



**Norfolk Rivers**  
Drainage Board

**STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDING  
31 MARCH 2013**

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



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**STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDING 31 MARCH 2013**

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<b>CONTENTS</b>	<b>PAGE</b>
Board Membership, as at 31 March 2013	2 – 3
Annual Report	4 – 5
Annual Governance Statement	6
Statement of Responsibilities for the Accounts	7
Statement of Accounting Policies	8 – 10
Income and Expenditure Account	11
Statement of Movement on Reserves	12
Statement of Total Recognised Gains and Losses	12
Balance Sheet, as at 31 March 2013	13
Notes to the Accounts	14 – 19
Accounting Statement for Annual Return and Reconciliation to Accounts	20 – 22
Annual Return for the year ended 31 March 2013 (Audited Statements)	Appendix 1
Annual Report for DEFRA (as required by Paragraph 4 of Schedule 2 to the Land Drainage Act 1991)	Appendix 2
Internal Audit Report for the year ended 31 March 2013	Appendix 3

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## BOARD MEMBERSHIP AS AT 31 MARCH 2013

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NAME	MEETINGS	ATTENDED	ATTENDANCE %	CONTACT DETAILS
<b>ELECTED MEMBERS</b>				
Birkbeck H C	4	2	50	hcbirkbeck@aol.com
Borthwick A J	4	3	75	alister@deepdalefarm.co.uk
Bracey J	4	1	25	j.bracey@holkham.co.uk
Carrick J F **	4	4	100	john@castlefarm-swanton.co.uk
Cator H G	4	2	50	hcator@catorandco.com
Foster N W D	4	3	75	neilfoster@lexhamestate.co.uk
Hannah B J	4	3	75	bjhannah@tiscali.co.uk
Labouchere J P	4	4	100	john@labouchere.co.uk
Little M R	4	2	50	mlittle@savills.com
Oldfield J F	4	3	75	f-oldfield2@sky.com
Papworth P D *	4	3	75	david@tuttingtonhall.co.uk
Sayer M J	4	2	50	msayer@sparhamhouse.co.uk
<b>APPOINTED MEMBERS</b>				
<b>Breckland DC</b>				
Bambridge S G	4	2	50	gordon.bambridge@breckland.gov.uk
Borrett W P	4	1	25	bill.borrett@breckland.gov.uk
Kiddle-Morris M	4	2	50	mark.kiddle-morris@breckland.gov.uk
<b>Broadland DC</b>				
Bannock C H (Mrs)	4	4	100	cldr.claudette.bannock@broadland.gov.uk
Findlay A P	4	3	75	cldr.paul.findlay@broadland.gov.uk
Nash R R	4	3	75	rnash4wensum@aol.com
Rix B H (Mrs)	4	3	75	cldr.barbara.rix@broadland.gov.uk
<b>KL&amp;WNBC</b>				
Watson E (Mrs)	4	4	100	cldr.elizabeth.watson@west-norfolk.gov.uk
<b>North Norfolk DC</b>				
Green A R (Mrs)	4	3	75	ann.green@north-norfolk.gov.uk
Palmer B (Miss)	1	1	100	becky.palmer@north-norfolk.gov.uk
(wef Jan 13)				
Perry-Warnes J H	4	1	25	john.perry-warnes@norfolk.gov.uk
Shepherd R	4	2	50	richard.shepherd@north-norfolk.gov.uk
Wyatt J A	4	1	25	john.wyatt@north-norfolk.gov.uk



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**BOARD MEMBERSHIP AS AT 31 MARCH 2013 (cont/-)**

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<b>NAME</b>	<b>MEETINGS</b>	<b>ATTENDED</b>	<b>ATTENDANCE %</b>	<b>CONTACT DETAILS</b>
<b>South Norfolk DC</b>				
Gould C	4	3	75	cgould@s-norfolk.gov.uk
Legg N	4	3	75	nlegg@s-norfolk.gov.uk
Lewis T	4	3	75	tlewis@s-norfolk.gov.uk

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\* Chairman

\*\* Vice-Chairman

Average attendance: 65%



### **ANNUAL REPORT**

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

The Board secures income mainly from drainage levies on farmers and other occupiers and from special levies on local authorities. The Board pays a precept to the Environment Agency to fund works on main rivers and sea defences that protect the drainage district.

The Board consists of 15 elected members and 16 appointed members.

This document is the Statement of Accounts of Norfolk Rivers IDB for the financial year ended 31 March 2013 which are set out on pages 4 to 22. The Accounts consist of:

### **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.

### **STATEMENT OF RESPONSIBILITIES**

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

### **STATEMENT OF ACCOUNTING POLICIES**

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

### **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 ratepayer and others.

### **STATEMENT OF MOVEMENT ON RESERVES**

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

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

This statement brings together all the gains and losses of the IDB for the year and shows the aggregate increase in its net worth. The net worth is the movement in the balance sheet reserves between financial years.

**ANNUAL REPORT (CONTINUED)**

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**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; and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held. The statement also includes assets and liabilities of the Board.

**ACCOUNTING STATEMENT FOR THE ANNUAL RETURN  
AND RECONCILIATION TO THE UNAUDITED ACCOUNTS**

This statement reconciles the Income, Expenditure, Assets and Liabilities reported in the Unaudited Accounts to the financial information reported in Section 1 of the Annual Return (the Audited Accounts).

**ANNUAL RETURN FOR THE YEAR ENDED 31 MARCH 2013 (AUDITED STATEMENTS)**

These Statements represent the audited Accounts for the reporting period.

**SUMMARY OF FINANCIAL PERFORMANCE**

The Board's financial position has improved during the year:

1. Surplus: the Board made an operating surplus of £85,774, compared with an estimated deficit of £31,774 largely due to an under spend on the capital programme and achieving efficiency savings on maintenance works.
2. Debt: the Board has not taken on any long term debt during the year.
3. Liquidity: cash surpluses have increased from £369,052 to £450,541, as planned.
4. Fixed Assets: The Board sold its New Holland Tractor for £11,500 during the year. No additions to the fleet were made during the year.
5. Reserves: balances have increased from £403,711 to £445,485, which will provide the Board with adequate funds to purchase additional/replace existing plant and equipment and to start modeling the hydraulic catchments in future, without adversely impacting on ratepayers and constituent billing authorities. This was achieved despite the pension deficit increasing by £47,000 which is substantially beyond the Board's control. The Local Government Pension Scheme is administered by Norfolk County Council.
6. Pension Reserve: the Board's pension deficit as administered by Norfolk County Council has increased, due to negative asset returns and increasing long term inflation expectations. It is important to note that this liability does not represent the exit cost or benefit of closing down the pension scheme to the Board. It is a notional figure calculated by the Fund Actuary based on a number of actuarial assumptions as at 31 March 2013.



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## ANNUAL GOVERNANCE STATEMENT

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As members of the Norfolk Rivers 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, and confirm, to the best of our knowledge and belief, with respect to the Board's Statement of Accounts for the year ended 31 March 2013, that:

1. We have approved the Statement of Accounts and Annual Return which 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.

This Annual Governance Statement is approved by the Board and recorded as a Board minute on the 23 May 2013.

Signed on behalf of Norfolk Rivers Internal Drainage Board

Signed by: Chairman

P D Papworth

Date: 23 May 2013

Signed by: Chief Executive

P J Camamile

Date: 23 May 2013



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## STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

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### 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 Chief Executive Officer.
2. To manage its affairs to secure economic efficient and effective use of its resources and safeguard its assets.

### THE CHIEF EXECUTIVE OFFICER'S RESPONSIBILITIES:

The Chief Executive Officer is responsible for the preparation of the Board's Statement of Accounts which presents 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 31 March 2013. The Chief Executive is also responsible for the preparation of the Board's Annual Return, which is required to be completed and audited in accordance with the Accounts and Audit Regulations 2011.

