

Smaller authority name: SOUTH HOLLAND 108

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION
OF UNAUDITED ANNUAL GOVERNANCE &
ACCOUNTABILITY RETURN**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

**Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement <u>23RD MAY 2019</u> (a)</p> <p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2019, these documents will be available on reasonable notice by application to:</p> <p>(b) <u>S. JEFFREY</u> <u>KENTWELL HOUSE, AUSTIN FIELDS IND. ESTATE</u> <u>KINGS LYNN, NORFOLK PE30 1PH TEL: 01553</u> <u>819600</u></p> <p>commencing on (c) <u>Monday 03 June 2019</u></p> <p>and ending on (d) <u>Friday 12 July 2019</u></p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"> The opportunity to question the appointed auditor about the accounting records; and The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP (Ref: SBA Team) 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p> <p>5. This announcement is made by (e) <u>PJ CAMMILLE (CHIEF EXECUTIVE)</u></p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

The basic position

The [Local Audit and Accountability Act 2014](#) (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the [Accounts and Audit Regulations 2015](#) also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 1-12 July 2019 for 2018/19 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The

advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

The right to make objections at audit

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the [Local Audit and Accountability Act 2014](#).

A final word

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication Local authority accounts: A guide to your rights are available from the NAO website.	If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the <i>Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return</i> .
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Annual Governance and Accountability Return 2018/19 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **annual internal audit report** is completed by the authority's internal auditor.
 - **Sections 1 and 2** are to be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published **before 1 July 2019**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both):
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2019
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2018/19

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the review and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2019 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2018/19**, approved and signed, page 4
- **Section 2 - Accounting Statements 2018/19**, approved and signed, page 5

Not later than 30 September 2019 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 & 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2019**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', is an explanation provided?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been provided?		
	Has the bank reconciliation as at 31 March 2019 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2018/19

SOUTH HOLLAND INTERNAL DRAINAGE BOARD

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 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	Agreed? Please choose one of the following		
	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 and year-end bank account reconciliations were properly carried out.			✓
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 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)			
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

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: 25/03/19 – 18/04/19 Name of person who carried out the internal audit: Kathy Woodward INTERNAL AUDITOR

Signature of person who carried out the internal audit: [Signature] Date: 29/04/19

*If the response is 'no' you must include a note to 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 2018/19

We acknowledge as the members of:

SOUTH HOLLAND INTERNAL DRAINAGE BOARD

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 2019, 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> N/A has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.

*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 should be published with the Annual Governance Statement.

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

07/05/19

and recorded as minute reference:

34/19/01

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

Chairman



Clerk

P. Lamsende

Other information required by the Transparency Codes (not part of Annual Governance Statement)
Authority web address

WWW.WLMA.ORG.UK/SOUTH-HOLLAND-1061/HOME/

Section 2 – Accounting Statements 2018/19 for

SOUTH HOLLAND INTERNAL DRAINAGE BOARD

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	3,572,705	3,703,456	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	2,188,365	2,244,162	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	387,858	376,788	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	820,167	771,116	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	1,625,326	1,779,839	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	3,703,456	3,773,451	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	3,677,869	3,629,467	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	2,832,397	3,055,310	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.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 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

P. Ormanilo

Date

25/04/19

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

07/05/19

as recorded in minute reference:

36/19/01

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

[Signature]

Section 3 – External Auditor Report and Certificate 2018/19

In respect of SOUTH HOLLAND INTERNAL DRAINAGE BOARD

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 2019; 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 2018/19

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return 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. (*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

3 External auditor certificate 2018/19

We certify/do not 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 2019.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

*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 Governance and Accountability Return 2018/19

Annual Internal Audit Report 2018/19 – additional sheet

Following on from three years of Internal Audits providing substantial assurance on the level of controls identified for:

South Holland Internal Draining Board

The Internal Auditor agreed with the Management to rotate the frequency of the standard internal control objective audits and include additional governance related audits.

The audit areas not covered in 2018/19 were:

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT was appropriately accounted for.

I. Periodic and year-end bank account reconciliations were properly carried out.

These audits were previously covered in the 2017/18 audit and will be included within the 2019/20 audit.

