



Pevensey and Cuckmere

Water Level Management Board

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING
31 MARCH 2021**

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

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

NOTE	INCOME AND EXPENDITURE ACCOUNT	£	£	£	£	£	£	£	£	£	£	£	
		PEVENSEY				CUCKMERE				TOTAL			
		ACTUAL 2019/20	BUDGET 2020/21	ACTUAL 2020/21	VARIANCE 2020/21	ACTUAL 2019/20	BUDGET 2020/21	ACTUAL 2020/21	VARIANCE 2020/21	ACTUAL 2019/20	BUDGET 2020/21	ACTUAL 2020/21	VARIANCE 2020/21
INCOME													
1	Drainage Rates	13,357	13,642	13,642	0	15,013	28,562	28,562	0	28,370	42,204	42,204	0
2	Special Levies:												
	Eastbourne Borough Council	229,617	234,404	234,404	0	0	0	0	0	229,617	234,404	234,404	0
	Hastings Borough Council	11,622	11,865	11,865	0	0	0	0	0	11,622	11,865	11,865	0
	Rother District Council	4,260	4,348	4,348	0	0	0	0	0	4,260	4,348	4,348	0
	Wealden District Council	45,683	46,636	46,636	0	8,688	16,586	16,586	0	54,371	63,222	63,222	0
		291,182	297,253	297,253	0	8,688	16,586	16,586	0	299,870	313,839	313,839	0
	Other Income:												
3	Surface Water Development Contributions	431,526	349,422	87,634	-261,788	61,539	0	153,627	153,627	493,065	349,422	241,260	-108,162
4	Highland Water Contributions from the Environment Agency	89,441	93,700	89,887	-3,813	2,066	1,681	1,613	-68	91,507	95,381	91,500	-3,881
5	Grants Applied	0	111,135	50,784	-60,351	0	0	0	0	0	111,135	50,784	-60,351
6	Consent Fees	1,200	700	950	250	400	200	600	400	1,600	900	1,550	650
7	Bank and Investment Interest	2,635	2,250	579	-1,671	293	250	64	-186	2,928	2,500	643	-1,857
8	Other Income	227	0	474	474	150	0	0	0	377	0	474	474
9	Income from Rechargeable Works	34,438	0	33,412	33,412	0	0	0	0	34,438	0	33,412	33,412
		559,467	557,207	263,719	-293,488	64,448	2,131	155,904	153,772	623,915	559,338	419,622	-139,716
		864,006	868,102	574,614	-293,488	88,149	47,279	201,052	153,772	952,154	915,381	775,665	-139,716
(-) EXPENDITURE													
Directly Allocated Expenditure													
5	Grant Work (WEG) + (Waller Windpump)	0	111,135	47,826	63,309	0	0	0	0	0	111,135	47,826	63,309
9	Cost of Rechargeable Works	34,438	0	32,288	-32,288	0	0	0	0	34,438	0	32,288	-32,288
10i	New and Improvement Works (Hydromodelling)	0	235,000	93,732	141,268	0	0	0	0	0	235,000	93,732	141,268
10ii	New and Improvement Works (Water Level Mgmt Project)	0	0	2,958	-2,958	0	0	0	0	0	0	2,958	-2,958
11	Cuckmere Deshingle and targeted De-silting Ops	0	0	0	0	0	20,000	11,690	8,310	0	20,000	11,690	8,310
12	Contributions to the Environment Agency	39,431	39,431	39,431	0	569	569	569	0	40,000	40,000	40,000	0
13	Maintenance Works	173,496	202,026	154,987	47,039	8,817	8,114	7,631	483	182,314	210,140	162,618	47,522
		247,365	587,592	371,222	216,370	9,386	28,683	19,889	8,793	256,752	616,275	391,112	225,163
Apportioned Expenditure													
14	Operations Delivery Staff Costs	85,028	86,071	84,185	1,886	9,448	9,564	9,354	210	94,476	95,635	93,539	2,096
15	WMA Technical Support Staff Costs	30,029	34,020	33,637	383	8,245	3,780	7,205	-3,425	38,274	37,800	40,842	-3,041
16	Other Technical Support Staff Costs	95,797	114,422	26,468	87,954	13,661	0	51,399	-51,399	109,458	114,422	77,867	36,555
17	WMA Administration Staff Costs	19,571	23,184	19,589	3,595	2,174	2,576	2,177	399	21,745	25,760	21,766	3,994
18	Provision for Doubtful Debts	15,259	0	0	0	353	0	0	0	15,612	0	0	0
19	Drainage Rates Increases/Decreases/Write Offs	0	0	8	-8	901	0	1,723	-1,723	901	0	1,731	-1,731
20	Audit Fees	1,583	1,000	333	667	317	200	67	133	1,900	1,200	400	800
21	Depreciation	6,061	9,937	11,451	-1,514	673	1,103	1,273	-170	6,734	11,040	12,724	-1,684
22	General Insurances	1,535	4,500	4,582	-82	170	500	509	-9	1,705	5,000	5,091	-91
23	Accommodation and Meeting Room Hire	2,617	2,000	0	2,000	290	200	0	200	2,907	2,200	0	2,200
24	Postages and Stationery	666	700	786	-86	74	100	87	13	740	800	873	-73
25	Advertising and Public Notices	0	400	0	400	0	100	0	100	0	500	0	500
26	ADA Subscriptions and Other Expenses	3,804	4,275	3,760	515	422	475	418	57	4,226	4,750	4,178	572
		261,950	280,510	184,800	95,710	36,728	18,597	74,211	-55,614	298,678	299,107	259,010	40,097
		509,315	868,102	556,022	312,080	46,115	47,280	94,100	-46,820	555,430	915,381	650,122	265,260
(=) Net Surplus/(Deficit) for the Period		£354,690	£0	£18,592	£18,592	£42,034	£0	£106,952	£106,952	£396,724	£0	£125,544	£125,544

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

NOTE BALANCE SHEET, AS AT 31-3-2021		£ 01/04/2020	£ MOVEMENT	£ 31/03/2021
27	Fixed Assets:			
(i)	Vehicles and Trailers	25,688	-11,040	14,648
(ii)	Lockup and Equipment	0	0	0
(iii)	Pumping Stations	6	0	6
		25,694	-11,040	14,654
	Current Assets:			
28(i)	Bank Account	32,880	42,142	75,022
28(ii)	Short-Term Investments	663,386	337,641	1,001,027
29(i)	Trade Debtors and Ratepayers Due	166,055	-165,540	515
30	Vat Due from HMRC	18,349	10,712	29,061
5	Work In Progress (WEG)	49,033	1,870	50,903
		929,704	226,824	1,156,528
	Current Liabilities:			
31	Trade Creditors	64,402	-2,206	62,196
32	Accruals	87,826	7,733	95,559
29(ii)	Provision for Doubtful Debts	15,612	-15,612	0
	Rates Received In Advance	1,343	3,283	4,626
		169,183	-6,802	162,381
	Net Current Assets	760,521	233,626	994,148
	Net Assets	£786,215	£222,586	£1,008,801
	Financed by:			
33	Grant Reserve	0	97,043	97,043
34	General Reserves	82,845	47,573	130,418
35	Development Reserve	703,365	69,660	773,025
36	Cuckmere Targeted Improvements Works Reserve	0	8,310	8,310
37	Revaluation Reserve	6	0	6
		£786,215	£222,586	£1,008,801

S JEFFREY BSc (Hons) FCCA
FINANCE & RATING MANAGER

From: 01 April 2020
To: 31 March 2021

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Note Notes to the Accounts

Income

- 1 Drainage Rate Demands for 2020/21 were issued by the Board on 1 April 2020. The Board has received approx 99% of the drainage rates levied, with a diminishing number of legacy queries regarding land ownership and land occupancy still to resolve.
- 2 Special Levies for 2020/21 were issued by the Board on 1 April 2020.
- 3 Surface Water Development Contributions invoiced during the year:

	Pevensey	Cuckmere	Status	Case Reference
LIN001	1,210		Paid	18_00532_C
HAM001		1,820	Paid	19_01542_C
PAR001	11,819		Paid	20_03014_C
SAV001	20,729		Paid	20_02590_C
PER001	47,093		Paid	19_1985_C
GOL001	4,483		Paid	19_01905_C
OPT001		83,190	Paid	20_03368_C
LEN001	2,299		Paid	19_01525_C
VIS001		68,617	Paid	21_02419_C
	87,634	153,627		

- 4 The Board has issued its highland water contributions claim from the EA for the year 2020/21. 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. This has been paid in full on 29th May 2020.
- 5 The Board has funding approved by Natural England for two Water Environmental Grant (WEG) projects. The Board has received £47,826 of the first Pennywort WEG Grant Claim 1 in May 2020. The Pennywort WEG Claim 2 has been submitted and approved, and has been paid in May 2021. The costs incurred against these WEG projects is being shown in Work in Progress until the grant funding is received. Waller Windpump has also begun and the costs sit in work in progress also.
- 6 The Board has issued 18 consent fees so far in 2020/21, in accordance with powers afforded by s23 of the Land Drainage Act 1991. These have been paid in full.
- 7 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 2020. (Pevensey 90% = £705,106 and Cuckmere 10% = £81,109).
- 8 Other income received in 2020/21 is the rechargeable costs of admin time, postage and stationary for sending letters on behalf of ESCC.
- 9 Income from Rechargeable Works comes from work we have done for the Environment Agency and the costs attributed to this are also split out separately.

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Note **Notes to the Accounts**

Directly Allocated Expenditure

- 10(i) This incorporates Stage 1 (Phases 1-3) costs of the hydromodelling being carried out by Maltby Land Surveys Ltd and Jacobs Uk Ltd. This is funded from the Development Reserve (see the detailed movement shown in notes 34 + 35).
- 10(ii) These are the costs incurred to date for the Pevensey Water Levels Management Project. We have received £100,000 in the year from the Environment Agency, the approved value of funding from the EA for this project is £350,000. (see Note 33)
- 11 These are the costs of WMA Technical Staff working on the Cuckmere Desilting and DeShingling issues within the Sub-District.
- 12 The Board has not received a Precept Invoice from the EA for 2018/19, but has accrued for the amount we expect to be charged for the year. The EA has power to levy such a charge on the Board annually, in accordance with s141 of the Water Resources Act 1991.
- 13 All drain maintenance work has been done by the Contractor AMH and supervised by the Board's Operations Manager. All pumping station maintenance has been carried out by Williams M&E.

Apportioned Expenditure

Non directly allocated expenditure has been apportioned between the Pevensey and Cuckmere Rating Sub Districts according to an assessment of the time spent working in each area, as budgeted: 90% for Pevensey and 10% for Cuckmere. Other Technical Support Staff Costs have been apportioned to each Sub District according to the amount of Surface Water Development Contributions received from development within each Sub District and watershed catchment.

- 14 These costs relate to the employment costs of the Board's Operations Manager and Water Level Management Operative, which includes all Health & Safety PPE, fuel and maintenance costs for two 4 x 4 vehicles. These vehicles are owned by the Board.
- 15 These costs relate to the time the WMA Engineer, Flood and Water Manager and Environmental Manager have spent working for the Board.
- 16 This relates to the gross cost of employing a full time Sustainable Development Officer.
- 17 These costs relate to the time the WMA Chief Executive, Finance & Rating Manager, Rating Officer and the ICT/Data Manager have spent working for the Board.
- 18 The Environment Agency did not submit the Board's highland water claim for 2019/20 on time to get the full amount paid. The Board's claim had increased by approx. £15k from 2018/19 to 2019/20 and, as a result of the claim not being submitted on time, the Board only received £75k, which was the same as its claim for 2018/19. We were still hoping to receive the full highland water claim for 2019/20, but thought it prudent to include the shortfall as a provision for bad debts, should this not happen. This has not been received in 2020/21 so the debtor has been written off and the bad debt provision removed.
- 19 There is one write off in the Cuckmere District where we received an appeal from one ratepayer in the Cuckmere Sub-District asking for their rates to be reduced due to continuous trouble with land flooding in the area. This amount was for £1,719 and was approved for write off in the Board Meeting of 02 February 2021. All other small write off amounts are where the drainage rates for the year were £1.00 or under, so the balances were tidied for year end.

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Note Notes to the Accounts

- 20 Audit Fees for 2020/21 have been accrued for the full 12 Months.
- 21 The Operations Manager's 4 x 4 vehicle and trailer is being depreciated by £4,850 and £745.75 per year respectively. The Storage Container and all small tools and equipment are shown in the Fixed Assets Register and have been fully depreciated.
- 22 The insurance costs relate to the general insurance costs such as Employer's and Public Liability Insurance. Pumping Station insurance is shown within repairs and maintenance, and included within the maintenance breakdown sheet.
- 23 These costs relate to overnight accommodation charges for WMA staff, for hiring meeting rooms and for providing refreshments at Board meetings, site visits and inspections.
- 24 These costs relate to the printing and posting of Board meeting papers and Drainage Rate Demands.
- 25 These costs relate to the public notices that need to be advertised in the local press.
- 26 These costs include the Board's subscription for membership of the Association of Drainage Authorities (ADA), members expenses and licence fees payable to the Information Commissioner's Office for Data Protection and to the WMA for the use of the DRS Online software.

Balance Sheet

27 Fixed Assets	Vehicles and Trailers	Lockup and Equipment	Pumping Stations	Total
Cost				
Opening Balance as at 1-4-2020	44,161	8,585	6	52,751
(+) Additions	0	1,683	0	1,683
(+) Revaluations	0	0	0	0
(-) Disposals	0	0	0	0
Closing Balance as at 31-3-2021	44,161	10,268	6	54,435
Depreciation				
Opening Balance as at 1-4-2020	18,473	8,585	0	27,058
(+) Depreciation Charge	11,040	1,683	0	12,724
(-) Accumulated depreciation written out on disposal	0	0	0	0
Closing Balance as at 31-3-2021	29,513	10,268	0	39,781
Net Book Value				
Net Book Value as at 31-3-2020	25,688	0	6	25,694
Net Book Value as at 31-3-2021	14,648	0	6	14,654

- (i) The trailer is being depreciated over 4 years: straight line on cost and 12 months of depreciation has been charged to the accounts. The Operations Manager's and Water Level Management Operative's vehicles have 12 months of depreciation in the reporting period to 31.03.21.
- (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 in the accounting period April 2017-March 2018.
- (iii) The Board owns 6 pumping stations, and these have been revalued in the manner set out in the Practitioners Guide 2021. These assets were received from the EA at zero cost, and have been included in the Fixed Assets Register with a nominal one pound (£1) value, as a proxy for the zero cost.

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Note Notes to the Accounts

28(i) Bank Account

The Board's Bank Account is reconciled as follows:

	2019/20	Movement	2020/21
Opening Balance as at 1-4-2020 b/fwd	201,861	-168,981	32,880
(+) Receipts	924,709	222,483	1,147,192
(-) Payments	-1,093,690	-11,359	-1,105,050
Closing Balance as at 31-3-2021 c/fwd	32,880	42,143	75,022
Balance on Bank Statement as at 31-3-2021	32,880	42,142	75,022
Less: Unpresented Payments	0	0	0
Add: Unpresented Receipts	0	0	0
Closing Balance as at 31-3-2021 c/fwd	32,880	42,142	75,022

28(ii) Short Term Investments

	2019/20	Movement	2020/21
32 Day Deposit Account - Lloyds plc	663,386	337,641	1,001,027

The Short Term Investments are currently attracting interest of 0.03%.