In preparing this Statement of Accounts and the Annual Return, the Chief Executive Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- compiled the Statement of Accounts in accordance with the Financial Reporting Standard for Smaller Entities 2008 issued by the Accounting Standards Board and reconciled these Accounts to the Accounting Statement on the Annual Return shown in this Report, which has been prepared in accordance with Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2008;
- applied the accounting concept of a "going concern" by assuming that the IDB will continue to operate for the foreseeable future.

The Chief Executive Officer has:

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

### CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

This Statement of Accounts provides a true and fair view of the financial position of the Board at 31 March 2013 and its income and expenditure for the year then ended.

Name: P J Camamile

Designation: Chief Executive Officer

Date: 23 May 2013





From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

**NOTE ACCOUNTING POLICIES**

**1 FINANCIAL REPORTING STANDARDS, REGULATION AND GUIDANCE**

- (i) The Board has not elected to prepare a full Statement of Accounts required by larger public bodies, as provided for in Regulation 12(b) of the Accounts and Audit Regulations 2011.
- (ii) The Board has completed this Statement of Accounts in accordance with the Financial Reporting Standard for Smaller Entities 2008 (FRSSE) issued by the Accounting Standards Board and has prepared an Annual Return, which smaller bodies are required to do, in accordance with Regulation 12(a) of the Accounts and Audit Regulations 2011, based on these Accounts.
- (iii) The Annual Return has been prepared in accordance with proper practices that are set out in Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2008. This Statement of Accounts therefore includes the Accounting Statement reported on the Annual Return, which has been reconciled to the Income and Expenditure Account and Balance Sheet stated herein.

**2 ACCOUNTING CONCEPTS**

These accounts have been prepared in accordance with the following accounting concepts:

Going Concern  
Prudence  
Accruals

**3 FIXED ASSETS**

- (i) Fixed Assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets. Assets with estimated useful economic lives in excess of one year and a value of £5,000 or above are capitalised on an accruals basis in the Accounts.
- (ii) All fixed Assets are valued on the following basis:
  - Land and buildings are included in the balance sheet at lower of net current replacement cost and net realisable value, net of accumulated depreciation. Net current replacement cost is assessed as:
    - Non-specialised operational properties - existing use value
    - Specialised operational properties - depreciated replacement cost
  - Vehicles, plant and equipment are included at cost less depreciation
- (iii) Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to Exceptional Items in the Income and Expenditure Account.
- (iv) Depreciation has been provided for using the straight line method.
- (v) The useful lives of the various assets held on the Fixed Asset Register are as follows:
  - Motor Vehicles and Equipment: 3 years
  - Excavators and Tractors: 7 years
  - Specialist Plant and Equipment: <= 10 years
  - Land: not depreciated



**From:** 01 April 2012  
**To:** 31 March 2013

**Year Ended: 31 March 2013**

**NOTE ACCOUNTING POLICIES**

Buildings: 20 years

**4 STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are valued at the lower of cost or net realisable value.

**5 GOVERNMENT GRANTS AND SUBSIDIES**

Government grants and contributions have been credited to the Income and Expenditure Account on an accruals basis.

**6 PENSIONS**

- (i) The Board is a member of the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. This is a funded defined benefit final salary pension scheme, meaning that the Board and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Board has paid a contribution of 19% on employees pensionable pay into the pension fund during 2012/13.
- (ii) The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Income and Expenditure Account in order to spread the cost over the service lives of employees in the scheme. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. This is the second year the Board has elected to account for pensions on a defined benefit basis.
- (iii) The Board's share of the schemes assets and liabilities are included at fair value, as calculated annually by the actuary, which in turn gives rise to actuarial gains and losses. Liabilities are discounted to their current price using a discount rate of 4.5%, which has changed from 4.8%. Furthermore the liabilities have been discounted using the yield on the iBoxx over 15 year AA bond index to taking the yield on the over 15 year UK government bond index and then adding the median spread (excess yield over the "risk free" gilt return) from the constituents of iBoxx index. The schemes assets have been valued using the following methods:

Quoted securities - Current bid price  
Unquoted securities - Professional estimate  
Unitised securities - Current bid price  
Property - Market value

- (iv) The Annual Report of the Norfolk County Council (NCC) Pension Scheme is available from NCC, Pensions Section, County Offices, Norwich.

**7 TAXATION**

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

**8 EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS**

- (i) There are no material exceptional or extraordinary items to disclose in the Accounts.
- (ii) Profits or losses on the disposal of fixed assets are shown separately on the face of the Income and Expenditure Account prior to the Operating Net Surplus/(Deficit).



From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

<b>NOTE</b>	<b>ACCOUNTING POLICIES</b>
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**9 INCOME RECOGNITION**

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

**10 FINANCE LEASES**

The Board has not taken on any Finance Leases during the accounting period.

**11 RESERVES**

The Board holds the following Reserves, the adequacy of which are reviewed annually:

(i) **General Reserve**

The Association of Drainage Authorities guidance recommends that the General Reserve held by the Board is 20% to 25% of estimated net expenditure. The year end surplus/(deficit) is taken to the General Reserve.

(ii) **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.

(iii) **Mobile Plant Renewals Reserve**

The purpose of this Provision is to reduce the impact on drainage rates as and when equipment is bought and sold, in accordance with the mobile plant renewals programme.

(iv) **Revaluation Reserve**

This Reserve has arisen from the revaluation of Kettlewell House, that the Board shares ownership of. The Board owns a 9.99% share of Kettlewell House.

(v) **Pension Reserve**

The pension liability has been estimated by the Fund Actuary and 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 Reserve does not represent an estimate of the exit cost of withdrawing from the Local Government Pension Scheme.

From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

NOTE	INCOME AND EXPENDITURE ACCOUNT	ACTUAL 2011/12 £	ACTUAL 2012/13 £	BUDGET 2012/13 £	VARIANCE £
<b>INCOME</b>					
	Drainage Rates	72,608	72,608	72,607	1
1	Special Levies issued by the Board	280,941	280,944	280,941	3
2	Grants Applied	10,321	73,075	45,500	27,575
3	Highland Water Contributions	101,201	116,349	100,000	16,349
	Income from Rechargeable Works	8,213	32,549	0	32,549
	Investment Interest	5,912	2,614	0	2,614
8	Net Surplus on Operating Accounts	3,442	13,017	0	13,017
	Other Income	4,027	10,535	7,000	3,535
<b>Total Income</b>		<b>£486,665</b>	<b>£601,691</b>	<b>£506,048</b>	<b>£95,643</b>
<b>EXPENDITURE</b>					
4	Capital Works	11,118	73,075	89,000	15,925
5	Environment Agency Precept	56,045	56,045	58,735	2,690
6	Maintenance Works	313,359	278,300	286,101	7,801
7	Administration Charges	53,539	99,426	103,986	4,560
	Cost of Rechargeable Works	246	17,571	0	-17,571
8	Net Deficit on Operating Accounts	0	0	0	0
9	Pension Interest Cost/(Expected Return on Assets)	0	3,000	0	-3,000
<b>Total Expenditure</b>		<b>£434,307</b>	<b>£527,417</b>	<b>£537,822</b>	<b>£10,405</b>
	Profit/(Loss) on disposal of Fixed Assets	13,120	11,500	0	11,500
<b>Net Surplus/(Deficit)</b>		<b>£65,478</b>	<b>£85,774</b>	<b>-£31,774</b>	<b>£117,548</b>