Additional internal control objectives audited during the 2018/19 audit were:

- *GDPR – robustness of the policy and procedural documents, and adequacy of training provided to staff and members.*
- *Board Members’ declarations of interest – review of the process for members declaring interests.*
- *Write-offs – review of the process for the write-off of debts.*
- *Succession Planning – review of the succession planning process.*

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



Final Internal Audit Report

**WATER MANAGEMENT ALLIANCE -
REVIEW OF EFFECTIVENESS OF RISK
MANAGEMENT, CONTROL AND GOVERNANCE
PROCESSES**

30th April 2019



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	18th April 2019
Management agreement received	29th April 2019
Final report issued	30th April 2019

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Appendix C – Agreed Terms of Reference	

Executive Summary

Our Assurance Opinion: SUBSTANTIAL								
No. of Assurances Over Control Areas Reviewed					No. of Recommendations & Priorities			
Full	Substantial	Limited	No	Total	High	Medium	Low	Total
5	3	1	0	9	1	1	12	14

Overall Objective and System Background
<p>The overall objective of the audit was to ensure the robustness and effectiveness of the risk management, internal control and governance processes operating within the Water Management Alliance (WMA).</p> <p>The WMA provides administrative and management support services to the five constituent Internal Drainage Boards, namely Broads, King’s Lynn, East Suffolk, Norfolk Rivers and South Holland, and to the Pevensey & Cuckmere Water Level Management Board.</p>

Summary of Key Control Issues
<p>Based upon the work carried out, Substantial Assurance can be given regarding the robustness and effectiveness of the risk management, internal control and governance processes operating within the WMA. However, some control issues were identified which require attention by management:</p> <p>GDPR:</p> <ul style="list-style-type: none"> Benchmarking the WMA Data Protection Policy against a sample of Borough Councils’ policies identified some areas, such as risks of non-compliance, staff responsibilities and data breaches, which are not mentioned in WMA’s policy. Not all staff have received the online training in GDPR. No separate policy/procedural document has been compiled on data breaches. <p>Fixed Assets:</p> <ul style="list-style-type: none"> Fixed Asset Registers do not include the location of assets or officer responsible. A formal annual physical verification of fixed assets does not take place. The inventory of IT equipment provided to staff for their use when working at home is not up to date. <p>Governance Arrangements:</p> <ul style="list-style-type: none"> Board Members are not required to submit an annual declaration of interests form. Only two thirds of current Board Members have submitted a fully and correctly completed declaration of interests form; 14 Members have not submitted a return and a further 35 have not completed the form fully/correctly. Appointed Members’ declaration of interests forms are filed incorrectly on the Broads’ website. There is inconsistency in the number of Members on each Board; for example, King’s Lynn and South Holland each have 21, whereas Broads has 38 and Norfolk Rivers 29. There is low attendance at Board meetings; typically only two thirds of Members attend each meeting; at Norfolk Rivers, only half attend Board meetings.

Summary of Key Recommendations

The key recommendations arising from the audit are:

GDPR:

- Data Protection Policy should be enhanced to include risk of non-compliance, staff responsibilities, process for dealing with data breaches, breach of the policy by staff or Members, and duties of DPO.
- All relevant staff should receive appropriate training in GDPR and data protection.
- Policy/procedure detailing the investigation and reporting of data breaches should be compiled.

Fixed Assets:

- Each Board's asset register should include location of the asset and officer responsible.
- Annual physical verification of all assets recorded on each Board's asset register should be undertaken.
- Inventory of IT equipment provided to staff for use at home should be updated.

Governance Arrangements:

- Members should be asked to confirm that their current declaration of interests is correct and up to date.
- Members should complete a declaration of interests form for each new term of office.
- Completed declaration of interests forms should be filed under the correct Member on each Board's website.
- Membership of Broads, Norfolk Rivers and East Suffolk should be reduced to no more than 21 Members each, in-line with King's Lynn and South Holland.

