



Pevensey and Cuckmere

Water Level Management Board

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING
31 MARCH 2018**

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

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

NOTE	INCOME AND EXPENDITURE ACCOUNT	£	£	£	£	£	£
		..... PEVENSEY	..... CUCKMERE	..... TOTAL			
		BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
INCOME							
1	Drainage Rates	11,104	10,937	6,065	6,023	17,169	16,960
2	Special Levies						
	Eastbourne Borough Council	215,288	215,288	0	0	215,288	215,288
	Hastings Borough Council	10,897	10,897	0	0	10,897	10,897
	Rother District Council	3,994	3,994	0	0	3,994	3,994
	Wealden District Council	42,832	42,832	4,924	4,924	47,756	47,756
		273,011	273,011	4,924	4,924	277,935	277,935
3	Net Cash Transfer from the Environment Agency	0	14,430	0	7,935	0	22,365
4	Development Contributions and Commuted Sums	0	51,068	0	0	0	51,068
5	Highland Water Contributions from the Environment Agency	60,000	60,000	3,000	3,000	63,000	63,000
6	Grants Applied	0	0	0	0	0	0
7	Consent Fees	0	200	0	0	0	200
8	Bank and Investment Interest	0	56	0	7	0	63
9	Other Income	0	1,247	0	0	0	1,247
		60,000	127,001	3,000	10,942	63,000	137,944
		344,115	410,950	13,989	21,889	358,104	432,839
(-) EXPENDITURE							
Directly Allocated Expenditure							
10	New and Improvement Works	0	0	0	0	0	0
11	Contributions to the Environment Agency	109,370	104,492	1,578	1,508	110,948	106,000
12	Maintenance Works	125,000	129,098	9,000	4,619	134,000	133,717
		234,370	233,590	10,578	6,127	244,948	239,717
Apportioned Expenditure							
13	Operations Delivery Staff Costs	55,000	52,620	1,000	532	56,000	53,152
14	Technical Support Staff Costs	20,000	25,317	600	255	20,600	25,572
15	Administration Staff Costs	23,145	34,006	611	344	23,756	34,350
16	Audit Fees	1,600	495	200	5	1,800	500
17	Depreciation	4,500	5,412	100	55	4,600	5,467
18	Insurances	1,500	0	100	0	1,600	0
19	Accommodation and Meeting Room Hire	550	2,770	200	28	750	2,798
20	Postages and Stationery	500	54	200	1	700	55
21	Advertising and Public Notices	500	1,101	200	11	700	1,112
22	ADA Subscriptions and Other Expenses	2,450	3,892	200	39	2,650	3,931
		109,745	125,667	3,411	1,268	113,156	126,935
		344,115	359,257	13,989	7,395	358,104	366,652
(=) Net Surplus/(Deficit) for the Period		£0	£51,693	£0	£14,494	£0	£66,187

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

NOTE	INCOME AND EXPENDITURE ACCOUNT	£	£	£	£	£	£
		..... PEVENSEY	..... CUCKMERE	..... TOTAL			
		BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL

Notes Income

- Drainage Rate Demands for 2017/18 were issued by the Board on 1 April 2017. The Board has received approx. 94% of the drainage rates levied, with many legacy queries regarding land ownership and land occupancy still to resolve.
- Special Levies for 2017/18 were issued by the Board on 1 April 2017. The Board has received all of the special levies from all 4 constituent billing authorities.
- The Board has received the net cash transfer from the EA for the 2 former districts on 14 July 2017. The amount we actually received is considerably lower than had been estimated by the EA in April 2017.
- Development Contributions and Commuted Sums:

	..... Pevensey		..... Cuckmere		..... Total	
	Budget	Actual	Budget	Actual	Budget	Actual
BH001	0	51,068	0	0	0	51,068
	0	51,068	0	0	0	51,068

- The Board never did directly receive its highland water contributions claim from the EA for the year 2017/18. Instead this was netted off the Board's precept charge for 2017/18 (please see note 9 below). Highland water contributions are intended to reimburse the Board its costs for managing surface water that enters the district from outside the district, in accordance with s57 of the Land Drainage Act 1991.
- The Board received a grant of £9,995 from Natural England on 8 March 2018. This was for a Green Spaces Project to determine water quality, which will commence in 2018/19 to support the Pevensey Levels Special Area of Conservation (SAC). This money has been credited to a Grant Reserve and will be drawn down (and applied) during 2018/19 as the project is delivered.
- The Board received a consent fees of £200, in accordance with powers afforded by s23 of the Land Drainage Act 1991.
- Bank and Investment Interest arises from temporary cash surpluses being invested on the short term money market, in accordance with the Board's Investment Policy. This income has been apportioned to each of the Rating Sub Districts based on each District's proportion of the closing balances brought forward, as at 31 March 2017 (Pevensey = £19,618 and Cuckmere = £2,598).
- The other income we received was an insurance claim for palisade gates stolen at Horsebridge Pumping Station, and has been directly allocated to the Pevensey Sub District.

