 Costs | 1,226,035 | 31/03/2021 | KLIDB Project Engineer |
| Islington Catchment Flood Risk Mgmt Scheme 2019/20 Costs | 6,666,458 | 31/03/2021 | KLIDB Project Engineer |
| | 12,900,867 | | |

From: 01st April 2019
 To: 31st March 2020

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Note Notes to the Accounts

- 14 Term Deposits are currently as follows:

| Financial Institution | Capital | Investment Date | Maturity Date | Interest Rate |
|------------------------------------|------------------|-----------------|---------------|---------------|
| Cambridge Building Society | 1,000,000 | 26/07/2019 | 30/04/2020 | 1.10% |
| Vernon Building Society | 500,000 | 13/12/2019 | 15/05/2020 | 0.88% |
| Newcastle Building Society | 1,000,000 | 14/06/2019 | 15/06/2020 | 1.60% |
| West Bromwich Building Society | 1,000,000 | 31/03/2020 | 14/07/2020 | 0.25% |
| Furness Building Society | 1,000,000 | 02/08/2019 | 03/08/2020 | 1.35% |
| Chorley Building Society | 1,000,000 | 05/08/2019 | 04/08/2020 | 1.35% |
| Skipton Building Society | 1,000,000 | 05/08/2019 | 05/08/2020 | 0.95% |
| Dudley Building Society | 1,000,000 | 05/08/2019 | 05/08/2020 | 1.20% |
| Hinckley & Rugby Building Society | 1,000,000 | 29/08/2019 | 28/08/2020 | 1.25% |
| National Counties Building Society | 1,000,000 | 30/08/2019 | 28/08/2020 | 1.25% |
| | 9,500,000 | | | |

These Term Deposits have all been included within Cash and Cash Equivalents for the purpose of the Cash Flow Statement. All deposits are held in low risk Building Society accounts, and can be withdrawn with 24 hours notice with no reduction to the principal deposit invested.

- 15 Special Levies are paid by Constituent Councils in two halves on 1 May and 1 November.

- 16 Drainage Rates are paid by occupiers of agricultural land and/or buildings. There are currently 85 Ratepayers that have not paid their Drainage Rates for 2019/20, as compared to 91 Ratepayers this time last year. Summarised transactions for Drainage Rates and Special Levies during the year are as follows:

| | 2018/19 | 2019/20 |
|---------------------------------|--------------|--------------|
| Arrears b/fwd | 28,148 | 7,580 |
| Drainage Rates for the year | 316,022 | 322,332 |
| Special Levies for the year | 1,918,285 | 1,960,428 |
| Payments Received | -2,273,296 | -2,309,919 |
| Settlement Discount | -1,313 | -1,641 |
| Returned/(Represented) amounts | 451 | 467 |
| Value /(Decreases) | -18,849 | -12,707 |
| Value Increases | 16,333 | 10,282 |
| New Assessments | 2,516 | 2,425 |
| Irrecoverables and write offs | -4,500 | -4,245 |
| The East Coastal Management CIC | 20,667 | 20,667 |
| Summons collection costs | 2,625 | 975 |
| Special Levy Adjustment | 0 | 0 |
| Drainage Rate Adjustment | 536 | 11,934 |
| Paid Refunds | 10 | 78 |
| Rates tidy up after year end | -55 | 0 |
| Arrears c/fwd | 7,580 | 8,657 |

- 17 There are no prepayments.