Summary of Agreed Recommendations

The CEO of WMA has agreed to undertake the following actions:

- Data Protection Policy will be enhanced to include the points recommended.
- Those staff who have yet to receive external training will receive an appropriate "lower level" of training in data protection and GDPR.
- A policy/procedure detailing the investigation and reporting of data breaches will be compiled.
- Each Board's asset register will include location of the asset and officer responsible.
- An annual physical verification of all assets held at each depot will be undertaken.
- The Inventory of IT equipment will be updated.
- An email will be sent out to all Members asking them to confirm that their current declaration of interests is correct and up to date.
- The website has been updated with all those Declaration of Interests forms received from Members during the last financial year; completed forms are now filed correctly under the appropriate Member on the website.
- The CEO will seek to reduce the Membership of Broads, Norfolk Rivers and East Suffolk to no more than 21 Members each, in-line with King's Lynn and South Holland.

2. Objective & Scope

2.1 The overall objective of the audit was to ensure the robustness and effectiveness of the risk management, internal control and governance processes operating within the Water Management Alliance (WMA).

2.2 The audit involved the following:

- Reviewing the income collection, payroll and year-end procedures in place.
- Reviewing each Board's Fixed Asset Register to ensure they are complete, accurate and properly maintained, and that periodic verification of assets takes place.
- Assessing the risk management arrangements in place and the robustness of each Board's Risk Register and their risk policies and procedures.
- Assessing the robustness of the policies and procedures in place relating to the General Data Protection Regulations (GDPR) and Data Protection Act (DPA) 2018 and ascertaining training provided to staff and Members.
- Assessing the robustness of the governance arrangements in place, in particular reviewing the Members' declaration of interests process, the process for declaring gifts and hospitality, key governance policies, and assessing the appropriateness of the number of Members to achieve the effective and cost efficient operation of each Board.
- Reviewing the process for the write-off of debts.
- Reviewing the process in place for succession planning.

2.3 Recommendations arising from the previous audit were followed-up to ensure their implementation by management.

2.4 The audit review was undertaken in liaison with the Personal Assistant (CEO), the Finance & Rating Manager and the Rating Officer / Site Warden, and consisted of discussions relating to the risk management, control and governance processes and review of relevant documentation.

2.5 Due regard was taken of the guidance issued on 30th March 2018 by the Joint Practitioners' Advisory Group (JPAG), "Governance and Accountability for Smaller Authorities in England – A Practitioners Guide to proper practices to be applied in the preparation of statutory annual accounts and governance statements (March 2018)" 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 2018/19.

2.7 The review was undertaken during March and April 2019.

3. Background Information

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

4. Our Opinion

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

OVERALL INTERNAL AUDIT OPINION: SUBSTANTIAL ASSURANCE	
Control Objectives	Assurance Opinion
1. Rates Collection – To ensure that processes are in place and functioning correctly to collect, record and bank income in full and on time.	Full
2. Payroll – To ensure that salaries and wages have been paid correctly and in a timely manner, with tax and NIC deducted correctly.	Full
3. Year End Procedures – To ensure that the final accounts have been produced using appropriate accounting policies and any adjustments fully explained.	Full
4. Risk Management – To ensure that robust risk management arrangements are in place, that Boards review their significant risks and mitigating controls on a regular basis, and that a Risk Management Policy is in place.	Substantial
5. GDPR/DPA – To ensure that a robust framework is in place demonstrating compliance with GDPR 2016 and DPA 2018.	Substantial
6. Fixed Assets – To ensure that asset registers are complete, accurate and properly maintained, that stock is held securely, and that robust security of assets is in place.	Limited
7. Governance Arrangements – To ensure that robust governance arrangements are in place.	Substantial
8. Write-Offs – To ensure that robust processes are in place for the write-off of debts and that write-offs are appropriately authorised.	Full
9. Succession Planning – To ensure that adequate arrangements are in place for succession planning.	Full

4.2 The detailed findings and recommendations arising from the review are attached as Appendix A, incorporating the agreed management actions.

4.3 The two recommendations arising from the previous report have been actioned:

- A PDF copy of each bank reconciliation is saved into the relevant file at the end of the month;
- WMA are upgrading to Sage 200c on 26th April 2019.