29 Trade Debtors and Ratepayers Due

	Pevensey	Cuckmere	2020/21
Trade Debtors	0	0	0
HWC 2020/21	0	0	0
	0	0	0

Aged Debtor Profile is currently as follows:

Debt period	Pevensey	Cuckmere	No of Debtors
<=30 days	0	0	0
>30 days and <=60 days	0	0	0
>60 days and <=90 days	0	0	0
>90 days	0	0	0
	0	0	0

Drainage Rates (less Worldpay amounts, in abeyance)	419	97	515
	419	97	515

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
	0	0	0
	£419	£97	£515

29(ii) Provision for Doubtful Debts

	Pevensey	Cuckmere	2020/21
HWC 2019/20 (see also Note 17)	£0	£0	£0
	£0	£0	£0

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Note Notes to the Accounts

30 Vat Due from HMRC

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

31 Trade Creditors

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

	2019/20	Movement	2020/21
WMA	3,220	18,286	21,506
Norfolk Rivers IDB	45	-45	0
Broads IDB	231	1,485	1,716
Blakes Self Loading Vehicles	0	1,170	1,170
ESCC	5,000	-5,000	0
AMH Contractor	26,842	7,330	34,172
Williams M&E Ltd	7,330	-6,152	1,178
Xylem	2,182	-2,182	0
Vodafone	80	2	82
Lloyds Plc	15	-7	9
British Gas Business	7,193	-5,543	1,650
Jacobs UK Ltd	11,500	-11,500	0
Screwfix	290	-142	148
Skyguard	144	-144	0
Southern Farmers	138	8	146
Allstar Business Solutions	192	227	418
	64,402	-2,206	62,196

32 Accruals

	2019/20	Movement	2020/21
Audit Fees	1,600	400	2,000
Biodiversity Costs	3,000	4,000	7,000
EA Precept Charge for 2018/19	70,000	0	70,000
NE Telemetry Survey	10,559	0	10,559
Pumping Station Insurances	2,667	3,333	6,000
	87,826	7,733	95,559

33 Grant Reserve

	Pevensey	Cuckmere	2020/21
Opening Balance, as at 1-4-2020 b/fwd	0	0	0
(+) Grants Received (Capital Works Water Mgmt Improvement Scheme)	100,000	0	100,000
(-) Grants Applied to Income & Expenditure Account	-2,958	0	-2,958
Closing Balance, as at 31-3-2021 c/fwd	97,043	0	97,043

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Note Notes to the Accounts

34 General Reserve

	Pevensey	Cuckmere	2020/21
Opening Balance, as at 1-4-2020 b/fwd	72,076	10,769	82,845
(+) Net Surplus/(Deficit) for the Period	18,592	106,952	125,544
* (-) Transferred to Earmarked Development Reserve	-27,119	-42,541	-69,660
(-) Transferred to Cuckmere Targeted Improvement Reserve	0	-8,310	-8,310
Closing Balance, as at 31-3-2021 c/fwd	63,549	66,869	130,418
* Surface Water Development Contributions Invoiced during the year	87,634	153,627	241,260
(-) Collection Costs:			
Gross cost of employing Sustainable Development Officer	24,652	48,216	72,867
East Sussex County Council (ESCC) Hosting Costs	1,816	3,184	5,000
Stage 2 + 3 Hydro-Modelling	34,047	59,686	93,732
	60,515	111,085	171,600
* (=) Transferred to Earmarked Development Reserve	27,119	42,541	69,660

35 Development Reserve

	Pevensey	Cuckmere	2020/21
Opening Balance, as at 1-4-2020 b/fwd	633,027	70,338	703,365
* Transferred from General Reserve, as detailed in Note 34 above	27,119	42,541	69,660
Closing Balance, as at 31-3-2021 c/fwd	660,146	112,879	773,025

36 Cuckmere Targeted Improvements Reserve

	Pevensey	Cuckmere	2020/21
Opening Balance, as at 1-4-2020 b/fwd	0	0	0
Transferred from General Reserve, as detailed in Note 34 above	0	8,310	8,310
Closing Balance, as at 31-3-2021 c/fwd	0	8,310	8,310

37 Revaluation Reserve

	2019/20	Movement	2020/21
Star Inn Pumping Station	1	0	1
Barnhorn Pumping Station	1	0	1
Drockmill Pumping Station	1	0	1
Horsebridge Pumping Station	1	0	1
Rickney Pumping Station	1	0	1
Manxey Pumping Station	1	0	1
	6	0	6

Related Party Transactions

- 37 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 by Byzantine Ltd at an annual cost to the Board of £903.65. Mr P J Camamile is the Company Secretary of Byzantine Ltd and his wife Mrs P Camamile is a Director. Both are shareholders.

MAINTENANCE WORK FOR 2020/21

	PEVENSEY				CUCKMERE				TOTAL			
	ACTUAL	BUDGET	ACTUAL	VARIANCE	ACTUAL	BUDGET	ACTUAL	VARIANCE	ACTUAL	BUDGET	ACTUAL	VARIANCE
MAINTENANCE EXPENDITURE	2019/20	2020/21	2020/21	2020/21	2019/20	2020/21	2020/21	2020/21	2019/20	2020/21	2020/21	2020/21
<u>Pumping Stations:</u>												
MEICA planned servicing	5,705	6,000	5,705	295	0	0	0	0	5,705	6,000	5,705	295
MEICA additional work needed in year	4,819	6,000	2,936	3,064	0	0	0	0	4,819	6,000	2,936	3,064
Electricity charges	46,223	34,250	29,041	5,209	0	0	0	0	46,223	34,250	29,041	5,209
Breakdown Insurances	3,073	3,240	6,000	-2,760	0	0	0	0	3,073	3,240	6,000	-2,760
Risk contingency	0	2,475	0	2,475	0	0	0	0	0	2,475	0	2,475
	59,820	51,965	43,682	8,283	0	0	0	0	59,820	51,965	43,682	8,283
<u>Watercourses:</u>												
Desilting and Weed cutting	95,232	121,750	81,996	39,755	7,168	6,790	7,234	-444	102,400	128,540	89,230	39,311
Telemetry	3,385	5,000	2,460	2,540	0	0	0	0	3,385	5,000	2,460	2,540
Plant	0	0	7,340	-7,340	0	0	50	-50	0	0	7,390	-7,390
Materials	0	0	10,935	-10,935	0	0	0	0	0	0	10,935	-10,935
Machine Moves	1,200	3,150	1,380	1,770	0	0	0	0	1,200	3,150	1,380	1,770
Spraying	0	0	0	0	0	0	0	0	0	0	0	0
Biodiversity Action Plan	3,482	4,000	4,000	0	0	0	0	0	3,482	4,000	4,000	0
Hand work	0	0	0	0	0	0	0	0	0	0	0	0
Water Level Control Structure Maintenance	10,945	4,550	75	4,475	1,082	450	0	450	12,027	5,000	75	4,925
Risk contingency	0	6,775	0	6,775	0	510	0	510	0	7,285	0	7,285
	114,244	145,225	108,185	37,040	8,250	7,750	7,284	466	122,494	152,975	115,469	37,506
<u>Emergency response contingency (external assistance):</u>												
5 EA operatives for 5 days @ £26/hour/Overtime for Operations Staff for Mgmt of Water Levels	0	4,836	3,120	4,836	0	364	347	364	0	5,200	3,467	1,733
	174,063	202,026	154,987	50,159	8,250	8,114	7,631	830	182,314	210,140	162,618	47,522

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2021		ACTUAL 2019/20 £	ACTUAL 2020/21 £
1	Balances brought forward		
	Grant Reserve	0	0
	General Reserve	74,390	82,845
	Development Reserve	319,758	703,365
	Revaluation Reserve	6	6
	As per Statement of Accounts	394,154	786,215
	(-) Fixed Assets, Long Term Liabilities and Loans		
	Net Book Value of Tangible Fixed Assets	11,327	25,694
		11,327	25,694
	(=) Adjusted Balances brought forward	382,827	760,522
2	(+) Rates and Special Levies		
	Drainage Rates	28,370	42,204
	Special Levies	299,870	313,839
	As per Statement of Accounts	328,240	356,043
3	(+) All Other Income		
	Net Cash Transfer from the Environment Agency	0	0
	Surface Water Development Contributions	493,065	241,260
	Highland Water Contributions from the Environment Agency	91,507	91,500
	Bank and Investment Interest	2,928	643
	Grants Applied	0	50,784
	Other Income	34,815	33,886
	Consent Fees	1,600	1,550
	As per Statement of Accounts	623,915	419,622
	(+) 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	-50,784
	(+) Grants Received	0	147,826
		0	97,043
	(=) Adjusted Other Income	623,915	516,665