- 18 Grant Reserve:

| | 2018/19 | 2019/20 |
|---|------------------|------------------|
| SCH30: Islington Catchment Flood Risk Management Scheme | 22,472 | 22,472 |
| SCH42: Islington Catchment Flood Risk Management Scheme | 1,699,000 | 6,329,000 |
| SCH43: Wolferton Flood Risk Management Scheme | 412,000 | 1,846,000 |
| | 2,133,472 | 8,197,472 |

| | |
|--|------------------|
| Grants Reserve b/fwd at 31.03.2019 | 2,133,472 |
| Add: Grants Received | 6,064,000 |
| Grant Reserve c/fwd at 31.03.2020 | 8,197,472 |

SCH42 (Islington) and SCH43 (Wolferton) are the grants received from the Environment Agency for the schemes we are completing for these pumping stations. Wolferton is forecast to spend approximately £5.1million to completion. Full completion and settlement of all the obligations and conditions is anticipated in 2020/21, and will be satisfied once the FCERM5 (Final Statement of Account) and FCERM8 (Project Closure) forms have been submitted to, and accepted by the Environment Agency. We will then be able to recognise this grant income in the Statement of Accounts, and capitalise the pumping station for inclusion in the Fixed Asset Register. Islington is forecast to cost approximately £27million and due to be completed in March 2021, however COVID-19 has delayed works due to the restrictions imposed. We anticipate all obligations and conditions will be satisfied in 2021/22 for purposes of income and asset recognition, and upon submission to, and acceptance by, the EA of the forms FCERM5 and FCERM8.

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Note Notes to the Accounts

19 The Reserves are managed in accordance with the Balances and Earmarked Reserves Policy for 2019/20, as approved by the Board on 19 January 2018. This policy is available for viewing on the Board's website.

20 Movements on the General Reserve are made up as follows:

| | 2018/19 | 2019/20 |
|--|------------------|------------------|
| Opening Balance, as at 1 April b/fwd | 2,437,471 | 2,766,779 |
| Net Surplus/(Deficit) for the year | 325,209 | 442,109 |
| Net transfer (to)/from Development Reserve | -106,900 | -117,680 |
| Net transfer (to)/from Capital Works Reserve | 0 | 0 |
| Net transfer (to)/from Pension Reserve | 111,000 | 179,000 |
| Net transfer (to)/from Plant Reserve | 0 | 0 |
| Revaluation Reserve adjustment | 0 | 0 |
| Closing Balance c/fwd | 2,766,779 | 3,270,208 |

21 Movements on the Development Reserve are made up as

| | 2018/19 | 2019/20 |
|--|------------------|------------------|
| Opening Balance, as at 1 April b/fwd | 1,080,443 | 1,187,343 |
| Net contributions transferred from General Reserve | 106,900 | 117,680 |
| Closing Balance c/fwd | 1,187,343 | 1,305,023 |

22 Movements on the Capital Works Reserve are made up as

The Capital Works Reserve largely represents the committed cost of capital schemes that the Board has approved in previous years, where suppliers have not actually invoiced for work, due to slippage in the programme or other issues with the contract:

| | 2018/19 | Gen. Reserve | 2019/20 |
|-----|----------------|---------------------|----------------|
| N/A | 0 | 0 | 0 |
| | 0 | 0 | 0 |

23 The Fixed Plant Reserve and Mobile Plant Reserve have been

| | 2019/20 |
|----------------------|------------------|
| Fixed Plant Reserve | 2,021,148 |
| Mobile Plant Reserve | 800,000 |
| Plant Reserve | 2,821,148 |

24 Movements on the Revaluation Reserve are made up as

| | 2019/20 |
|---------------------------------------|------------------|
| Opening Balance, as at 1 April b/fwd | 1,908,477 |
| Less: | |
| Depreciation: | |
| Kettlewell House | -19,000 |
| Pumping Stations | -60,250 |
| Properties | -20,500 |
| Revaluation Increase: Islington House | 5,000 |
| Closing Balance c/fwd | 1,813,727 |