Directly Allocated Expenditure

- There were no New Works and Improvement Works carried out by the Board during the reporting period.
- The Board never did receive formal notification of its precept charge for 2017/18 from the EA to fund works they carried out on main rivers and sea defences that the Board derives benefit from. The EA netted off the Board's HWC claim for 2017/18 and sent us an Invoice for the balance in December 2017, which was paid in January 2018. The EA has power to levy such a precept charge on the Board annually, in accordance with s141 of the Water Resources Act 1991.
- All drain maintenance work has been done by the Contractor, AMH and the Board's Operations Manager. All pumping station maintenance has been carried out by Williams M&E. No work has been done on IDB infrastructure by the EA this year.

Apportioned Expenditure

All non directly allocated expenditure has been apportioned between the Pevensey and Cuckmere Rating Sub Districts according to each District's proportion of total annual value as at 01.04.17, for the purposes of raising the Board's expenses during the reporting period. Pevensey = £8,938,438 (99%) and Cuckmere =£66,439 (1%).

- These costs relate to the employment costs of the Board's Operations Manager, which includes all Health & Safety PPE and the running costs of his 4 x 4 vehicle.
- These costs relate to the time the Engineer and Environmental Officer have spent working for the Board.
- These costs relate to the time the Chief Executive, the Finance Officer, the Rating Officer, the Chief Executive's PA and the Data Manager have spent working for the Board.
- Audit Fees for 2017/18 have been accrued for the full 12 Months.
- The Operations Manager's 4 x 4 vehicle is being depreciated by £3,500 per year. The Storage Container and all small tools and equipment are shown in the Fixed Assets Register and

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

NOTE	INCOME AND EXPENDITURE ACCOUNT	£	£	£	£	£	£
		..... PEVENSEY	..... CUCKMERE	..... TOTAL			
		BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL

have been fully depreciated.

- 18 There is no cost shown for 2017/18 due to the accrual for 16/17 covering the cost of both years. This was due to renegotiation of the insurance premium to a lower rate than was first anticipated.
- 19 These costs relate to overnight accommodation charges for WMA staff, for hiring meeting rooms and providing refreshments at Board meetings, site visits and inspections.
- 20 These costs relate to the printing of Board meeting papers.
- 21 These costs relate to the public notices that are advertised in the local press.
- 22 These costs include the Board's membership of the Association of Drainage Authorities (ADA) and the Licence fee payable to the Information Commissioner's Office regarding Data Protection for 2017/18.

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

		£	£	£
NOTE BALANCE SHEET, AS AT 31-3-2018		01/04/2017	MOVEMENT	31/03/2018
1 Fixed Assets:				
(i) Vehicles and Trailers		19,400	-2,484	16,916
(ii) Lockup and Equipment		0	0	0
(iii) Pumping Stations		0	6	6
		19,400	-2,478	16,922
Current Assets:				
2(i) Bank Account		63,050	-37,005	26,045
2(ii) Short-Term Investments		0	60,063	60,063
3 Trade Debtors and Ratepayers Due		0	937	937
4 Vat Due from HMRC		5,918	10,639	16,557
		68,968	34,634	103,602
Current Liabilities:				
5 Trade Creditors		65,359	-44,231	21,128
6 Accruals		800	200	1,000
		66,159	-44,031	22,128
Net Current Assets		2,809	78,665	81,474
Net Assets		£22,209	£76,187	£98,396
Financed by:				
7 Grant Reserve		0	9,995	9,995
8 General Reserves		22,209	15,118	37,327
9 Development Reserve		0	51,068	51,068
10 Revaluation Reserve		0	6	6
		£22,209	£76,187	£98,396

P J CAMAMILE MA FCIS
CHIEF EXECUTIVE

S JEFFREY BSc (Hons) FCCA
FINANCE OFFICER

From: 01 April 2017
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Period To: 12
Year Ending: 31 March 2018