From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

NOTE STATEMENT OF MOVEMENT ON THE GENERAL RESERVE	ACTUAL 2011/12 £	ACTUAL 2012/13 £	BUDGET 2012/13 £	VARIANCE £
Net Surplus/(Deficit) as per Income & Expenditure Account	65,478	85,774	-31,774	117,548
Transfer (to)/from Development Reserve	0	0	0	0
Transfer (to)/from Mobile Plant Reserve	0	0	0	0
10 Transfer (to)/from Pension Reserve	0	3,000	0	-3,000
<b>Contribution to/(from) General Reserve</b>	<b>£65,478</b>	<b>£88,774</b>	<b>-£31,774</b>	<b>£120,548</b>
Opening Balance	107,491	172,969	185,473	-12,504
Contribution to/(from) General Reserve	65,478	88,774	-31,774	120,548
<b>Closing Balance of General Reserve</b>	<b>£172,969</b>	<b>£261,743</b>	<b>£153,699</b>	<b>£108,044</b>

NOTE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	ACTUAL 2011/12 £	ACTUAL 2012/13 £	BUDGET 2012/13 £	VARIANCE £
Net Surplus/(Deficit) as per Income & Expenditure Account	65,478	85,774	-31,774	117,548
Revaluation Gains/(Losses)	0	0	0	0
11 Actuarial Gains/(Losses) on Pension Fund	-26,000	-44,000	0	44,000
<b>Total Recognised Gains/(Losses)</b>	<b>£39,478</b>	<b>£41,774</b>	<b>-£31,774</b>	<b>£73,548</b>

From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

NOTE	BALANCE SHEET AS AT 31-3-2013	2011/12 £	MOVEMENT £	2012/13 £
12	<b>Fixed Assets</b>			
	Land and Buildings	45,954	-999	44,955
	Plant and Equipment	57,614	-15,694	41,920
		<b>103,568</b>	<b>-16,693</b>	<b>86,875</b>
	<b>Current Assets</b>			
13	Cash at Bank and in Hand	69,052	-18,511	50,541
14	Short Term Investments	300,000	100,000	400,000
15	Debtors and Prepayments	4,732	77,076	81,808
		<b>373,784</b>	<b>158,565</b>	<b>532,349</b>
	<b>Current Liabilities</b>			
16	Creditors and Receipts in Advance	11,641	53,098	64,739
17	Loans and Leases Outstanding	0	0	0
		<b>11,641</b>	<b>53,098</b>	<b>64,739</b>
	<b>Net Current Assets</b>	<b>362,143</b>	<b>105,467</b>	<b>467,610</b>
	<b>Less Long Term Liabilities</b>			
	Long Term Borrowing	0	0	0
	Pension Liability	62,000	47,000	109,000
		<b>62,000</b>	<b>47,000</b>	<b>109,000</b>
	<b>Net Assets</b>	<b>£403,711</b>	<b>£41,774</b>	<b>£445,485</b>
18	<b>Earmarked Reserves</b>			
	General Reserve	172,969	88,774	261,743
	Development Reserve	177,792	0	177,792
	Mobile Plant Reserve	65,000	0	65,000
		<b>415,761</b>	<b>88,774</b>	<b>504,535</b>
	<b>Non-Distributable Reserves</b>			
	Revaluation Reserve	49,950	0	49,950
19	Pension Reserve	-62,000	-47,000	-109,000
		<b>-12,050</b>	<b>-47,000</b>	<b>-59,050</b>
	<b>Reserves</b>	<b>£403,711</b>	<b>£41,774</b>	<b>£445,485</b>

P J CAMAMILE  
CHIEF EXECUTIVE

From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

**NOTE NOTES TO THE ACCOUNTS**

**1 SPECIAL LEVIES ON COUNCILS**

	2011/12	2012/13
North Norfolk District Council	89,659	89,660
Broadland District Council	67,187	67,188
Breckland District Council	44,919	44,919
Norwich City Council	5,017	5,017
South Norfolk District Council	57,070	57,071
King's Lynn & West Norfolk Borough Council	17,089	17,089
	<b><u>280,941</u></b>	<b><u>280,944</u></b>

Special Levies are paid by contributing Councils in two halves on 1 May and 1 November every year.

**2 GRANTS APPLIED**

Grants Applied are much higher than estimated because more work was done during the year on grant aided schemes, which was not expected when preparing the Estimates for 2012/13:

	2011/12 Received	2011/12 Applied	2012/13 Received	2012/13 Applied
<b>Capital Scheme (Grant Receivable @ 100%)</b>				
River Wensum WLMP	0	7,348	0	-5,365
Giant Hogweed NNI Irradication Scheme	0	198	0	62
River Nar Restoration Scheme	0	2,775	0	42,250
River Nar Litcham to Lexham Hall Lakes	0	0	48,464	36,128
	<b><u>0</u></b>	<b><u>10,321</u></b>	<b><u>48,464</u></b>	<b><u>73,075</u></b>

**3 HIGHLAND WATER CONTRIBUTIONS**

This income comes from the Environment Agency in May and December each year. Highland Water income has been derived from a relatively complex calculation designed to recompense the Board for managing the water that enters its Drainage District from the upper reaches of its hydraulic catchment.

**4 CAPITAL WORKS**

The following capital work was undertaken during this year and last year. The District Engineer is happy to receive any questions the reader may have about this work and his contact details can be accessed from the Board's website:

<b>Grant Aided Works:</b>	2011/11	2012/13
River Wensum WLMP	7,348	-5,364
Giant Hogweed NNI Irradication Scheme	198	62
River Nar Restoration Scheme	3,572	42,249
River Nar Litcham to Lexham Hall Lakes	0	36,128
	<b><u>11,118</u></b>	<b><u>73,075</u></b>

**5 ENVIRONMENT AGENCY PRECEPT**

The Precept is paid to the Environment Agency for maintaining the main rivers and sea defences that help protect the Board's area. Half of the Precept is payable to the Environment Agency on 31 May and the other half is paid to them on 30 November each year.

**6 MAINTENANCE WORKS**

Details of maintenance work undertaken during this year and last year are as follows. The Operations Manager is happy to receive any questions the reader may have and his contact details can be accessed from the Board's website:

	2011/12	2012/13
Labour Charges	123,824	118,693

From: 01 April 2012

To: 31 March 2013

Year Ended: 31 March 2013

**NOTE NOTES TO THE ACCOUNTS**

Plant Charges	18,665	19,924
Colkirk Depot	3,272	3,068
Materials	3,492	4,365
Contractors	107,811	86,214
Plant Hire	3,455	2,427
<b>Direct Works</b>	<b>260,519</b>	<b>234,691</b>
Technical Support Costs	48,673	39,442
Biodiversity Action Plan Costs	4,167	4,167
<b>Maintenance Works</b>	<b>313,359</b>	<b>278,300</b>

**7 ADMINISTRATION CHARGES**

Administration charges include the Board's share of consortium expenditure, together with other expenses shown below (excluding technical support costs, which are included in the maintenance works expenditure). Detailed expenditure is regularly monitored by the Consortium Management Committee and the Board. The Board's representatives are happy to receive any questions the reader may have and their contact details can be accessed from the Board's website:

	2011/12	2012/13
Staff Costs	34,258	77,687
Establishment Charges	5,045	5,834
ICT Charges	1,598	1,621
Chairman's Allowance (NRIDB Chairman)	2,000	1,500
Sundry Expenses	11,017	10,386
Travelling allowances paid to Board Members	0	0
Audit fees	671	3,717
Loss on disposal of fixed assets	206	0
	<b>54,795</b>	<b>100,745</b>
<b>(-) Sundry Income</b>	<b>-2,307</b>	<b>-2,371</b>
<b>Net Consortium Charges</b>	<b>52,488</b>	<b>98,374</b>
Drainage Rates Annual Value Increases/(Decreases)	52	53
Depreciation of Kettlewell House	999	999
Sundry Expenses	0	0
Sundry Debtors written off	0	0
<b>Other Expenses</b>	<b>1,051</b>	<b>1,052</b>
<b>Administration Charges</b>	<b>53,539</b>	<b>99,426</b>