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2021		ACTUAL 2019/20 £	ACTUAL 2020/21 £
4	(-) Staff Costs		
	Operations Delivery Staff Costs	77,988	84,262
	WMA Technical Support Staff Costs	0	0
	Other Technical Support Staff Costs	61,643	73,118
	WMA Administration Staff Costs	0	0
		139,631	157,380
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 and Improvement Works (Hydromodelling)	0	93,732
	New and Improvement Works (Water Levels Mgmt Project)	0	2,958
	Cuckmere Deshingle and Desilting Works	0	11,690
	Environment Agency Precept	40,000	40,000
	Maintenance Works	182,314	162,618
	WMA Technical Support Costs	38,274	40,842
	WMA Admin Costs	21,745	21,766
	Other Operational Staff Costs	16,488	9,277
	Other Technical Support Costs	47,815	4,749
	Cost of Rechargeable Works	34,438	32,288
	Grant Work	0	47,826
	Drainage Rate Write Off	901	1,731
	Provision for Doubtful Debts	15,612	0
	Audit Fees	1,900	400
	Depreciation	11,397	12,724
	General Insurances	1,705	5,091
	Accommodation and Meeting Room Hire	2,907	0
	Postages and Stationery	740	873
	Advertising and Public Notices	0	0
	ADA Subscriptions and Other Expenses	4,226	4,178
	As per Statement of Accounts	420,462	492,741
	(-) Depreciation Charged (Non Cash)		
	Vehicles and Trailers	7,411	11,040
	Lockup and Equipment	3,987	1,683
	Pumping Stations	0	0
		11,397	12,724

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2021		ACTUAL 2019/20 £	ACTUAL 2020/21 £
(+) Capitalised Additions			
Vehicles and Trailers		21,778	0
Lockup and Equipment		3,987	1,683
Pumping Stations		0	0
		25,765	1,683
(=) Adjusted Other Expenditure		434,829	481,702
7 (=) Balances carried forward			
Grant Reserve		0	97,043
General Reserve		82,845	130,418
Development Reserve		703,365	773,025
Cuckmere Targeted Improvements Works Reserve		0	8,310
Revaluation Reserve		6	6
As per Statement of Accounts		786,215	1,008,801
(-) Fixed Assets, Long Term Liabilities and Loans			
Net Book Value of Tangible Fixed Assets		25,694	14,654
		25,694	14,654
(=) Adjusted Balances carried forward		760,522	994,148
8 Total Cash and Short Term Investments			
Bank Account		32,880	75,022
Short-Term Investments		663,386	1,001,027
As per Statement of Accounts		696,266	1,076,049
9 Total Fixed Assets and Long Term Assets			
Vehicles and Trailers (valued at Purchase Cost)		44,161	44,161
Lockup and Equipment (valued at Purchase Cost)		8,585	10,268
Pumping Stations (Revalued)		6	6
As per Statement of Accounts		52,751	54,435
10 Total Borrowings			
Loans Due (<= 1 Year)		0	0
Loans Due (> 1 Year)		0	0
As per Statement of Accounts		0	0



**Pevensey and
Cuckmere**
Water Level Management Board

From: 01 April 2020
To: 31 March 2021

Period To: 12
Year Ending: 31 March 2021

BOX NO.	ANNUAL RETURN, FOR THE YEAR ENDING 31 MARCH 2021	ACTUAL	ACTUAL
		2019/20	2020/21
		£	£

7, 8	RECONCILIATION BETWEEN BOXES 7 AND 8	ACTUAL	ACTUAL
		2019/20	2020/21
		£	£

7	Balances carried forward (adjusted)	760,522	994,148
	(-) Deduct: Debtors and Prepayments		
	Trade Debtors and Ratepayers Due	166,056	515
	Vat Due from HMRC	18,349	29,061
	Work in Progress	49,033	50,903
		233,438	80,479
	(+) Add: Creditors and Payments Received in Advance		
	Trade Creditors	64,402	62,196
	Accruals	87,826	95,559
	Provision for Doubtful Debts	15,612	0
	Rates Received in Advance	1,343	4,626
		169,183	162,381
	(=) Box 8	696,266	1,076,049
8	(=) Total Cash and Short Term Investments		
	Bank Account	32,880	75,022
	Short-Term Investments	663,386	1,001,027
		696,266	1,076,049

S JEFFREY BSc (Hons) FCCA
FINANCE & RATING MANAGER

08 JUNE 2021

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

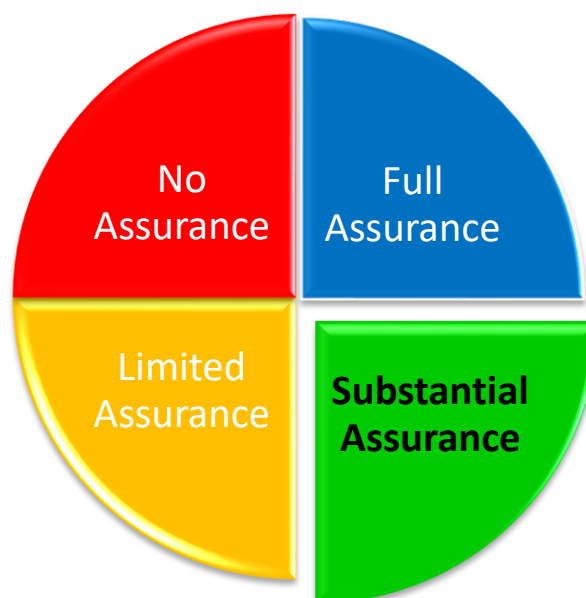


FINAL INTERNAL AUDIT REPORT

WATER MANAGEMENT ALLIANCE

**– REVIEW OF EFFECTIVENESS OF SYSTEM OF
INTERNAL CONTROL – 2020-2021**

19th April 2021



Internal Audit Service

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

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

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

Consultation

Draft report issued	16th April 2021
Management agreement received	19th April 2021
Final report issued	19th April 2021

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Appendix D – Agreed Terms of Reference	

Executive Summary

Our Assurance Opinion: SUBSTANTIAL ASSURANCE								
No. of Assurances Over Control Areas Reviewed					No. of Recommendations & Priorities			
Full	Substantial	Limited	No	Total	High	Medium	Low	Total
7	3	0	0	10	0	3	2	5

Overall Objective and System Background

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

The WMA is a group of Internal Drainage Boards (IDBs) who share the same vision, values and standards and have chosen to jointly administer their affairs in order to reduce costs, strengthen their own organisations and increase influence at a national and local level. Each IDB is responsible for providing flood protection and maintaining the drainage and water level management infrastructure within their respective area.

The WMA provides administrative and management support services to five constituent IDB Member Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers, and South Holland, and also provide support services to the Pevensey & Cuckmere Water Level Management Board. The Waveney, Lower Yare & Lothingland IDB joined the WMA on 1st April 2020; however, the WMA did not start providing support services to them until 1st April 2021, therefore, the Waveney IDB were not included within this year's audit.

Summary of Control Issues and Risks

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

- Instances were identified where timesheet and expenses claims had been incorrectly paid or missed. Testing identified one employee paid at an incorrect rate for callouts claimed, one who was not reimbursed their full mileage claim, one whose mileage claim was missed entirely and another who did not receive their claim for passenger miles. It was noted that several SHIDB employees were incorrectly paid for overtime and/or mileage in July 2020; however, the errors were identified and correctly paid the following month.
- One SHIDB employee's timesheet was certified by the Foreman but not by the Operations Manager. Ordinarily, all SHIDB timesheets are authorised by both the Foreman and the Operations Manager.
- One SHIDB employee did not complete a timesheet for the three weeks that they were on leave. It was established that other SHIDB employees do complete a timesheet when they go on leave.
- King's Lynn, Norfolk Rivers and South Holland IDB Board minutes do not routinely state that material changes to the Risk Register for those risks scored 6 or above have been "considered and approved" by the Board at each meeting, or that the full risk register was "considered and approved" each year.
- The King's Lynn IDB Risk Register is dated more than a year ago (29/11/19), although there is evidence from the Board minutes from 13/11/20 and 15/01/21 of the Board considering and approving the register.