NOTE BALANCE SHEET, AS AT 31-3-2018

£ £ £

01/04/2017 MOVEMENT 31/03/2018

1 Fixed Assets	Vehicles and Trailers	Lockup and Equipment	Pumping Stations	Total
Cost				
Opening Balance as at 1-4-2017	19,400	4,182	0	23,582
(+) Additions	2,983	0	0	2,983
(+) Revaluations	0	0	6	6
(-) Disposals	0	0	0	0
Closing Balance as at 31-3-2018	22,383	4,182	6	26,571
Depreciation				
Opening Balance as at 1-4-2017	0	4,182	0	4,182
(+) Depreciation Charge	5,467	0	0	5,467
(-) Accumulated depreciation written out on disposal	0	0	0	0
Closing Balance as at 31-3-2018	5,467	4,182	0	9,648
Net Book Value				
Net Book Value as at 31-3-2017	19,400	0	0	19,400
Net Book Value as at 31-3-2018	16,916	0	6	16,922

- (i) The Board has purchased one trailer during the reporting period, which is fully utilised by the Operations Manager. This asset will be depreciated over 4 years: straight line on cost and 10 months of depreciation has been charged to the accounts, as this Asset was purchased in May. The Operations Manager's vehicle has 12 months of depreciation in the reporting period of April-March 2018.
- (ii) The Board has purchased a storage container which is located at the EAs Pevensey Depot. This lockup facility secures all of the Board's equipment used by the Operations Manager. This has been fully depreciated during the last reporting period. All purchased equipment has been itemised and recorded in the Fixed Assets Register, so as not to lose sight of it.
- (iii) The Board owns 6 pumping stations, and these have been revalued in the manner set out in the Practitioners Guide 2018. This asset was received from the EA at zero cost, and has been included in the Fixed Assets Register with a nominal one pound (£1) value, as a proxy for the zero cost.

2(i) Bank Account

The Board's Bank Account is reconciled as follows:

	2016/17	Movement	2017/18
Opening Balance as at 1-4-2017 b/fwd	0	63,050	63,050
(+) Receipts	63,050	345,978	409,028
(-) Payments	0	-446,033	-446,033
Closing Balance as at 31-3-2018 c/fwd	63,050	-37,005	26,045
Balance on Bank Statement as at 31-3-2018	63,050	-37,005	26,045
Less: Unpresented Payments	0	0	0
Add: Unpresented Receipts	0	0	0
Closing Balance as at 31-3-2018 c/fwd	63,050	-37,005	26,045

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

	£	£	£
NOTE BALANCE SHEET, AS AT 31-3-2018	01/04/2017	MOVEMENT	31/03/2018

2(ii) Short Term Investments

	2016/17	Movement	2017/18
32 Day Deposit Account - Lloyds plc	0	60,063	60,063

3 Trade Debtors and Ratepayers Due

	Pevensey	Cuckmere	Amount (£)
Trade Debtors	0	0	0
Highland Water Contributions from the Environment Agency	0	0	0
	0	0	0

Drainage Rates (less Worldpay amounts, in abeyance)	326	611	937
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Special Levies:

Eastbourne Borough Council	0	0	0
Hastings Borough Council	0	0	0
Rother District Council	0	0	0
Wealden District Council	0	0	0
	326	611	937
	£326	£611	£937

4 Vat Due from HMRC

The Board is Vat Registered and therefore able to reclaim the Vat that it has paid to its suppliers. Both Drainage Rates and Special Levies are beyond the scope for Vat purposes, so the Board should therefore be in a repayment position most of the time.

5 Trade Creditors

The Trade Creditors at the end of the reporting period are as follows:

	2016/17	Movement	2017/18
WMA	60,876	-51,281	9,595
AMH Contractor	0	9,940	9,940
PKF Littlejohn Auditors	0	500	500
British Gas Business	0	855	855
Southern Farmers	0	45	45
Allstar Business Solutions	0	194	194
Norfolk Rivers IDB	238	-238	0
Fenton Insurance Solutions	1,440	-1,440	0
C J Spares Ltd	1,222	-1,222	0
Acle Garden Machinery Centre	1,583	-1,583	0
	65,359	-44,231	21,128

Trade Creditors were relatively high at the end of the last financial year, pending setting up the Board's Bank Account and Registering for Vat. All Trade Creditors b/fwd were paid on 02 May 2017.