**8 OPERATING ACCOUNTS**

The Board operates a Mobile Plant Operations Account and a Labour Operations Account, which are Absorption Accounts that are maintained for the purposes of costing. The Operations Manager is happy to receive any questions the reader may have and his contact details can be accessed from the Board's website. The Net Operating Surplus/(Deficit) for each of these two Operating Accounts is made up as follows:

**(i) Labour Operations Account**

	2011/12	2012/13
<b>Income</b>		
Work Done	127,735	125,520
<b>(-) Expenditure</b>		
Variable Costs	-59,806	-54,250
Fixed Costs	-57,434	-55,693
<b>(=) Net Operating Surplus/(Deficit)</b>	<b>10,495</b>	<b>15,577</b>
Productive Hours	3,871	3,856
<b>Cost/Hour</b>		
Variable Costs	15.45	14.07
Fixed Costs	14.84	14.44



From: 01 April 2012

To: 31 March 2013

Year Ended: 31 March 2013

**NOTE NOTES TO THE ACCOUNTS**

	30.29	28.51
(ii) <b>Mobile Plant Operations Account</b>		
<b>Income</b>	<b>2011/12</b>	<b>2012/13</b>
Work Done	17,277	20,470
<b>(-) Expenditure</b>		
Variable Costs	-18,825	-14,676
Fixed Costs	-5,505	-8,354
<b>(=) Net Operating Surplus/(Deficit)</b>	<b>-7,053</b>	<b>-2,560</b>
<b>(=) Net Operating Surplus/(Deficit) for both Operating Accounts</b>	<b>3,442</b>	<b>13,017</b>

**9 PENSION INTEREST COST AND EXPECTED RETURN ON ASSETS**

- (i) The Board is a member of the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. This is a funded defined benefit final salary pension scheme, meaning that the Board and its employees pay contributions into a fund,

	2011/12	2012/13
<b>Net Cost of Services</b>		
Current service cost	10,000	11,000
Settlement and past service cost/(gain)	0	0
Losses/(Gains) on Curtailments and Settlements	0	0
	<b>10,000</b>	<b>11,000</b>
<b>Net Operating Expenditure</b>		
Interest Cost	11,000	12,000
Expected Return on Assets	-11,000	-10,000
	<b>0</b>	<b>2,000</b>
<b>Net charge/(credit) to Income and Expenditure Account</b>	<b>10,000</b>	<b>13,000</b>

- (ii) **Pension Interest Cost and Expected Return on Assets is calculated as follows:**

Increase/(Decrease) in net pension liabilities (Note 19)	26,000	47,000
Less Gains/(Losses) shown in the Statement of Total Recognised Gains and Losses (Note 11)	-26,000	-44,000
<b>Pension Interest Cost/(Expected Return on Assets)</b>	<b>0</b>	<b>3,000</b>

- (iii) In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and (losses) of (£44,000) are included in the Statement of Total Recognised Gains and Losses (see Note 11).

**10 TRANSFER (TO)/FROM PENSION RESERVE**

The amount shown in the Board's Income and Expenditure Account as Pension Interest Cost/(Expected Return on Assets) has been transferred to the Pension Reserve, in accordance with Regulation 18 of the Accounts and Audit Regulations 2011. (This charge is in excess of the payments and contributions that are statutorily payable by the Board for 2012/13).

**11 ACTUARIAL GAINS/(LOSSES) SHOWN IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)**

	2011/12	2012/13
Cumulative Actuarial Gains/(Losses) b/fwd	0	-26,000
Increase/(Decrease) in irrecoverable surplus from membership fall and other factors	0	0
Actuarial Gains/(Losses) recognised in STRGL	-26,000	-44,000
Cumulative Actuarial Gains/(Losses) c/fwd	<b>-26,000</b>	<b>-70,000</b>

**12 TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant and Equipment	Total
<b>Cost</b>			
Opening Balance as at 1 April 2012	49,950	101,095	151,045

From: 01 April 2012

To: 31 March 2013

Year Ended: 31 March 2013

**NOTE NOTES TO THE ACCOUNTS**

(+) Additions	0	0	0
(-) Disposals	0	-22,500	-22,500
Closing Balance as at 31 March 2013	<b>49,950</b>	<b>78,595</b>	<b>128,545</b>

**Depreciation**

Opening Balance as at 1 April 2012	3,996	43,481	47,477
(+) Depreciation Charge for year	999	15,694	16,693
(-) Accumulated depreciation written out on disposal	0	-22,500	-22,500
Closing Balance as at 31 March 2013	<b>4,995</b>	<b>36,675</b>	<b>41,670</b>

Net Book Value at 31 March 2012	<b>45,954</b>	<b>57,614</b>	<b>103,568</b>
Net Book Value at 31 March 2013	<b>44,955</b>	<b>41,920</b>	<b>86,875</b>

Full details of all movements during this year are recorded in the Board's Fixed Asset Register, which can be made available to the reader upon request. The Board also shares ownership of a proportion of the WMA Office Equipment, which is recorded in the WMA's Fixed Asset Register.

**13 CASH AT BANK AND IN HAND**

	<b>2011/12</b>	<b>2012/13</b>
Bank Current Account	69,052	50,541
Collectors Float	0	0
	<b>69,052</b>	<b>50,541</b>

**14 SHORT TERM INVESTMENTS**

Short term Investments as at 31 March 2013 are as follows:

Financial Institution	Capital	Investment Date	Maturity Date	Interest Rate
Natwest 95 Day Notice Account	400,000	17/01/2013	Ongoing	1.26%
	<b>400,000</b>			

**15 DEBTORS AND PREPAYMENTS**

	<b>2011/12</b>	<b>2012/13</b>
Drainage Rate Debtors	2,584	3,314
Trade Debtors	0	53,800
H M Revenue and Customs	2,148	5,296
Grant Aid Due	0	0
Prepayments to WMA	0	19,398
	<b>4,732</b>	<b>81,808</b>

**16 CREDITORS AND RECEIPTS IN ADVANCE**

	<b>2011/12</b>	<b>2012/13</b>
Trade Creditors	120	41,009
Accruals	3,180	0
Payments received in advance	8,341	23,730
	<b>11,641</b>	<b>64,739</b>

From: 01 April 2012

To: 31 March 2013

Year Ended: 31 March 2013

**NOTE NOTES TO THE ACCOUNTS**

**17 LOANS AND FINANCE LEASES OUTSTANDING**

	2011/12	2012/13
Finance Leases Due in next 12 months	0	0
Loans Payable in next 12 months	0	0
	<u>0</u>	<u>0</u>

**18 EARMARKED RESERVES**

	Development Reserve	Mobile Plant Reserve	General Reserve	Earmarked Reserves
Opening Balances as at 1 April	177,792	65,000	172,969	415,761
Net Surplus/(Deficit) for the year	0	0	0	0
Transfers to/(from) Reserves	0	0	88,774	88,774
Closing Balances as at 31 March	<u>177,792</u>	<u>65,000</u>	<u>261,743</u>	<u>504,535</u>

**19 PENSION LIABILITY**

(i) <b>Reconciliation of fair value of employer assets</b>	2011/12	2012/13
Opening Fair Value of Employer Assets as at 1 April	158,000	172,000
Expected Return on Assets	11,000	10,000
Contributions by Members	3,000	3,000
Contributions by Employer	10,000	10,000
Contributions in respect of Unfunded Benefits	0	0
Actuarial Gains/(Losses)	-10,000	14,000
Assets Distributed on Settlements	0	0
Unfunded Benefits Paid	0	0
Benefits Paid	0	0
Closing Fair Value of Employer Assets as at 31 March	<u>172,000</u>	<u>209,000</u>

<b>Reconciliation of defined benefit obligation</b>	2011/12	2012/13
Opening Defined Benefit Obligation as at 1 April	194,000	234,000
Current service cost	10,000	11,000
Interest cost	11,000	12,000
Contributions by Members	3,000	3,000
Actuarial Losses/(Gains)	16,000	58,000
Past Service Costs/(Gains)	0	0
Liabilities Extinguished on Settlements	0	0
Estimated Unfunded Benefits Paid	0	0
Estimated Benefits Paid	0	0
Closing Defined Benefit Obligation as at 31 March	<u>234,000</u>	<u>318,000</u>

	2011/12	2012/13
Estimated scheme assets	172,000	209,000
Estimated scheme liabilities	-234,000	-318,000
<b>Net pension assets/(liabilities)</b>	<u>-62,000</u>	<u>-109,000</u>

(ii) Pension Scheme Liabilities have been assessed on an actuarial basis by the Fund Actuary using the projected unit method; an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, earnings etc. The pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of Actuaries employed by Norfolk County Council (the Pension Scheme Administering Authority).