The Finance & Rating Manager assured Internal Audit that additional processes have been put in place to increase the accuracy of the payroll processing. All of the Finance team are to go on a payroll course when available to increase their skill set.

It is noted that the Finance & Rating Manager had been planning to draft procedure notes relating to the petty cash system last year; however, due to Covid-19 this has been delayed. It is envisaged that procedure notes will be written in 2021/22.

Summary of Recommendations

The recommendations arising from the audit are:

- Those employees identified in the audit testing whose expenses claims had been missed or who had not been paid the correct amount should be reimbursed correctly in the May 2021 payroll.
- Employees should be required to submit a weekly timesheet when they are on annual leave. Staff should complete their timesheet and have it authorised prior to them going on leave.
- Finance Officers should ensure that all timesheets have been appropriately authorised, by the IDB's Operations Manager, prior to payment. Any that have not been signed should be returned to the appropriate manager for authorisation.
- As required by each Board agenda, Board minutes should clearly state that any material changes to the risk register have been "considered and approved" by the Board. Similarly, when the full risk register is annually reviewed by the Board, the minutes should state that the full risk register was "considered and approved".
- The date stated on the King's Lynn Risk Register should be amended to record the most recent date the register was approved by the KLIDB Board.

Summary of Agreed Actions

Management will implement the following actions:

- Those employees identified in the audit will be reimbursed correctly in the May 2021 payroll. Additional processes have been put in place to ensure that expenses/mileages are more accurately reflected on the sheets. Finance will liaise with Operations Managers to ensure they understand the process for inputting mileage. Extra procedures have been introduced to ensure these are not missed when being processed onto the payroll, and any queries are dealt with prior to payment should they arise. All staff who are currently performing payroll duties will undergo additional training within the next 12 months (COVID-19 permitting).
- Finance will ensure a timesheet is submitted and has been authorised by the appropriate manager for holidays taken prior to payment.
- Finance will ensure that all timesheets are properly authorised prior to payment.
- The CEO's PA will check Board minutes to ensure that they state that the Risk Register has been "approved".
- The CEO's PA will check to ensure that the date that appears in the page footer is updated every time the Risk Register is updated.

2. Objective & Scope

- 2.1 The overall objective of the audit was to ensure the effectiveness of the system of internal control operating within the Water Management Alliance (WMA).
- 2.2 The audit involved the following:
- Creditors – sample testing of purchase orders and invoice payments for appropriate authorisation in accordance with Financial Regulations.
 - Risk Management - reviewing Board minutes for evidence of review of Risk Register at regular intervals; reviewing each Board's Risk Register for expected and relevant risks.
 - Budgetary Control – reviewing Board minutes for evidence that budgets for the year ahead are set and that monitoring reports are presented to the Board on a regular basis with analysis of any variations. Checking that financial reporting to Boards is in accordance with Financial Regulations.
 - Reserve's Policy – reviewing each Board's Reserves Policy for adequacy and assessing whether each Board's reserves are appropriate.
 - Income – reviewing the system for the receipt and banking of income; test checking a sample of income receipts for evidence of prompt and correct banking, and that VAT is accounted for correctly.
 - Petty Cash – reviewing the petty cash system and the appropriateness of payments made out of petty cash for appropriateness.
 - Payroll – sample testing of payroll records for correct authorisation of timesheets and correct application of PAYE/NIC deductions.
 - Assets & Investments – reviewing the process for monitoring and reporting investments and assets, ascertaining each Board's current investments and where they are held. Tracing a sample of investments back to source documents for appropriate authorisation. Reviewing the process for the monitoring and reporting of cash flow, ensuring that cash flows are maintained at an appropriate level.
 - Cashbook & Bank Reconciliations – sample testing of the reconciliation of each Board's cashbook to their bank statements, checking that any discrepancies are identified, investigated and explained, and that corrective action is taken. Checking that all bank accounts have remained in credit throughout the whole year.
 - Year End Procedures – checking that accounting statements prepared during the year were prepared using the correct accounting basis.
- 2.3 Recommendations arising from the previous year's audit were followed-up to ensure their implementation by management.
- 2.4 The audit review was undertaken in liaison with the Finance & Rating Manager and consisted of discussions relating to the operation of the internal control processes, review of relevant documentation and sample testing of specific transactions.

- 2.5 Due regard was taken of the guidance issued on 30th March 2020 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 2020)" and "Good Governance for IDB Members" published by the Association of Drainage Authorities (ADA) in November 2018.
- 2.6 Following completion of the audit, Internal Audit completed section 4 of the Electronic Annual Governance and Accountability Return for 2020/21 for each of the five Boards.
- 2.7 The review was undertaken during March and April 2021.

3. Background Information

- 3.1 The WMA is a group of Internal Drainage Boards (IDBs) who share the same vision, values and standards and have chosen to jointly administer their affairs in order to reduce costs, strengthen their own organisations and increase influence at a national and local level. Each IDB is responsible for providing flood protection and maintaining the drainage and water level management infrastructure within their respective area.
- 3.2 The WMA provides administrative and management support services to the five constituent IDB Member Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers, and South Holland. The WMA also provide support services to the Pevensey & Cuckmere Water Level Management Board. The Waveney, Lower Yare & Lothingland IDB joined the WMA on 1st April 2020; however, the WMA did not start providing support services to them until 1st April 2021.
- 3.3 As a service provider, the WMA makes available shared administrative and support services to its Member Boards, which allows each Board to concentrate on delivery within their Drainage Districts. All back-office functions are handled by the WMA enabling each Board to use their resources to support the public and provide quality frontline services.

4. Our Opinion

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

OVERALL INTERNAL AUDIT OPINION: SUBSTANTIAL ASSURANCE	
Control Objectives	Assurance Opinion
1. Creditors - To ensure that all orders have been raised and payments processed in accordance with Financial Regulations.	Full
2. Risk Management – To ensure that the authority has assessed the significant risks to achieving its objectives and has reviewed the adequacy of the arrangements to manage these.	Substantial
3. Budgetary Control - To ensure that robust controls exists regarding the budget setting and monitoring process, and that budgets are set for the year ahead and are monitored throughout the year, with any variances identified and explained adequately.	Full

4. Reserve's Policy - To ensure that each Board has a Reserves Policy in place relating to capital financing and reserves, and that reserves are appropriate.	Full
5. Income – To ensure that expected income is fully received, based on correct prices, properly recorded and promptly banked, and that VAT is appropriately accounted for.	Full
6. Petty Cash - To ensure that petty cash provisions are reasonable, used in accordance with Financial Regulations and that adequate records are kept of payments made.	Substantial
7. Payroll - To ensure that salaries have been paid correctly and in a timely manner, and that PAYE/NIC have been paid over correctly.	Substantial
8. Assets & Investments - To ensure that investments and assets are properly recorded, that reimbursements and interest are received promptly and in full, and that cash flows are maintained at an adequate level.	Full
9. Cashbook & Bank Reconciliations - To ensure that regular monthly reconciliations are carried out by a responsible officer and that this is evidenced. To ensure that any discrepancies are investigated and explained, and that corrective action is taken where necessary.	Full
10. Year End Procedures – To ensure that accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported by an adequate audit trail and, where appropriate, debtors and creditors were properly recorded.	Full

- 4.2 The detailed findings and recommendations arising from the review are attached as Appendix A, incorporating the agreed management actions.
- 4.3 Discussions took place with the Finance & Rating Manager to ascertain what impact the Covid-19 pandemic has had on the operation of the WMA. The Finance & Rating Manager assured Internal Audit that the business operations ran smoothly as operatives and managers outside were able to use a one man per machine approach. Two members of staff had to shield and be at home for the majority of the pandemic as per Government Guidelines, this being the Senior Finance & Rating Officer and the Broads IDB Operations Manager. Efficiency and technical difficulties due to working from home were experienced during the first two months of the pandemic; however, as Finance are reliant on paper files and orders this was more difficult to manage than other teams initially, especially through year-end. Finance have reduced their reliance on paper and have managed to get the majority of suppliers to email invoices. Finance managed to fulfil all Statutory Deadlines with extra hours from members of staff where needed within Finance and Rating. The Finance & Rating Manager said that the operation of the WMA was very much “business as usual” throughout the pandemic, just with a few issues to overcome along the way.
- 4.4 A total of six recommendations were made arising from last year’s review; as part of this current year’s audit these were followed-up to ensure that they had been implemented by management. The results of the follow-up are attached as Appendix B. Of the six

recommendations, five have been actioned; the remaining recommendation was not agreed by the relevant IDB Boards.