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

		£	£	£
NOTE BALANCE SHEET, AS AT 31-3-2018		01/04/2017	MOVEMENT	31/03/2018
6 Accruals				
		2016/17	Movement	2017/18
Audit Fees		800	200	1,000
Environment Agency Precept		0	0	0
		800	200	1,000
7 Grant Reserve				
		Pevensey	Cuckmere	2017/18
Opening Balance, as at 1-4-2017 b/fwd		0	0	0
(+) Grants Received		9,995	0	9,995
(-) Grants Applied to Income & Expenditure Account		0	0	0
Closing Balance, as at 31-3-2018 c/fwd		9,995	0	9,995
8 General Reserve				
		Pevensey	Cuckmere	2017/18
Opening Balance, as at 1-4-2017 b/fwd		19,618	2,591	22,209
(+) Net Surplus/(Deficit) for the Period		51,693	14,494	66,186
(-) Transferred to Earmarked Development Reserve		-51,068	0	-51,068
Closing Balance, as at 31-3-2018 c/fwd		20,242	17,085	37,327
9 Development Reserve				
		Pevensey	Cuckmere	2017/18
Opening Balance, as at 1-4-2017 b/fwd		0	0	0
Transferred from General Reserve		51,068	0	51,068
Closing Balance, as at 31-3-2018 c/fwd		51,068	0	51,068
10 Revaluation Reserve				
		2016/17	Movement	2017/18
Star Inn Pumping Station		0	1	1
Barnhorn Pumping Station		0	1	1
Drockmill Pumping Station		0	1	1
Horsebridge Pumping Station		0	1	1
Rickney Pumping Station		0	1	1
Manxey Pumping Station		0	1	1
		0	6	6

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2018		ACTUAL 2016/17 RESTATED (£)	ACTUAL 2017/18 £
1	Balances brought forward		
	Grant Reserve	0	0
	General Reserve	0	22,209
	Development Reserve	0	0
	Revaluation Reserve	0	0
	As per Statement of Accounts	0	22,209
	(-) Fixed Assets, Long Term Liabilities and Loans		
	Net Book Value of Tangible Fixed Assets	0	19,400
		0	19,400
	(=) Adjusted Balances brought forward	0	2,809
2	(+) Rates and Special Levies		
	Drainage Rates	0	16,960
	Special Levies	0	277,935
	As per Statement of Accounts	0	294,895
3	(+) All Other Income		
	Net Cash Transfer from the Environment Agency	0	22,365
	Development Contributions and Commuted Sums	0	51,068
	Highland Water Contributions from the Environment Agency	63,000	63,000
	Bank and Investment Interest	0	63
	Grants Applied	0	0
	Other Income	0	1,247
	Consent Fees	50	200
	As per Statement of Accounts	63,050	137,944
	(+) Income from Sale of Fixed Assets (above profit/(loss))		
	Capital Cost of disposals	0	0
	Less: Accumulated depreciation written out	0	0
		0	0
	(+) Grants Applied to Grants Received Conversion		
	(-) Grants Applied	0	0
	(+) Grants Received	0	9,995
		0	9,995
	(=) Adjusted Other Income	63,050	147,939

From: 01 April 2017
To: 31 March 2018

Period To: 12
Year Ending: 31 March 2018

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2018		ACTUAL 2016/17 RESTATED (£)	ACTUAL 2017/18 £
4	(-) Staff Costs		
	Operations Delivery Staff Costs	1,365	53,152
	Technical Support Staff Costs	12,517	25,572
	Administration Staff Costs	14,837	34,350
		28,719	113,074
5	(-) Loan Interest/Capital Repayments		
	Loan Interest	0	0
	Capital Repayments	0	0
	As per Statement of Accounts	0	0
6	(-) All Other Expenditure		
	New Works and Improvement Works	0	0
	Environment Agency Precept	0	106,000
	Maintenance Works	0	133,717
	Audit Fees	800	500
	Depreciation	4,182	5,467
	Insurances	1,819	0
	Accommodation and Meeting Room Hire	999	2,798
	Postages and Stationery	683	55
	Advertising and Public Notices	1,160	1,112
	ADA Subscriptions and Other Expenses	2,480	3,931
	As per Statement of Accounts	12,123	253,579
	(-) Depreciation Charged (Non Cash)		
	Vehicles and Trailers	0	5,467
	Lockup and Equipment	4,182	0
	Pumping Stations	0	0
		4,182	5,467
	(+) Capitalised Additions		
	Vehicles and Trailers	19,400	2,983
	Lockup and Equipment	4,182	0
	Pumping Stations	0	0
		23,582	2,983
	(=) Adjusted Other Expenditure	31,523	251,095
7	(=) Balances carried forward		
	Grant Reserve	0	9,995