25 **Pension Liability**

- (i) The Pension Liability is calculated by the Local Government Pension Scheme (LGPS) Fund Actuary at the end of every financial year. It is a notional liability that is shown as a Long Term Liability on the Balance Sheet. This figure is meant to show the extent of the Board's liability at the Balance Sheet date, based on a number of actuarial assumptions. However it is important to note that this sum does not represent an estimate of the exit cost of withdrawing from the LGPS at the Balance Sheet date.
- (ii) The Board is a member of the Water Management Alliance Consortium and as such also has a proportion of the pension liability for the shared staff that are employed by King's Lynn IDB, t/a the Water Management Alliance. The Fund Actuary for Norfolk County Council has prepared a separate Report for the Water Management Alliance, which identifies a notional net pension liability of £2,788,000 as at 31 March 2020 that is shared by all 5 Member Boards. The Board's share of this pension liability is set out every year in the WMAs Basis of Apportionment, which was approved by the Board on 17 January 2020. All 5 member Boards resolved to approve the procedural note for how the pension liability would be dealt with in the event of the WMA ceasing to exist in their first Board Meeting of 2015. It was noted that King's Lynn IDB, as the Lead Board would be responsible for paying the LGPS exit costs to Norfolk County Council, and would collect the proportionate costs due from the other Member Boards as set out in the WMA CMC minutes 47/14/04 to 47/14/07. The same minute was recorded in all 5 Member Boards.

From: 01st April 2019
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| Note | Notes to the Accounts | | | | | | |
|--|--|--|-----------|---|-------------------|--|--------------------------|
| 26 | <p>Related Party Disclosures</p> <p>(i) The Board is a full member of Anglia Farmers Ltd, an agricultural purchasing cooperative. Several members of the Board are also shareholders of this organisation. The Board paid Anglia Farmers Ltd £178,888.02 upto 31/03/20.</p> <p>(ii) Board member Mr J Askew is related to Mr R Askew, Director of Richard Askew Agricultural Supplies Ltd, which is one of the Board's suppliers. The Board paid Askew Agricultural Supplies Ltd £3,421.61 upto 31/03/20.</p> <p>(iii) Mr Harvey Howe is employed by the Board as a full time Operative. The Board's Project Manager is related to Harvey Howe.</p> <p>(iv) All elected members of the Board pay drainage rates either as individuals, Partners in Partnerships, or as Directors of limited companies; the exact nature of which can be found in the Rate Book as at 1 April 2019.</p> <p>(v) The Board is a member of the Water Management Alliance Consortium, who provide administrative services to the Board. The Board has 3 representatives who serve on the Consortium Management Committee, that include the Chairman and Vice Chairman of the Board. The Chairman received £3,500.00 Chairman's Allowance for his duties between 01.11.2019 - 31.10.2020.</p> <p>(vi) The Chairman of King's Lynn IDB is also the Leader of the Borough Council of Kings Lynn and West Norfolk Borough Council. The BCLKWN pays the largest special levy to the Board, as detailed in Note 1.</p> <p>(vii) The Board uses Rating Software for the collection of Drainage Rates known as DRS. This software is owned by South Holland IDB and was developed by Mr P J Camamile, the Chief Executive. The software is supported at no cost to the Board by Byzantine Ltd. Mr P J Camamile is the Company Secretary of Byzantine Ltd and his wife Mrs P Camamile is a Director. Both are shareholders.</p> | | | | | | |
| 27 | <p>Operating Lease Payments</p> <p>The Board has two vehicles classified under an Operating Lease. The value of the leases for <12 months is £11,041.56 (18/19 £8,132.76) and for >12 months is £14,562.93 (18/19 £9,812.49)</p> | | | | | | |
| 28 | <p>Accruals</p> <table> <tr> <td>Net value of invoices received after Year End close down</td><td>£2,564.56</td></tr> <tr> <td>Gross Wages, E'er NIC and E'er Pension 09.3.20-31.03.20</td><td><u>£25,358.55</u></td></tr> <tr> <td></td><td><u>£27,923.11</u></td></tr> </table> | Net value of invoices received after Year End close down | £2,564.56 | Gross Wages, E'er NIC and E'er Pension 09.3.20-31.03.20 | <u>£25,358.55</u> | | <u>£27,923.11</u> |
| Net value of invoices received after Year End close down | £2,564.56 | | | | | | |
| Gross Wages, E'er NIC and E'er Pension 09.3.20-31.03.20 | <u>£25,358.55</u> | | | | | | |
| | <u>£27,923.11</u> | | | | | | |
| 29 | <p>Deferred Revenue</p> <p>This is for work invoiced in advance to the Environment Agency. No works have been completed against this order in the 2019/20 period.</p> | | | | | | |
| 30 | <p>Retentions Held</p> <p>These are retentions for 3 suppliers held against Wolferton Pumping Station for works complete (this value has been included in Work In Progress). These are due for release in September 2020.</p> | | | | | | |
| 31 | <p>Receipts Paid in Advance</p> <p>These are payments received by drainage ratepayers between 23.03.2020-31.03.2020 for rates due for the 2020/21 financial year. The rate demands were sent out earlier than usual (mid March) due to Covid-19 and the majority of staff being required to work from home.</p> | | | | | | |
| 32 | <p>Borough Council Kings Lynn and West Norfolk Grant</p> <p>Kings Lynn IDB received a direct payment of £10,000 from BCKLWN for Covid-19 grants they were distributing. We have since queried our entitlement as a Local Authority, and it has been confirmed we were not entitled to this grant payment. This was repaid to BCKLWN in August 2020.</p> | | | | | | |