4.5 Appendix C provides definitions of the Internal Audit assurance opinions given in the report and of the recommendation priorities.

4.6 The Terms of Reference for the review are attached as Appendix D.

5. Reporting

5.1 A copy of the final report will be sent to the Finance & Rating Manager and to the Chief Executive of the WMA.

6. Acknowledgements

6.1 Internal Audit would like to express our thanks to the following for their assistance during the course of the audit:

- Sallyanne Jeffrey, Finance & Rating Manager
- Phil Camamile, Chief Executive
- Lisa Manning, Senior Finance & Rating Officer
- Amy Taylor, Finance & Rating Officer

Findings, Risks, Recommendations and Management Action Plan

Control Objective 2: Risk Management – To ensure that the organisation has assessed the significant risks to achieving its objectives and has reviewed the adequacy of the arrangements to manage these.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
1.	<p><u>Finding</u> Board minutes do not routinely state that material changes to the risk register for those risks scored 6 or above have been considered and approved by the Board at each meeting, or that the full risk register was considered and approved each year.</p> <p><u>Risk</u> Risk that significant risks to the achievement of the organisation's objectives are not identified and assessed.</p>	As required by each Board agenda, Board minutes should clearly state that any material changes to the risk register have been "considered and approved" by the Board. Similarly, when the full risk register is reviewed annually by the Board, the minutes should state that the full risk register was "considered and approved".	Medium	The reality is that the Risk Register is always "considered in detail and approved" at every Board meeting. The issue is that this is not always accurately recorded in the minutes. Of the 24 Board meetings that took place during 2020/21, the minutes of 6 of those meetings did not include the word "approved". The CEOs PA will check the minutes more closely in future.	CEOs PA 30 th June 2021
2.	<p><u>Finding</u> The King's Lynn Risk Register is dated 29/11/19, although there is evidence from the Board minutes from 13/11/20 and 15/01/21 of the Board considering and approving the Risk Register.</p> <p><u>Risk</u> Risk that the Risk Register is not current and that new risks are not identified.</p>	The date stated on the King's Lynn Risk Register should be amended to record the date of the most recent approval of the register by the Board.	Low	The Risk Register is always current and includes all new risks identified. The issue is that the date that appears in the page footer is not always updated every time the Risk Register is updated. The CEOs PA will check that this date is always updated when the Risk Registers are updated, moving forward.	CEOs PA 30 th June 2021

Findings, Risks, Recommendations and Management Action Plan

Control Objective 7: Payroll – To ensure that salaries have been paid correctly and in a timely manner, and that PAYE/NIC has been accounted for correctly.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
3.	<p><u>Finding</u> Payrolls for King's Lynn, Norfolk Rivers, South Holland and Broads IDB, and for WMA, for July 2020 and January 2021, were checked to ensure that:</p> <ul style="list-style-type: none"> • BACS Submission Details report had been initialled by CEO; • Update Records Check Report payroll totals for each employee agreed to their payslip; • Payslip details agreed to timesheet or expenses sheet; • Timesheet or expenses sheet signed by employee; • Timesheet or expenses sheet authorised by the appropriate officer. <p>Testing proved satisfactory with the exception of two employees whose expenses payments had been underpaid and two employees who had not been reimbursed for their expenses claims:</p> <ul style="list-style-type: none"> • One SHIDB employee claimed for 10 callouts in December 2020. They should have been paid £75.00 for each callout (as per their contract) and as claimed for on their timesheet/expenses form; however, in the January 2021 payroll they were paid £49.20 for each one; therefore, they were paid a total of £492.00 instead of £750.00. 	The two employees whose expenses payments had been underpaid and the two whose expenses payments had been missed should be reimbursed correctly in the May 2021 payroll.	Medium	Agreed. Additional processes have been put in place to ensure that the expenses/mileages are more accurately reflected on the sheets. We will liaise with the Operations Managers to ensure they understand the process for inputting the miles. We have also introduced extra procedures to ensure these are not missed when being processed onto the payroll, and any queries are dealt with prior to payment should they arise. As mentioned, all staff who are currently performing payroll duties will undergo additional training within the next 12 months (COVID-19 permitting).	Finance and Rating Manager – 31 st May 2021

Findings, Risks, Recommendations and Management Action Plan

Control Objective 7: Payroll – To ensure that salaries have been paid correctly and in a timely manner, and that PAYE/NIC has been accounted for correctly.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
3.	<ul style="list-style-type: none"> A NRIDB employee claimed a total of 264 miles in week 17 but was only paid for 147 miles in the July 2020 payroll. The employee uses a computerised timesheet/expenses form which is updated each month. The figure of 264 miles was entered on the expenses claim for week 17, and authorised, but the total from the previous week (147 miles) was inadvertently left on the form in the “for office use only” section; therefore, they were paid 147 miles rather than the correct figure of 264. One Broads IDB employee claimed 188 miles in week 42 but had not received payment. A WMA employee claimed 96 passenger miles in December 2020 for which they were not paid. <p>The two underpayments and the two missed payments were discussed with the Finance & Rating Manager who agreed to include them in the May 2021 payroll (as the April payroll had already been run).</p> <p>The Finance & Rating Manager assured Internal Audit that additional processes have been put in place to increase the accuracy of the payroll processing. She is going to place all of the Finance team on a payroll course when available to increase their skill set.</p>		Medium		

Findings, Risks, Recommendations and Management Action Plan

Control Objective 7: Payroll – To ensure that salaries have been paid correctly and in a timely manner, and that PAYE/NIC has been accounted for correctly.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
4.	<p><u>Finding</u> One SHIDB employee did not complete a timesheet for weeks 41, 42 and 43 when they were on leave. It was established that other SHIDB staff do complete a timesheet when they are on leave; therefore, for consistency, all staff should complete a timesheet when they go on leave. It was agreed with the Finance & Rating Manager that all staff at SHIDB should be required to complete a timesheet and have it authorised prior to them going on leave.</p> <p><u>Risk</u> Risk of staff being paid without submitting a timesheet.</p>	Employees should be required to submit a weekly timesheet when they are on annual leave. Staff should complete their timesheet and have it authorised prior to them going on leave.	Low	Agreed. We will ensure a timesheet is submitted and has been authorised by the appropriate manager for holidays taken prior to payment.	Finance and Rating Manager – 31 st May 2021
5.	<p><u>Finding</u> One SHIDB employee's timesheet for w/e 05/07/20 was authorised by the Foreman but not by the Operations Manager. Ordinarily, all SHIDB timesheets are authorised by both the Foreman and by the Operations Manager.</p> <p><u>Risk</u> Risk that timesheet/expenses claims are paid without being appropriately authorised.</p>	Finance Officers should ensure that all timesheets have been appropriately authorised, by the IDB's Operations Manager, prior to payment. Any that have not been signed should be returned to the appropriate manager for authorisation.	Medium	Agreed. We will ensure that all timesheets are properly authorised prior to payment.	Finance and Rating Manager – 31 st May 2021