From: 01 April 2017
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BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2018		ACTUAL 2016/17 RESTATED (£)	ACTUAL 2017/18 £
	General Reserve	22,209	37,327
	Development Reserve	0	51,068
	Revaluation Reserve	0	6
	As per Statement of Accounts	22,209	98,396
	(-) Fixed Assets, Long Term Liabilities and Loans		
	Net Book Value of Tangible Fixed Assets	19,400	16,922
		19,400	16,922
	(=) Adjusted Balances carried forward	2,809	81,474
8	Total Cash and Short Term Investments		
	Bank Account	63,050	26,045
	Short-Term Investments	0	60,063
	As per Statement of Accounts	63,050	86,108
9	Total Fixed Assets and Long Term Assets		
	Vehicles and Trailers (valued at Purchase Cost)	19,400	22,383
	Lockup and Equipment (valued at Purchase Cost)	4,182	4,182
	Pumping Stations (Revaluation, Restated for 2016/17))	6	6
	As per Statement of Accounts	23,588	26,571
10	Total Borrowings		
	Loans Due (<= 1 Year)	0	0
	Loans Due (> 1 Year)	0	0
	As per Statement of Accounts	0	0

From: 01 April 2017
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BOX NO.	ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2018	ACTUAL	ACTUAL
		2016/17	2017/18
		RESTATED (£)	£

7, 8	RECONCILIATION BETWEEN BOXES 7 AND 8	ACTUAL	ACTUAL
		2016/17	2017/18
		£	£

7	Balances carried forward (adjusted)	2,809	81,474
	(-) Deduct: Debtors and Prepayments		
	Trade Debtors and Ratepayers Due	0	937
	Vat Due from HMRC	5,918	16,557
		5,918	17,494
	(+) Add: Creditors and Payments Received in Advance		
	Trade Creditors	65,359	21,128
	Accruals	800	1,000
		66,159	22,128
	(=) Box 8	63,050	86,108
8	(=) Total Cash and Short Term Investments		
	Bank Account	63,050	26,045
	Short-Term Investments	0	60,063
		63,050	86,108

P J CAMAMILE MA FCIS
CHIEF EXECUTIVE

08 MAY 2018

S JEFFREY BSc (Hons) FCCA
FINANCE OFFICER



Water Management Alliance

INTERNAL AUDIT REPORT

2017/18

April 2018

Contents:

1. Executive Summary
 2. Overall Conclusion
 3. Acknowledgements
 4. Detailed Observations, Recommendations and Agreed Actions
- APP 1 Agreed Terms of Reference

1. Executive Summary

The audit of the Water Management Alliance and the constituent Internal Drainage Boards was carried out by Kathy Woodward for the year 2017-18. 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 5 of the Accounts and Audit Regulations 2015 requires that '*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'. 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. During the financial year 2016-17 the Alliance entered into a contract to provide administration and management services to the Pevensey and Cuckmere Water Level Management Board for a period of two years.

New guidance was issued on 30th March 2018 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 2018*'. Although the new guide does not become mandatory until the 2018/19 financial reports are prepared, the Water Management Alliance has decided on early adoption on a voluntary basis. With this in mind the auditor has considered the effect the new guidance would have on the required internal audit and has concluded that essentially the work remains the same. Therefore the audit has been undertaken in line with previous years, based on the 2007 guidance. Audit work has included review of 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.

As part of the audit a follow-up was carried out on the recommendations raised in last year's report. Most of the recommendations made have been implemented. There is one recommendation still outstanding in relation to the finance system's lack of control around issuing of unique reference numbers with only a minor risk arising as a consequence.

2. Overall Conclusion

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. There has been significant improvement in the controls since last year which has been noted. 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

We would like to express our thanks for their assistance and co-operation to:

Mary Creasy, Personal Assistant (CEO)

Sallyanne Jeffrey, Finance Officer

Trish Walker, Finance Assistant

Graham Tinkler, Rating Officer/Site Warden

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<p>1. Bank Reconciliation</p> <p>Observation</p> <p>Bank reconciliations are carried out weekly, as per Financial Regulations. Evidence is presented to the Chief Executive each month in the form of a cash flow statement.</p> <p>There were a number of occasions where the dates on the cashbook reconciliation did not tie back to the bank statements being reconciled. The information contained within the report was correct.</p> <p>There were some occasions where there was no reconciliation contained within the folder. This was the result of a printing failure. The Sage 200 system only allows the printing process to be undertaken once and if the printer fails the results cannot be reproduced and are effectively 'lost'.</p> <p>Consequence</p> <p>Monthly reconciliations are carried out correctly but this is not always evidenced.</p> <p>The method of carrying out the bank reconciliation is thorough but the supporting reports from Sage are not always printed due to printer failure.</p> <p>Recommendation</p> <ol style="list-style-type: none"> 1. Agree to save reconciliation reports to a pdf, so if a printer failure occurs the reports can be retrieved. This could aid with moving towards paperless reconciliations, reducing printing costs and storage space. 	Low	<p>Agreed.</p> <p>A pdf copy of the reconciliations will be saved to an electronic folder.</p> <p>Finance Officer</p>