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Note Notes to the Accounts

33 Staff Costs

The Board employees 13 staff members directly. There were no employees earning over £50,000.

34 Norfolk Pension Fund FRS102 at 31.03.2020

| | 2019 | 2020 |
|--|---------------|---------------|
| | £'000s | £'000s |
| Net Cost Of Current Services | | |
| Current Service Costs | 156 | 195 |
| Settlements and past service costs | 24 | 0 |
| | <u>180</u> | <u>195</u> |
| Net Operating Expenditure | | |
| Interest Cost | 230 | 225 |
| Expected return on assets | -142 | -135 |
| | <u>88</u> | <u>90</u> |
| Net Charge to the I&E Account | <u>268</u> | <u>285</u> |

| | | |
|---|---------------------|---------------------|
| Reconciliation of fair value of the scheme assets | 2019 | 2020 |
| | £'000s | £'000s |
| Opening Balance 01st April | 5,559 | 5,710 |
| Expected Rate of Return | | |
| Interest Income | 142 | 135 |
| Employers Contributions | 154 | 103 |
| Contributions in respect of unfunded benefits | 3 | 3 |
| contributions by scheme participants | 27 | 31 |
| Actuarial gains and (losses) | 159 | -420 |
| Unfunded benefits paid | -3 | -3 |
| Benefits Paid | -331 | -359 |
| Closing Balance 31st March | <u>5,710</u> | <u>5,200</u> |

| | | |
|--|---------------------|---------------------|
| Reconciliation of fair value of the scheme liabilities | 2019 | 2020 |
| | £'000s | £'000s |
| Opening Balance 01st April | 8,919 | 9,441 |
| Current Service Cost | 156 | 195 |
| Interest Cost | 230 | 225 |
| Contributions by Scheme Participants | 27 | 31 |
| Actuarial (gains) and losses | 419 | -1285 |
| Unfunded benefits paid | -3 | -3 |
| Benefits Paid | -331 | -359 |
| Past Service Costs | 24 | 0 |
| Losses/(gains) on curtailments | 0 | 0 |
| Closing Balance 31st March | <u>9,441</u> | <u>8,245</u> |

| | | |
|---|---------------|---------------|
| | 2019 | 2020 |
| | £'000s | £'000s |
| Estimated liabilities in scheme | -9,441 | -8,245 |
| Estimated assets in scheme | 5,710 | 5,200 |
| Net Pension Liabilities | <u>-3,731</u> | <u>-3,045</u> |
| (Reduction)/Increase in Net Pension Liability | 371 | -686 |
| (Loss)/Gain on Actuarial Valuations | -260 | 865 |
| (Charge)/Reduction to I&E | -111 | -179 |

S JEFFREY BSc (Hons) FCCA
FINANCE & RATING OFFICER