Follow-up of Previous Report's Recommendations

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Action
1.	<p><u>Finding</u> As stated in paragraph 17 in the Financial Regulations, the Finance Officer is required to prepare a Financial Report for each Board meeting; however, review of Board agendas for 2019/20 identified that a Financial Report is not presented to the last Board meeting of each financial year (usually held in January).</p> <p>For example, the Board of Broads IDB considered and approved the Financial Report for 2018/19 at their meeting in May 2019, the Financial Report for April – June 2019 in August 2019 and the report for April – September 2019 in October 2019. At their meeting in January 2020, the Board did not receive a financial report for the year to date. Similarly, under consortium matters, the Board received a WMA Financial Report at each meeting in May, August and October but not in January 2020.</p> <p><u>Risk</u> Risk that Board Members are not fully apprised of the financial position of their Board during the course of the year.</p>	In accordance with Financial Regulations, Boards should receive a financial report for the year to date at each Board meeting, including the meetings held in January / February, so that Board Members are kept fully apprised of the financial position of the IDB.	Medium	<p>A Management Report containing financial information is presented to the Boards and to the CMC for their meetings in December, January and February, but it only includes detailed Income and Expenditure for the purposes of budgeting and rate setting, and does not include a Balance Sheet.</p> <p>The Earmarked Balances and Reserves are also included, along with a five-year indicative forecast.</p> <p>We will include a full Balance Sheet with these Management Reports, together with supporting notes, moving forward (please also see rec 6).</p>	<p>Finance and Rating Manager</p> <p>December 2020, January and February 2021.</p>	The Financial Report for the year to date is presented at each Board meeting in January/February. This is evidenced from the Board Meetings page for each Board on the WMA website.

Follow-up of Previous Report's Recommendations

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Action
2.	<p><u>Finding</u> King's Lynn IDB Board reviewed the Financial Report for the period April 2019 to January 2020 at their meeting on 13th March 2020; their next meeting is on 15th May 2020. King's Lynn hold Board meetings every six months, whereas the other IDBs have only three or four Board meetings each year; for example, East Suffolk only has three meetings a year and their next meeting is not until 17th June 2020. Therefore, Boards are not being fully appraised of the financial position of the IDB frequently enough.</p> <p><u>Risk</u> Risk that Board Members are not being appraised of the financial position of the Board frequently enough.</p>	The Boards of East Suffolk and Pevensey & Cuckmere should consider increasing the number of Board meetings that they hold each year from three to four, so as to enable Board Members to be apprised of their Board's financial position during the course of the year.	Medium	<p>I will put this to both Boards when they next meet, but doubt they will agree or consider it to be necessary.</p> <p>We keep all of our Board members apprised of relevant matters between meetings by newsletters and emails.</p> <p>In fact both of these two Boards have actually asked for less financial information in future, as has been recorded in the Boards minutes (with P&CWLMB expressly requesting that we only report by exception from now on).</p>	<p>Chief Executive</p> <p>June 2020</p>	Neither Board felt it was necessary to increase the number of Board meetings.

Follow-up of Previous Report's Recommendations

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Action
3.	<p><u>Finding</u></p> <p>Each IDB aims to maintain their General Reserve at a level commensurate with their net expenditure. Point 4.6 in the Reserves Policy states that “as a minimum, the Board’s Reserves (net of grant) should not fall below one year’s net expenditure, as set out in ADA’s Guide to Good Governance”. Therefore, each IDB aims to maintain their Reserves at the following levels:</p> <ul style="list-style-type: none"> • Broads - £1m • East Suffolk - £1m • King’s Lynn - £3m • Norfolk Rivers - £0.85m • South Holland – £3.25m • Pevensey & Cuckmere - £0.55m. <p>Analysis of each Board’s Reserves (as at 31/09/19) identified that all Boards were maintaining their reserves at appropriate levels, and were complying with 4.6 in the Reserves Policy. However, it is noted that the King’s Lynn General Reserve, which is required to be maintained at no less than £600k, stood at -£27,241 as at 30/09/19.</p>	King’s Lynn IDB should ensure that its General Reserve is maintained at no less than 20-25% of net expenditure, i.e. no less than £600k.	Medium	<p>It will be at the end of the financial year when we prepare the statutory accounts.</p> <p>All capital works expenditure incurred on the Wolferton and Islington pumping station schemes that has been financed by the pwlb loan of £10m will be capitalised (as opposed to simply shown as expenditure on the face of the Income and Expenditure Account (I&E).</p> <p>The revenue charge every year (or depreciation) that is shown on the I&E Account will equate to the pwlb loan repayment, which will regularise the General Reserve.</p>	<p>Finance and Rating Manager</p> <p>15 May 2020</p>	When the year-end Statutory Accounts are prepared, the General Reserve recommendation is met. This was evidenced by the 2019/20 Accounts which were approved by the King’s Lynn Board in May 2020.

Follow-up of Previous Report's Recommendations

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Action
4.	<p><u>Finding</u> Each Board has the same Drainage Rates & Special Levies Collection Policy. With the exception of Pevensey & Cuckmere's policy, each Board's policy has passed its stated review date. The policy was reviewed in May/June 2014 and was next due to be reviewed in October/November 2019 i.e. the policy is reviewed every five years. The Pevensey & Cuckmere policy was reviewed on 31st October 2017 and is next due for review in October 2022.</p> <p><u>Risk</u> Risk that the Rate Levies & Collection Policy is out of date and not fit for purpose.</p>	Each Board's Rate Levies & Collection Policy should be reviewed and updated/amended as appropriate.	Low	Agreed.	<p>Chief Executive</p> <p>Next face-to-face meeting of the Boards.</p>	The Rate Levies & Collection Policies have been reviewed and are due for review in December 2025.

Follow-up of Previous Report's Recommendations

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Action
5.	<p><u>Finding</u></p> <p>Payrolls for King's Lynn, Norfolk Rivers, South Holland and Broads IDB, and for WMA, for July 2019 and January 2020, were checked to ensure that:</p> <ul style="list-style-type: none"> • BACS Submission Details report had been initialled by CEO; • Update Records Check Report payroll totals for each employee agreed to their payslip; • Payslip details agreed to timesheet; • Timesheet signed by employee and by the appropriate officer. <p>Four exceptions were identified (two underpayments and two timesheets not authorised).</p> <p>The two underpayments were discussed with the Finance & Ratings Manager who agreed to update the payroll so that the two employees receive their full entitlement.</p>	Finance Officers should ensure that all timesheets have been appropriately authorised prior to payment. Any that have not been signed should be returned to the appropriate manager for authorisation.	Medium	Agreed.	<p>Finance and Rating Manager</p> <p>With immediate effect.</p>	It is ensured that all timesheets are signed and authorised by the appropriate manager prior to making payment.

Follow-up of Previous Report's Recommendations

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

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

Assurance Opinion and Recommendation Priority Definitions

Assurance Opinion

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

Recommendation Priority

Definition

Low

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

Medium

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

High

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

Internal Audit Service

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



WATER MANAGEMENT ALLIANCE

**REVIEW OF EFFECTIVENESS OF THE
SYSTEM OF INTERNAL CONTROL
2020 - 2021**

**INTERNAL AUDIT
TERMS OF REFERENCE**

1. INTRODUCTION

- 1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the financial year 2020 – 2021.
- 1.2 Section 6 of The Accounts and Audit Regulations 2015 states that ‘*The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control*’.
- 1.3 Internal Audit is defined as ‘*an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*’ Public Sector Internal Audit Standards, April 2017.
- 1.4 The Internal Auditor will work in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by CIPFA from April 2017 and thus will be able to provide the review required by the Regulations.
- 1.5 The authority of the Internal Auditor is established in the Financial Regulations.
- 1.6 The audit work will concentrate on records and systems used by the Water Management Alliance, who provide the financial and administrative functions for the following Internal Drainage Boards (IDBs):
- Broads
 - East Suffolk
 - King’s Lynn
 - Norfolk Rivers
 - South Holland

and to the Pevensey & Cuckmere Water Level Management Board.