(iii) It is important to note that the Board is a member of the Water Management Alliance Consortium and as such will also have 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 now prepared a separate Report for the Water Management Alliance, which identifies a notional net pension liability of £1,023,000 as at 31 March 2013 that is shared by all 5 Member Boards in the Group.

**From: 01 April 2012**

**To: 31 March 2013**

**Year Ended: 31 March 2013**

**NOTE NOTES TO THE ACCOUNTS**

**20 RELATED PARTY DISCLOSURES**

- (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 £10,887.99 during 2012/13.
- (ii) Board member Mr J Carrick owns Hunters Hall from whom the Board hires rooms for meetings. The Board paid £951.60 to Hunters Hall during 2012/13.
- (iii) 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 2012.
- (iv) 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.
- (v) 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.



From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

BOX NO.	ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2013	ACTUAL 2011/12 £	ACTUAL 2012/13 £
1	<b>Balances brought forward</b>		
	General Reserve	107,491	172,969
	Development Reserve	177,792	177,792
	Mobile Plant Reserve	65,000	65,000
	Revaluation Reserve	49,950	49,950
	Pension Reserve	0	-62,000
	<b>As per Statement of Accounts</b>	<b>400,233</b>	<b>403,711</b>
	<b>(-) Fixed Assets and Long Term Liabilities</b>		
	Long Term Liabilities	0	0
	Pension Liability	0	-62,000
	Net Book Value of Tangible Fixed Assets	51,898	103,568
		<b>51,898</b>	<b>41,568</b>
	<b>(=) Adjusted Balances brought forward (Net Current Assets)</b>	<b>348,335</b>	<b>362,143</b>
2	<b>(+) Rates and Special Levies</b>		
	Drainage Rates	72,608	72,608
	Special Levies issued by the Board	280,941	280,944
	<b>As per Statement of Accounts</b>	<b>353,549</b>	<b>353,552</b>
3	<b>(+) All Other Income</b>		
	Grants Applied	10,321	73,075
	Highland Water Contributions	101,201	116,349
	Income from Rechargeable Works	8,213	32,549
	Investment Interest	5,912	2,614
	Net Surplus on Operating Accounts	3,442	13,017
	Other Income	4,027	10,535
	Profit/(Loss) on disposal of Fixed Assets	13,120	11,500
	<b>As per Statement of Accounts</b>	<b>146,236</b>	<b>259,639</b>
	<b>(+) Additional Income from Sale of Fixed Assets</b>		
	Capital Cost of disposals	71,836	22,500
	Accumulated depreciation written out	-65,956	-22,500
		<b>5,880</b>	<b>0</b>
	<b>(=) Adjusted Other Income</b>	<b>152,116</b>	<b>259,639</b>
4	<b>(-) Watercourses and Pumping Stations</b>		
	Capital Works	11,118	73,075
	Maintenance Works	313,359	278,300
	<b>As per Statement of Accounts</b>	<b>324,477</b>	<b>351,375</b>
	<b>(-) Depreciation charged to Maintenance Works</b>		
	Plant and Equipment	9,123	15,694
	Buildings	999	0
		<b>10,122</b>	<b>15,694</b>
	<b>(=) Adjusted Watercourses and Pumping Stations</b>	<b>314,355</b>	<b>335,681</b>
5	<b>(-) Loan Interest/Capital Repayments</b>		
	Loan Interest	20	0
			0



From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2013	ACTUAL 2011/12 £	ACTUAL 2012/13 £
Capital Repayments	0	0
<b>As per Statement of Accounts</b>	<b>0</b>	<b>0</b>
<b>6 (-) All Other Expenditure</b>		
Environment Agency Precept	56,045	56,045
Administration Charges	53,539	99,426
Cost of Rechargeable Works	246	17,571
Net Deficit on Operating Accounts	0	0
Pension Interest Cost/(Expected Return on Assets)	0	3,000
<b>As per Statement of Accounts</b>	<b>109,830</b>	<b>176,042</b>
<b>(-) All Other Expenditure (Non Cash)</b>		
Depreciation on Kettlewell House (included in admin. exp.)	0	999
Pension Interest Cost/(Expected Return on Assets)	0	3,000
	<b>0</b>	<b>3,999</b>
<b>(+) Capitalised Additions</b>		
Land and Buildings	0	0
Plant and Equipment	67,672	0
	<b>67,672</b>	<b>0</b>
<b>(=) Adjusted Other Expenditure</b>	<b>177,502</b>	<b>172,043</b>
<b>7 (=) Balances carried forward</b>		
General Reserve	172,969	261,743
Development Reserve	177,792	177,792
Mobile Plant Reserve	65,000	65,000
Revaluation Reserve	49,950	49,950
Pension Reserve	-62,000	-109,000
<b>As per Statement of Accounts</b>	<b>403,711</b>	<b>445,485</b>
<b>(-) Fixed Assets and Long Term Liabilities</b>		
Long Term Borrowing	0	0
Pension Liability	-62,000	-109,000
Net Book Value of Tangible Fixed Assets	103,568	86,875
	<b>41,568</b>	<b>-22,125</b>
<b>(=) Adjusted Balances carried forward (Net Current Assets)</b>	<b>362,143</b>	<b>467,610</b>
<b>8 Total Cash and Short Term Investments</b>		
Cash at Bank and in Hand	69,052	50,541
Short Term Investments	300,000	400,000
<b>As per Statement of Accounts</b>	<b>369,052</b>	<b>450,541</b>
<b>9 Total Fixed Assets and Long Term Assets</b>		
Land and Buildings	45,954	44,955
Plant and Equipment	57,614	41,920
<b>As per Statement of Accounts</b>	<b>103,568</b>	<b>86,875</b>
<b>10 Total Borrowings</b>		
Loans Due (<= 1 Year)	0	0
Loans Due (> 1 Year)	0	0
<b>As per Statement of Accounts</b>	<b>0</b>	<b>0</b>



From: 01 April 2012  
To: 31 March 2013

Year Ended: 31 March 2013

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2013	ACTUAL 2011/12 £	ACTUAL 2012/13 £
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7, 8 RECONCILIATION BETWEEN BOXES 7 AND 8	ACTUAL 2011/12 £	ACTUAL 2012/13 £
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7 Balances carried forward (adjusted) 362,143 467,610

**(-) Deduct: Debtors and Prepayments**

Debtors Control Account	0	53,800
Ratepayers Due	2,584	3,314
Prepayments WMA	0	19,398
Vat Due from HMRC	2,148	5,296
Grants Due	0	0
	<u>4,732</u>	<u>81,808</u>

**(+) Add: Creditors and Payments Received in Advance (<= 1 Year)**

Creditors Control Account	120	41,009
Grants Unapplied	8,341	23,730
Accruals	3,180	0
Finance Leases	0	0
	<u>11,641</u>	<u>64,739</u>

**(=) Box 8**

**369,052**      **450,541**

8 **(=) Total Cash and Short Term Investments**

Cash at Bank and in Hand	69,052	50,541
Short Term Investments	300,000	400,000
	<u><b>369,052</b></u>	<u><b>450,541</b></u>

P J CAMAMILE  
CHIEF EXECUTIVE

23 MAY 2013

# Internal Drainage Boards in England

## Annual return for the year ended

### 31 March 2013

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**Internal Drainage Boards in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year.**

Each annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the board.
- **Section 3** is completed by the external auditor appointed by the Audit Commission.
- **Section 4** is completed by the board's internal audit provider.