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
<p>2. Financial Regulations</p> <p>Observation</p> <p>Weaknesses in the finance system were also observed around the allocation of reference numbers for invoices. There is no 'unique' identifier parameter meaning that many different invoices can be allocated the same reference number and also the second reference where the invoice number received from the supplier would be populated is also not unique. The means that there is no system control over paying duplicate invoices.</p> <p>Consequence</p> <p>1) Duplicate invoices could be processed as there is no system control in place to prevent this happening. Each transaction cannot be identified individually by its reference (transaction) number causing confusion.</p> <p>Recommendation</p> <p>1) Finance Officer to speak to finance system advisors about 'unique' reference numbers and if this can be incorporated into the system upgrade.</p>	<p>1) Low</p>	<p>Agreed</p> <p>Speak again to Finance System Advisors about a possible upgrade/change in accounting software.</p> <p>Finance Officer / Chief Executive</p>

Internal Audit Services

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



WATER MANAGEMENT ALLIANCE

INTERNAL AUDIT TERMS OF REFERENCE 2017-18

1. INTRODUCTION

1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the year 2017-18.

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:

- Broads (2006) IDB
- East Suffolk IDB
- King's Lynn IDB
- Norfolk Rivers IDB
- South Holland IDB.
- Pevensey & Cuckmere Water Level Management Board

As such, this work will enable the auditor to complete the Annual Governance and Accountability Returns 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 in Internal Drainage Boards in England – A Practitioners Guide (Rev March 2018)'.

2.2 In order to be able to complete section 4 of the Electronic Annual Governance and Accountability Return for 2018 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

3.1.1 The project tasks are to:

- Establish if the procedures recorded as part of the audit for 2017-18 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 and Accountability Return for 2017-18.

4. WORK PLAN

4.1 The audit will be undertaken by
Miss Kathy Woodward,
Shared Internal 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:

Task	Time
Confirm existing procedures and record any changes. Undertake a follow-up of actions agreed from the audit report for the year 2016-17.	0.5
Testing – to establish that processes are being applied as intended.	3.5
Conclusions and discussion	0.5
Completing the Return and reporting if required.	0.5

5.0 AGREEMENT

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



Annual Report for the year ended

31 March 2018

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 2018 a copy must be provided to:

- Department for Environment, Food and Rural Affairs, Flood Management Division, Floor 3, Seacole, 2 Marsham Street, London SW1P 4DF via floodreports@defra.gsi.gov.uk
- National Flood and Coastal Risk Manager (Strategic Delivery), The Environment Agency, Horizon House, Deanery Road, Bristol, BS1 5AH via rachael.hill@environment-agency.gov.uk
- 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 £.

PEVENSEY AND CUCKMERE WATER LEVEL MANAGEMENT

Board

Section A – Financial information

Preliminary information on special levies issued by the Board for 2018- 19

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 2018-19 (forecast)	
Name of local authority	2018-19 forecast £
1. EASTBOURNE BOROUGH COUNCIL	222,302
2. HASTINGS DISTRICT COUNCIL	11,252
3. ROTHER DISTRICT COUNCIL	4,124
4. WEALDEN DISTRICT COUNCIL	52,639
Total	290,317

Section A – Financial information (continued)

Income and Expenditure Account for the year ending 31 March 2018

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 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 2017*

	Notes	Year ending 31 March 2018 £
INCOME		
1. Drainage Rates		16,960
2. Special Levies		277,935
3. Higher Land Water Contributions from the Environment Agency		63,000
4. Contributions received from developers/other beneficiaries		51,268
5. Government Grants (includes capital grants from EA and levy contributions)		0
6. PSCAs from EA and other RMAs		0
7. Loans		0
8. Rechargeable Works		0
9. Interest and Investment Income		63
10. Rents and Acknowledgements		0
11. Other Income		23,612
Total income		432,838
EXPENDITURE		
12. New Works and Improvement Works		0
13. Total precept to the Environment Agency		106,000
14. Watercourse maintenance		5,040
15. Pumping Stations, Sluices and Water level control structures		422
16. Administration		34,350
17. PSCAs		0
18. Rechargeable Works		0
19. Finance Charges		0
20. SSSIs		207,140
21. IDB Biodiversity and conservation (other than item 20 expenditure)		5,307
22. Other Expenditure		8,396
Total expenditure		366,655