As such, this work will enable the auditor to complete the Annual Governance and Accountability Returns for 2020-21 for each of the IDBs.

2. OBJECTIVES AND SCOPE OF THE AUDIT

- 2.1 The work of the Internal Auditor will be guided by the Joint Panel on Accountability & Governance (JPAG) Practitioners’ Guide (March 2020).
- 2.2 In order to be able to complete section 4 of the Electronic Annual Governance and Accountability Return for 2020-21, the auditor will consider the following internal control objectives (as stated on the return):
- A. Accounting Records**
To ensure that appropriate accounting records have been properly kept throughout the financial year.
- B. Financial Regulations and Standing Orders**
To ensure that the authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

C. Risk Management

To ensure that the authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

D. Budgetary Control

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

E. Income

To ensure that expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for.

F. Petty Cash

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

G. Payroll

To ensure that salaries to employees and allowances to Members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

H. Assets and Investments

To ensure that investments and assets are properly recorded, that reimbursements and interest are received promptly and in full, and that cash flows are maintained at an adequate level.

I. Cashbook and Bank Reconciliations

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

J. Year End Procedures

To ensure that accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail and, where appropriate, debtors and creditors were properly recorded.

- 2.3 The previous year's audit reviewed the same internal control objectives as stated above.
- 2.4 The agreed actions arising from recommendations made in last year's audit will be followed up to confirm their implementation by management.
- 2.5 Contained within the scope of work described above it is implied that the auditor will have due regard for Value for Money considerations and the potential for fraud.
- 2.6 The audit will also examine the impact of Covid-19 on the governance of the WMA.

3. TASKS

3.1 The project tasks are to:

- Establish if the procedures recorded as part of the audit for 2019-20 remain the same and document any changes that may have taken place.
- Perform tests to establish that systems are operating in accordance with the procedures and that good practice is being complied with.
- Assess strengths and weaknesses of the systems operated and the levels of financial and management risk.
- Discuss the results with the Chief Executive and make recommendations as appropriate, which will be communicated to the Boards by means of a report.
- Complete Section 4 of the Electronic Annual Governance & Accountability Return for 2020-21 for each of the IDBs.

4. WORK PLAN

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

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

Task	Time
Confirm existing procedures and record any changes. Undertake a follow-up of actions agreed from the audit report for 2019-20.	0.5
Undertake sample testing to establish that processes are being applied as intended.	3.5
Exit meeting with management to discuss the findings and recommendations arising from the review. Drafting the report.	0.5
Completing the Return and reporting if required.	0.5

5. AGREEMENT

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

Annual Internal Audit Report 2020/21

PEVENSEY AND CUCKMERE WLMB

EN <https://www.wlma.org.uk/pevensey-cuckmere/home/> PRESS

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority'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 control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

06/04/2021 07/04/2021 13/04/2021

Name of person who carried out the internal audit

EN Kathy Woodward AUDITOR

Signature of person who carried out the internal audit

K Woodward

REQUIRED

Date

20/04/2021

*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, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

PEVENSEY AND CUCKMERE WLMB

our responsibility for ensuring that there is a sound system of internal control, including arrangements for 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 2021, that:

	Agreed		"Yes" means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
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 Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing 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 gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
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 this authority 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.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

08/06/2021

and recorded as minute reference:

35/21/01

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

EN <https://www.wlma.org.uk/pevensey-cuckmere/home/> RES8

Section 2 – Accounting Statements 2020/21 for

PEVENSEY AND CUCKMERE WLMB

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	382,827	760,522	<i>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.</i>
2. (+) Precept or Rates and Levies	328,240	356,043	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	623,915	516,665	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	139,631	157,380	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	434,829	481,702	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	760,522	994,148	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	696,266	1,076,049	<i>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.</i>
9. Total fixed assets plus long term investments and assets	52,751	54,435	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
			<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2021 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

S. J. J. J. J.

Date

27/05/2021

I confirm that these Accounting Statements were approved by this authority on this date:

08/06/2021

as recorded in minute reference:

35121102 ENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

M. A. Gower

Section 3 – External Auditor Report and Certificate 2020/21

In respect of **PEVENSEY & CUCKMERE WATER LEVEL MANAGEMENT BOARD – DB0074**

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2020/21

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

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

NONE

3 External auditor certificate 2020/21

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

25/09/2021

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)



Annual Report for the year ended 31 March 2021

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 30 September 2021 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 ENTER INTERNAL
DRAINAGE BOARD NAME HERE

Internal Drainage Board

Section A – Financial information

Preliminary information on special levies issued by the Board for 2021- 22

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 2021-22 (forecast)	
Name of local authority	2021-22 forecast £
1. EASTBOURNE BOROUGH COUNCIL	237,477
2. HASTINGS DISTRICT COUNCIL	12,020
3. ROTHER DISTRICT COUNCIL	4,405
4. WEALDEN DISTRICT COUNCIL	64,049
5.	
6.	
7.	
8.	
Total	317,951

Section A – Financial information (continued)

Income and Expenditure Account for the year ending 31 March 2021

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 2021 £
INCOME		
1. Drainage Rates		42,204
2. Special Levies		313,839
3. Higher Land Water Contributions from the Environment Agency		91,500
4. Contributions received from developers/other beneficiaries		241,260
5. Government Grants (includes capital grants from EA and levy contributions)		50,784
6. PSCAs from EA and other RMAs		0
7. Loans		0
8. Rechargeable Works		33,412
9. Interest and Investment Income		643
10. Rents and Acknowledgements		0
11. Other Income		2,024
Total income		775,666
EXPENDITURE		
12. New Works and Improvement Works		144,516
13. Total precept to the Environment Agency		40,000
14. Watercourse maintenance		88,551
15. Pumping Stations, Sluices and Water level control structures		0
16. Administration		32,308
17. PSCAs		0
18. Rechargeable Works		32,288
19. Finance Charges		0
20. SSSIs		306,728
21. IDB Biodiversity and conservation (other than item 20 expenditure)		4,000
22. Other Expenditure		1,731
Total expenditure		650,122

EXCEPTIONAL ITEMS		
23. Profits/(losses) arising from the disposal of fixed assets		0
Net Operating Surplus/(Deficit) for the year		125,544
24. Developers Funds income not applied in year		773,025
25. Grant income not applied in year		97,043

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 Plan Yes ☒ No ☐

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

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

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

2018

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

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

08/06/2021

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.....

3,603ha

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

3,603ha

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

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)

☐

Asset Management

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

ADIS

☐

Paper Records

☐

Other Electronic System

☒

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?

103km

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)?

4.03 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.	4
Mean average number of appointed members in attendance at each board meeting over the last financial year.	5

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?	1
Number of complaints outstanding in the financial year?	0
Number of complaints referred to the Local Government Ombudsman?	0
Number of complaints upheld by the Local Government Ombudsman?	0

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 checked="" type="checkbox"/>
Notices	<input checked="" type="checkbox"/>

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

1.2%

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 <small>ENTER INTERNAL DRAINAGE BOARD NAME HERE</small>	Internal Drainage Board
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I confirm that the information provided in sections A-C or with this form is correct.

Signature

P. Camamile

Date

30/09/2021

Name in BLOCK LETTERS

PHIL CAMAMILE

Designation

CHIEF EXECUTIVE

Email address

PHIL@WLMA.ORG.UK



NAME	MEETINGS	ATTENDED	ATTENDANCE %
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ELECTED MEMBERS

Eastbourne B C

Burton H	3	2	67
Di Cara P (wef October 2020)	2	2	100
Dow J (wef November 2020)	1	0	0
Murray J (wef June 2020)	3	3	100
Rodohan P	3	1	33
Smart R	3	3	100
Taylor B (until October 2020)	1	0	0

Hastings B C/ Rother D C

Thomas R (wef June 2020)	3	1	33
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Wealden D C

Lunn M	3	1	33
White D	3	3	100

* Chairman ** Vice-Chairman

Elected Average Attendance 50%

Appointed Average Attendance 64%



Gifts and Hospitality Register for 2020/21

[illegible]