**The board must approve this annual return no later than 30 June 2013.**

#### Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in blue. Do **not** leave any blue box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2013, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the board for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2013.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide for Internal Drainage Boards that can be downloaded from the Association of Drainage Authorities' website at [www.ada.org.uk](http://www.ada.org.uk)



# Section 1 – Accounting statements 2012/13 for

NORFOLK RIVERS

INTERNAL DRAINAGE BOARD

	Year ending		Notes and guidance
	31 March 2012 £	31 March 2013 £	
1 Balances brought forward	348335	362143	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2 (+) Rates and special levies	353549	353552	Total amount of receipts or income in the year from direct rates on landowners and special levies on local authorities.
3 (+) All other income	152116	259639	Total receipts or income as recorded in the cashbook less the rates and special levies (line 2). Include all contributions from EA here.
4 (-) Watercourses and pumping stations	314355	335681	Total payments or expenditure including capital spending and employment costs on construction and maintenance of watercourses and pumping stations.
5 (-) Loan interest/ capital repayments	0	0	Total payments or expenditure of capital and interest made during the year on the Board's borrowings (if any).
6 (-) All other payments	177502	172043	Total payments or expenditure as recorded in the cashbook less watercourses and pumping stations (line 4) and loan interest/ capital repayments (line 5). Include all contributions to EA here.
7 (=) Balances carried forward	362143	467610	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	369052	450541	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets	103568	86875	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the Board as at 31 March.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2013 the accounting statements in this annual return present fairly the financial position of the Board and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

*P. Mansfield*

Date 23/05/2013

I confirm that these accounting statements were approved by the Board on this date:

23/05/2013

and recorded as Board minute reference:

37/13/01

Signed by Chair of meeting approving these accounting statements:

*P. P. Quinn*

Date 23/5/13

## Section 2 – Annual governance statement 2012/13

We acknowledge as the members of: NORFOLK RIVERS INTERNAL DRAINAGE BOARD  
our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2013, that:

	Agreed –		‘Yes’ means that the board:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the board to conduct its business or on its finances.	✓		has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the board’s accounts.
5 We carried out an assessment of the risks facing the board and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the board’s accounting records and control systems.	✓		arranged for a competent person, independent of the board’s financial controls and procedures, to give an objective view on whether internal controls meet the needs of the board.
7 We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 We 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 accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the board and recorded as minute reference

37/13/02

dated 23/05/2013

Signed by:

Chair

dated

Signed by:

Clerk

dated

**\*Note:** Provide explanations to the external auditor on a separate sheet for each ‘No’. Describe how the board will address the weaknesses identified.

# Section 3 – External auditor certificate and opinion 2012/13

## Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2013 of:

NORFOLK RIVERS

INTERNAL DRAINAGE BOARD

## Respective responsibilities of the board and the auditor

The board is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The board prepares an annual return in accordance with proper practices which:

- summarises the board accounting records for the year ended 31 March 2013; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

## External auditor report

(~~Except for the matters reported below~~)\* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.  
(\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we wish to draw to the attention of the board:

(continue on a separate sheet if required)

External auditor signature MAZARS LLP

External auditor name MAZARS LLP, POOLE, BH17 0NF Date 12 SEPTEMBER 2013

**Note:** The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission's publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

## Section 4 – Annual internal audit report 2012/13 to

Enter Internal Drainage Board name here:

NORFOLK RIVERS INTERNAL DRAINAGE BOARD

The board's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2013.

Internal audit has been carried out in accordance with the board's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and, alongside, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the board.

Internal control objective	Agreed? Please choose from one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been properly kept throughout the year.	1		
B The board's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	1		
C The board assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1		
D The annual rating requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	1		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	1		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	1		
G Salaries to employees and allowances to board members were paid in accordance with board approvals, and PAYE and NI requirements were properly applied.	1		
H Asset and investments registers were complete and accurate and properly maintained.	1		
I Periodic and year-end bank account reconciliations were properly carried out.	1		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	1		

For any other risk areas identified by the board (list any other risk areas below or on separate sheets if needed) adequate controls existed:

See attached Internal Audit report 2012/13

Name of person who carried out the internal audit: KAVE LITTLEWOOD

Signature of person who carried out the internal audit: KB Littlewood - Date: 29/11/13

**\*Note:** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**\*\*Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not. (add separate sheets if needed).

## Guidance notes on completing the 2012/13 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the *Practitioners' Guide\** which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit.
- 2 Make sure that your annual return is complete (i.e. no empty blue boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the board, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a board member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information that you are not specifically asked for. Doing so is not helpful. However, you must notify the external auditor with details of any change in Clerk, Responsible Finance Officer or Chair of the Board.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers **all** your bank accounts. If your board holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements (Section 1). **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guide\**.
- 6 **Explain fully** significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed financial statements instead of this explanation. The external auditor wants to know that **you** understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide\** to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2012) equals the balance brought forward in the current year (Box 1 of 2012).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of the audit.

Completion checklist - 'No' answers mean you may not have met requirements		Done?
All sections	All blue boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
	Board approval confirmed by signature of Chair of meeting approving accounting statements?	
Section 1	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2013 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All blue boxes completed by internal audit and explanations provided?	

**\*Note:** *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guide*, is available from the ADA website [www.ada.org.uk](http://www.ada.org.uk) or from The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL.



# Annual Report for the year ended

## 31 March 2013

**The Law** – the following annual report is provided in accordance with Paragraph 4 of Schedule 2 to the Land Drainage Act 1991.

### No later than 31 August 2013 a copy must be provided to:

- Department for Environment, Food and Rural Affairs, Flood Management Division, Area 3C, Nobel House, 17 Smith Square, London SW1P 3JR
- The Regional Director of the relevant Regional Office of the Environment Agency
- Head of Flood Risk Management, The Environment Agency, Horizon House, Deanery Road, Bristol BS1 5AH
- The Chief Executives of:
  - all local authorities that pay special levies to the Board;
  - all County Councils or London Boroughs within which the Board is situated.

Please complete the form electronically. If you are unable to complete the form electronically, please complete in BLOCK LETTERS using **black ink**.

Please round all cash figures down to nearest whole £.

**NORFOLK RIVERS** ENTER INTERNAL DRAINAGE BOARD NAME HERE

Internal Drainage Board

## Section A – Financial information

### Preliminary information on special levies issued by the Board for 2013-14

*Information requested below is essential in calculating future formula spending share. It is not covered elsewhere on this form or by the external auditor's certificate.*

Special levies information for financial year 2013-14 (forecast)	
Name of local authority	2013-14 forecast £
1. BRECKLAND DISTRICT COUNCIL	44995
2. BROADLAND DISTRICT COUNCIL	67187
3. KING'S LYNN & WEST NORFOLK BOROUGH COUNCIL	17089
4. NORTH NORFOLK DISTRICT COUNCIL	89659
5. NORWICH CITY COUNCIL	5017
6. SOUTH NORFOLK DISTRICT COUNCIL	57070
7.	
8.	
<b>Total</b>	<b>281017</b>

## Section A – Financial information (continued)

### Income and Expenditure Account for the year ending 31 March 2013

All Internal Drainage Boards must ensure that the Income and Expenditure information provided below is consistent with the Board's annual accounting statements which have been prepared in accordance with proper practices found in *Governance and Accountability in Internal Drainage Boards in England – A Practitioners' Guide 2006 (Revised November 2007)*