EXCEPTIONAL ITEMS		
23. Profits/(losses) arising from the disposal of fixed assets		0
Net Operating Surplus/(Deficit) for the year		66,183
24. Developers Funds income not applied in year		51,068
25. Grant income not applied in year		9,995

Notes:

11. Include all other Income, such as absorption account surpluses (for example plant and labour absorption accounts).
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. State all costs associated with the PSCA
18. 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.
19. Include the cost of servicing any borrowing, in terms of bank/loan/hire purchase Interest payable.
20. 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.
21. State all costs associated with undertaking works – capital or maintenance – that are likely 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 or other conservation actions on non-designated sites.
22. 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).
23. For the disposal of assets, state the difference between any proceeds from the sale/disposal of the asset and the cost of the asset less accumulated depreciation.
24. Total balance of developer fund year end.
25. Unspent grant at year end.

Section B –IDB Reporting

Policy Delivery Statement

Boards are required to produce a publicly available policy statement setting out their plans for delivering the Government's policy aims and objectives. 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, and EA? https://www.wlma.org.uk/uploads/PCWLMB_Policy_Statement.pdf Yes ☒ No ☐

Biodiversity

Please indicate whether your Board has a Biodiversity Action PlanYes ☒ No ☐

If "yes" is the Biodiversity Action Plan available on your website?...

https://www.wlma.org.uk/uploads/PCWLMB_BAP_2018.pdfYes ☒ No ☐

What year was your Biodiversity Action Plan last updated?).....

2017

Have you reported progress on BAP implementation on your web site?.....Yes ☐ No ☒

When was biodiversity last discussed at a Board meeting (date)?.....

17/01/2018

Do you have a biosecurity process?.....Yes ☒ No ☐

SSSI water level management plans

Please indicate whether your Board is responsible for any SSSI water level management plans?.....Yes ☒ No ☐

If so, which ones:

Pevensey Levels

Area of SSSI with IDB water level management plans.....

3,603 ha

Area of SSSI where IDB water level management activities are contributing to recovering or favourable condition?

3,603 ha

Area of SSSI where IDB water level management actions are required to achieve recovering or favourable condition?

All recovering in areas where the IDB can influence.

0

Access to environmental expertise

Does your IDB have access to environmental expertise? If so please tick all those options below through which environmental expertise is regularly provided to your IDB:

Appropriately skilled Board Members (e.g. Board member from an Environmental Body/Authority)

Co-opted members

Directly employed staff

Contracted persons or consultants

Environmental Partners/NGOs

Other (please describe)

Environment Agency and Natural England officers regularly attend meetings.

☐
☐
☐
☒
☒
☒

Asset Management

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

ADIS

Paper Records

Other Electronic System

Bespoke Microsoft Access Database and GIS

☐
☐
☒

Has your Board continued to undertake visual inspections and update asset databases on an annual basis?

Yes ☒

No ☐

What is the cumulative total of identified watercourse (in km) that the Board periodically maintains?

103 km

How many pumping stations does the Board operate?

6

What is the cumulative design capacity of the Board's pumping station(s) (enter zero if no stations are operated)?

3.22 cumecs

Health and Safety

Does the Board have a current Health and Safety policy in place?

Yes ☒

No ☐

Does the Board have a responsible officer for Health and Safety?

Yes ☒

No ☐

Have there been any reportable incidents in the past year?

Yes ☐

No ☒

If so, please summarise in the box below:

Guidance and Best Practice

Has your IDB adopted a formal Scheme of Delegation?

Yes☒

No☐

Has your IDB provided training for board members in the last year in the any of the following areas?

Governance

☒

Finance

☒

Environment

☒

Health, safety and welfare

☒

Communications and engagement

☒

Other (please describe)

☐

Is your Board's website information current for this financial year? (Board membership, audited accounts, programmes of works, WLMPS, etc)

Yes☒

No☐

Has your IDB adopted computerised accounting and rating systems?

Yes☒

No☐

Has your board published all minutes of meetings on the website?.....

Yes☒

No☐

Does the Board publish information on its website on its approach to maintenance works and provide contact details to allow for and encourage public engagement?

Yes☒

No☐

When planning maintenance and capital works are environmental impacts taken into account and wherever possible best practice applied?

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☐

If you have Byelaws, have you adopted the latest model byelaws published in 2012.....