	Notes	Year ending 31 March 2013 £
<b>INCOME</b>		
Drainage Rates		X 72608
Special Levies		X 280944
Contributions from the Environment Agency		X 116349
Contributions applied from developers/other beneficiaries		X NIL
Government Grants		X 73075
Rechargeable Works		X 32549
Interest and Investment Income		X 2614
Rents and Acknowledgements		X NIL
Other Income	1	X 23552
<b>Total income</b>		<b>X 601691</b>
<b>EXPENDITURE</b>		
New Works and Improvement Works	2	Y NIL
Contributions to the Environment Agency	3	Y 56045
Drains Maintenance	4	Y 274133
Pumping Stations, Sluices and Water level control structures	5	Y NIL
Administration	6	Y 99426
Rechargeable Works	7	Y 17571
Finance Charges	8	Y NIL
SSSIs	9	Y 73013
IDB Biodiversity Action Plan actions or other biodiversity activities	10	Y 4229
Other Expenditure	11	Y 3000
<b>Total expenditure</b>		<b>Y 527417</b>
<b>EXCEPTIONAL ITEMS</b>		
Profits/(losses) arising from the disposal of fixed assets		Z 11500
<b>Net Operating Surplus/(Deficit) for the year</b>		<b>X-Y+Z 85774</b>

## Notes:

1. Include all other Income, such as absorption account surpluses (for example plant and labour absorption accounts).
2. State the gross cost of undertaking minor capital works that have not been capitalised and the annual depreciation charges of all major schemes that have been capitalised. You should also include a fair proportion of the support costs directly associated with delivery of the schemes.
3. State the total precept demanded for the year as properly issued by the Environment Agency, in accordance with section 141 of the Water Resources Act 1991. Providing that the precept has been properly issued as before stated it should always be included here, even when the Board has appealed against the amount of contribution, in accordance with section 140 of the Water Resources Act 1991. Where the Board knows with certainty the outcome of any such appeal, it should also include the appropriate accrual/prepayment.
4. State all costs associated with the maintenance of watercourses, meaning work associated with open channels, pipelines, culverts, bridges, etc. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with delivery of the maintenance programme.
5. State all costs associated with maintaining and operating the pumping stations, sluices and water level control structures. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with maintaining and operating the pumping stations, sluices and water level control structures.
6. Include the cost of non-technical staff only, office accommodation, annual depreciation of office equipment that has been capitalised, minor office equipment that has not been capitalised, postages, telecoms', stationery, printing, advertising, auditing of accounts, general insurances and all other costs associated with supporting the organisation. Please note that this does not include support costs, which are directly associated with the delivery of front line services.
7. State all costs associated with undertaking work for third parties. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with undertaking the rechargeable work.
8. Include the cost of servicing any borrowing, in terms of bank/loan/hire purchase Interest payable.
9. State all costs associated with undertaking works – capital or maintenance – specifically for helping to achieve favourable condition on Sites of Special Scientific Interest (SSSIs). In most cases, these costs will be incurred in implementing actions set out in SSSI Water Level Management Plans or SSSI River Restoration Plans.
10. State all costs associated with undertaking works – capital or maintenance – that are intended to help conserve biodiversity (other than works on SSSIs). These costs are likely to be incurred in implementing actions set out in an IDB's Biodiversity Action Plan, but may include other activities.
11. Include all other expenditure, such as a provision for bad/doubtful debts, write-offs, and absorption account deficits (for example plant and labour absorption accounts).



## Section B – Defra high level target and IDB Review Reporting

*This section relates to the Board's achievement of High Level Targets (HLTs) issued by Defra in March 2005, including information required by the Environment Agency as a result of the targets or in relation to their general supervisory duty. Only those HLTs relevant to IDBs are covered below. This section also allows for reporting on IDB Review Targets.*

### HLT 1 – Policy Delivery Statement

Boards were required to produce a publicly available policy statement by 31 March 2001 setting out their plans for delivering the Government's policy aims and objectives. The full range of issues to be covered was set out in a template issued in June 2000. It is recommended that these statements be published on Boards' websites where they have them and reviewed every three years.

Is an up to date statement in place and copy (or weblink)

provided to Defra, EA and CLG?..... Yes  No

If 'NO', please say why not and when the statement will be produced/revised:

### HLT 2 – Information on the National Flood and Coastal Defence Database

The IDB Review Project Board and the Environment Agency have agreed the means to allow data to be stored on the National Flood and Coastal Defence Database or equivalent systems. Boards are required to report on their asset holding and asset condition at the end of 2007/08.

### HLT 3 – Biodiversity

Please indicate whether your Board has published a Biodiversity Action Plan ..... Yes  No

### Asset Management (IDB Review Strand A3)

What system/database does your Board use to manage the assets it is responsible for?

(A) ADIS (B) NFCDD (C) Paper Records (D) Other Electronic System (please describe)

D: GIS AND SPREADSHEETS  
PLUS WORK IN PROGRESS ON ASSET MANAGEMENT DATABASE

Has your Board continued to undertake visual inspections and update

asset databases on an annual basis? ..... Yes  No

## Guidance and Best Practice (IDB Review Section B)

How many Board members (in total – elected and appointed) do you have on your IDB?

31

Has your IDB adopted a formal Scheme of Delegation? ..... Yes  No

Has your IDB provided training for members in the last year?

Considered: ..... Yes  No

Implemented: ..... Yes  No

Please detail:

INDUCTION FOR NEW MEMBERS AND REFRESHER FOR EXISTING MEMBERS  
VARIOUS PRESENTATIONS

## Immediate Action (IDB Review Section C)

Has your IDB adopted minimum website requirements as specified in the IDB Review Implementation Plan? ..... Yes  No

Is your Board's website information current for 2013? (Board membership, audited accounts, programmes of works, WLMPS, etc) ..... Yes  No

Has your IDB adopted computerised accounting and rating systems, as specified in the IDB Review Implementation Plan? ..... Yes  No

Has your Board adopted the following governance documents?

Standing Orders ..... Yes  No

Have the Standing Orders been approved by Ministers ..... Yes  No

Byelaws ..... Yes  No

Have the Byelaws been approved by Ministers ..... Yes  No

Code of Conduct for Board Members ..... Yes  No

Financial Regulations ..... Yes  No

Register of Member's Interests ..... Yes  No

## Section C – Declaration

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**NORFOLK RIVERS** ENTER INTERNAL DRAINAGE BOARD NAME HERE

Internal Drainage Board

I confirm that the information provided in sections A-C or with this form is correct.

Signature

M Creasy for P J Camamile

Date

28/08/2013

Name in BLOCK LETTERS

P J CAMAMILE

Designation

CHIEF EXECUTIVE

Email address

phil@wlma.org.uk



**Water Management Alliance  
INTERNAL AUDIT REPORT**

**April 2013**

Contents:

1. Executive Summary
  2. Reporting
  3. Acknowledgements
  4. Detailed Observations, Recommendations and agreed actions etc.
- APP 1 Agreed Terms of Reference

## 1. Executive Summary

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The audit of the Water Management Alliance and the constituent Internal Drainage Boards was carried out by Kate Littlewood for the year 2012-13. This Executive Summary sets out our overall conclusion on the system reviewed, and summarises the key recommendations arising. A copy of the Terms of Reference for this audit is attached as **Appendix 1**.

Regulation 6 of the Accounts and Audit Regulations 2011 requires that '*A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control*'. The completion of this internal audit fulfils that role.

It should be noted that any system of internal control is designed to manage risk to a reasonable level, and therefore Internal Audit cannot provide absolute assurance against loss. As well as being effective, controls need to be proportionate to the risk involved and not overburden the organisation with excessive costs.

The Water Management Alliance provides administration and management services to the five constituent Internal Drainage Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers and South Holland.

This audit reviewed the procedures and systems of control in place at the Water Management Alliance and considered if they were effective and being applied as intended. Sample testing was carried out on elements as considered necessary by the auditor in order to substantiate the application of the control. In addition to the requirements of the '*Governance and Accountability in Internal Drainage Boards in England – A Practitioners Guide (Rev 2007)*', the IT system was also considered to ensure that the integrity and security of data could be assured.

## 2. Overall Conclusion

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In conclusion, the procedures used at the Water Management Alliance are simple but effective, and appear to be carried out diligently by all staff concerned. Controls are working as expected. However, there are some aspects that can be improved and details of recommendations can be found in Section 4 together with the actions agreed with the Chief Executive.

The overall level of assurance attributed to the system is:

Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
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The observations and recommendations are detailed in Section 4. Each recommendation is allocated a priority as defined below:

High	Major risk requiring action by the time the final report is issued.
Medium	Medium risk requiring action within six months of the issue of the draft report.
Low	Matters of limited risk. Action should be taken as resources permit.

### **3. Acknowledgements**

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I would like to express my thanks for their assistance and co-operation to:

Phil Camamile, Chief Executive Officer  
Mary Creasy, Personal Assistant (CEO)  
Michelle Futter, Finance Officer  
Trish Walker, Finance Assistant  
Graham Tinkler, Rating Officer/Site Warden  
Fran Bligh, Data Manager

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<p><b>1. Cashflow Observation</b></p> <p>There was no documented cashflow forecast to support the investment decisions. The availability of funds for investment is discussed between the Finance Officer and Chief Executive on a monthly basis, but there is no record of the decisions made. The Chief Executive signs the investment agreement retrospectively.</p> <p><b>Consequence</b></p> <p>Treasury Management is an area that can have drastic consequences for the organisation if errors are made.</p> <p>A cashflow forecast includes reasonable assumptions of what income and large payments are due and when. As a result it reduces the risk of errors being made. Without it significant transactions may be overlooked when deciding what funds are available for investment.</p> <p>It also provides a basis to predict with reasonable assurance if any funds are available for longer term investment, perhaps achieving a better rate of return than shorter term.</p> <p>Finally, being signed by the Chief Executive prior to the investment being made, it provides evidence of the review and agreement to invest to support the Finance Officer.</p> <p>It should however be noted that the Auditor did not find any cause for concern in the investments actually made.</p>	High	<p>The format for a Cashflow Forecast will be agreed between the Chief Executive and the Finance Officer, and then utilised on a monthly basis for investment decisions.</p> <p>Chief Executive and Finance Officer</p> <p>End May 2013.</p>

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<b>Recommendation</b> A cashflow forecast should be prepared, preferably on a rolling year basis, and updated monthly. The result should be used to form the basis of the investment discussion between the Chief Executive and Finance Officer, and signed by the Chief Executive to authorise the investment decision made.		



Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<p><b>2. CHAPS payments</b></p> <p><b>Observation</b> The Clearing House Automated Payments System (CHAPS) is used to transfer funds for investment.</p> <p>Best practice is for at least two people to be involved in the process – one to set up the details of the payment and a second to check and authorise the payment. Currently one person carries out both parts for any single transaction.</p> <p><b>Consequence</b> Duties in CHAPS transmissions are segregated to double check for errors in inputting the details, and to reduce the risk of fraud. It also provides the staff concerned with a level of reassurance.</p> <p><b>Recommendation</b> Apply best practice to the CHAPS process and segregate the duties between the two finance staff, with a third person to act as substitute in times of absence.</p>	High	<p>Agreed. The duties will be segregated and a third person nominated for absence cover.</p> <p>Chief Executive</p> <p>End May 2013.</p>

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<p><b>3. Invoice Reference Numbers</b></p> <p><b>Observation</b> During testing it was noted that two invoices had been given the same reference number.</p> <p>Invoice numbers are allocated manually and then entered into the accounting system along with the other invoice details. During input a box needs to be ticked to check if that number has already been used. It would not be unusual for staff to be distracted during input and overlook this 'tick box' check.</p> <p><b>Consequence</b> Invoice numbers should provide a unique reference to a specific document. Duplication can weaken a control designed to ensure that all payments can be uniquely identified and accounted for.</p> <p><b>Recommendation</b> Obtain an automatic numbering stamp which will provide each invoice with a unique reference number.</p>	Medium	<p>Agreed. A single stamp will be used to cover invoices for the five boards to ensure a completely unique reference number within all the systems covered by the WMA.</p> <p>Chief Executive</p> <p>End May 2013.</p>



**Internal Audit Services**

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



## **WATER MANAGEMENT ALLIANCE**

### **INTERNAL AUDIT TERMS OF REFERENCE 2012-13**

## **1. INTRODUCTION**

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1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the year 2012-13.

1.2 Section 4 of The Accounts and Audit Regulations 2011 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 2013

1.4 The Internal Auditor will work in accordance with the Public Sector Internal Audit Standards adopted by CIPFA from April 2013 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:

- Broads (2006) IDB
- East Suffolk IDB
- King's Lynn IDB
- Norfolk Rivers IDB
- South Holland IDB.

As such, this work will enable the auditor to complete the Annual Returns for all five Boards.

## **2. OBJECTIVES AND SCOPE OF THE AUDIT**

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2.1 The work of the Internal Auditor will be guided by 'Governance and Accountability in Internal Drainage Boards in England – A Practitioners Guide (Rev 2007)'.

2.2 In order to be able to complete section 4 of the Electronic Annual Return for 2012 the auditor will consider the following:

- A. The Accounting Records  
To ensure that the accounting system is accurate, complete and timely, and that data input is being verified appropriately.
- B. Financial Regulations and Standing Orders  
To ensure that they are current and are being adhered to.
- C. Risk Management processes  
To ensure that management review the Risk Register on a regular basis and that risk is being identified and actively managed in a proportionate manner.

### D. Budgetary Controls

To ensure that the budgets are prepared on a realistic basis and are monitored throughout the year and any variations are investigated, with corrective action being taken if necessary.

### E. Income Controls

To ensure that processes are in place and functioning correctly to collect, record and bank income in full and on time.

### F. Petty Cash Procedures

To ensure petty cash provisions are reasonable, used in accordance with Financial Regulations and adequate records are kept of payments made.

### G. Payroll Controls

To ensure that remuneration to employees and Board Members is calculated correctly and in accordance with the levels agreed by the Board, and that all HMRC requirements are complied with.

### H. Asset Management

To ensure that there are satisfactory processes in place to maintain the register and check for accuracy.

### I. Bank Reconciliation

To ensure that periodic and year-end bank account reconciliations were properly completed and verified.

### J. Year-end Procedures

To ensure that the appropriate accounting basis have been used to prepare the year-end accounting statements and that figures contained in the statements can be verified by reference to working papers and accounting records.

2.3 Any recommendations and issues arising from the previous audit will also be followed up to establish if they have been implemented or if there is a satisfactory explanation for non-implementation.

2.4 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**

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3.1.1 The project tasks are to:

- Ascertain by interview, from procedures and documentation what systems are in operation and assess whether procedures are adequate.
- 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.

## Internal Audit Services

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- 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 Return for 2012/13.

### 4. WORK PLAN

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4.1 The audit will be undertaken by:

Mrs Kate Littlewood, CMIIA

Audit Manager, Borough Council of King's Lynn and West Norfolk.

4.2 The audit has been allocated 5 days, which will be utilised as follows:

<b>Task</b>	<b>Time</b>
Familiarisation – interviews with staff and obtaining any procedure documents. System recording and risk analysis	1.5
Testing – to establish that processes are being applied as intended.	2
Conclusions and discussion	1
Completing the Return and reporting if required.	0.5

### 5.0 AGREEMENT

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	<b>Signature</b>	<b>Date</b>
Phil Camamile Chief Executive, Water Management Alliance	.....	.....
Kate Littlewood Audit Manager Borough Council of King's Lynn and West Norfolk	.....	.....