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 ☐

Anti-fraud and corruption policy..... Yes ☒ No ☐

Board membership and attendance

How many Board members (in total – elected and appointed) do you have on your IDB?	17
Seats available to appointed members under the Land Drainage Act 1991.	9
Number of elected members on the board at year end.	8
Number of appointed members on the board at year end.	9
Mean average number of elected members in attendance at each board meeting over the last financial year.	6
Mean average number of appointed members in attendance at each board meeting over the last financial year.	6

Have you held elections within the last three years?.....Yes ☒ No ☐ N/A ☐

Did elections comply with the requirements specified by the Secretary of State under Regulation 28 of the Land Drainage (Election of Drainage Boards) Regulations 1938?..... Yes ☒ No ☐ N/A ☐

Complaints procedure

Is the procedure for a member of the public to make a complaint about the IDB accessible from the front page of its website?.....Yes ☒ No ☐

Number of complaints received in the financial year?	Nil
Number of complaints outstanding in the financial year?	Nil
Number of complaints referred to the Local Government Ombudsman?	Nil
Number of complaints upheld by the Local Government Ombudsman?	N/A

Public Engagement

Set out what your Board has done in this financial year to engage with the public (tick relevant box(es) below):

Press releases	<input type="checkbox"/>
Newsletters	<input checked="" type="checkbox"/>
Web site	<input checked="" type="checkbox"/>
Meetings	<input checked="" type="checkbox"/>
Shows/events (including open days/inspections)	<input type="checkbox"/>
Consultations	<input type="checkbox"/>
Notices	<input type="checkbox"/>

Percentage (in value) of drainage rates outstanding at year end?

5.5%

Section B: NOTES

Guidance and Best Practice

Has your Board published **all** minutes of meetings on the web site? In answering this question, this should apply to all the main Board meetings held in the year and any appropriate meetings the Board has held with external stakeholders.

Board membership and attendance

When referring to **elected members** of the Board, this relates to the number of landowners/drainage rate payers that are elected to the Board.

When referring to **appointed members** of the Board, this relates to the number of members appointed by the local authorities to represent the local council taxpayers.

When referring to mean average number of elected and appointed members in attendance at meetings at each board meeting – **this should be expressed as a number of attendees** and not as a percentage attendance.

With regard to elections, under Schedule 1 of the Land Drainage Act 1991, elected members should hold office for three years, at which point a further election is held. When elections are held, they should comply with the requirements under Regulation 28 of the Land Drainage (Election of Drainage Boards) Regulations 1938 – to advertise and notify local stakeholders accordingly.

Section C – Declaration

PEVENSEY AND CUCKMERE WATER LEVEL MANAGEMENT

Board

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

Signature

P. Camamile

Date

29 August 2018

Name in BLOCK LETTERS

PHIL CAMAMILE

Designation

CHIEF EXECUTIVE

Email address

phil@wlma.org.uk



BOARD MEMBERSHIP AS AT 31 MARCH 2018

NAME	MEETINGS	ATTENDED	ATTENDANCE %	CONTACT DETAILS
ELECTED MEMBERS				
Brown R	3	3	100	rbrown.gira@btinternet.com
Gower B *	3	3	100	wgwagower@gmail.com
Hesselgrave G	3	2	67	stonehouse@hessel.force9.co.uk
Hole M A	3	2	67	montaguefarm@btinternet.com
Miles R J	3	2	67	n/a
Robinson D	3	2	67	n/a
Wadman C **	3	2	67	priesthawes@gmail.com
Worssam M	3	2	67	aworssam@yahoo.co.uk
APPOINTED MEMBERS				
Eastbourne B C				
Coles J	3	1	33	councillor.coles@eastbourne.gov.uk
Freebody T	3	0	0	councillor.freebody@eastbourne.gov.uk
Robinson M	3	1	33	councillor.robinson@eastbourne.gov.uk
Rodohan P	3	3	100	councillor.rodohan@eastbourne.gov.uk
Smart R	3	3	100	councillor.smart@eastbourne.gov.uk
Swansborough C	3	2	67	councillor.swansborough@eastbourne.gov.uk
Hastings B C				
Patten R	3	3	100	pattencoastguards@yahoo.com
Wealden D C				
Murray D (wef Oct 17)	2	2	100	cllr.douglas.murray@wealden.gov.uk
White D	3	3	100	cllr.david.white@wealden.gov.uk

* Chairman

** Vice-Chairman

Elected Members Average
attendance = 75%
Appointed Members Average
attendance = 69%



Gifts and Hospitality Register for 2017/18

[illegible]