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

4.5 The Terms of Reference for the audit review are attached as Appendix C.

5. Reporting

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

6. Acknowledgements

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

- Sallyanne Jeffrey, Finance & Rating Manager
- Trish Walker, Rating & Finance Officer
- Graham Tinkler, Rating Officer / Site Warden
- Mary Creasy, Personal Assistant (CEO)

Findings, Recommendations and Action Plan

Control Objective 4: Risk Management – To ensure that robust risk management arrangements are in place, that Boards review their significant risks and mitigating controls on a regular basis, and that a Risk Management Policy is in place.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
1.	<p><u>Finding</u> The Risk Management Policy does not state the frequency of review, who it is to be reviewed by and when it is next due for review. The policy was last reviewed in January 2017 and is generally reviewed by the Board every three years, or earlier if there are any changes advised by the JPAG Practitioners' Guide.</p>	<p>The Risk Management Policy should state how often it should be subject to review, who it is reviewed by (i.e. the Board) and when it is next due for review.</p>	Low	<p>Agreed. RMP has been updated and the new front pages of the policy uploaded to the WMA website for all six Boards.</p>	<p>Phil Camamile, CEO WMA. Completed.</p>
2.	<p><u>Finding</u> Each Board's Risk Register only gives the current risk score; they do not give the target risk score i.e. the risk score which the organisation is working towards. By showing both target and current risk scores, it can be seen if any progress has been made in mitigating each risk.</p> <p>It is not clear who the responsible officer is for addressing each risk. The Good Governance Guide for IDB Members (Nov 2018) states, at 10.2.2, that the IDB's Risk Register should assign ownership for each risk.</p> <p>The ADA Risk Management Strategy & Policy template includes a suggested format for a Risk Register, which differs to the format currently used by each Board. The ADA Risk Register includes the following column headings:</p> <ul style="list-style-type: none"> • Strategic objectives • Risks • Key controls – what controls/systems are in place to mitigate these risks? 	<p>Management should consider enhancing the format of each Board's Risk Register so that it includes the following details:</p> <ul style="list-style-type: none"> • Strategic objectives; • Risks – key risks to achieving strategic objectives; • Key controls – those controls/systems currently in place to mitigate each risk; • Assurances on controls – evidence demonstrating that the systems and controls in place are effective in mitigating the risk; • Current risk score; • Gaps in control – where controls are lacking or are ineffective; • Gaps in assurance – where is further evidence of effective control required? 	Low	<p>The CEO stated to Internal Audit that the Risk Registers used to be laid out in the format as recommended, but that in 2017 it was decided to change them to follow the "simpler" format set out in Section 5, Appendix 1 of the JPAG Practitioner's Guide 2017. The Risk Registers do still show the strategic objectives agreed by the five Boards every year and all risks are linked to these objectives.</p> <p>Following guidance received from External Audit, it has been decided to keep the current format of the Risk Registers (following the JPAG best practice guidance). However, the CEO is to</p>	<p>No required action.</p>

Findings, Recommendations and Action Plan

Control Objective 4: Risk Management – To ensure that robust risk management arrangements are in place, that Boards review their significant risks and mitigating controls on a regular basis, and that a Risk Management Policy is in place.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
	<ul style="list-style-type: none"> • Assurances on controls – what evidence shows controls / systems are effective? • Risk score • Gaps in controls – where are there no controls or ineffective controls? • Gaps in assurance – where is further evidence of effective control required? • Action plan – what should we do to rectify the situation? • Responsible officer / implementation date. 	<ul style="list-style-type: none"> • Action Plan – actions/controls required to meet target risk score; • Target risk score • Officer responsible for implementing required actions; • Due date for reaching target risk score; • Update on required actions/controls; • Current status. 		raise the possibility of amending the current risk register format with JPAG.	

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
3.	<p><u>Finding</u> From benchmarking the WMA's Data Protection Policy against a sample of Borough Councils' own such policies, there are a number of areas which are not included in the WMA policy:</p> <ul style="list-style-type: none"> • Risks to compliance with DPA/GDPR, such as accidental or deliberate breach of data protection, potential sanctions imposed against WMA by the ICO as a result of loss or misuse of data, and potential legal action from data subjects following a breach. • Staff responsibilities regarding data protection/GDPR. • Duties of the Data Protection Officer. • Data Breaches – brief mention in the policy but the procedure for dealing with data breaches is not included. • Breach of policy by a Member or staff – the WMA policy does not state that failure to comply with the policy could amount to misconduct, which could be a disciplinary matter, leading to the dismissal of staff, and serious breaches could result in personal criminal liability. Breach of the policy by a Member would be a potential breach of the Members' Code of Conduct. A data protection breach could lead to individual officers or Members being prosecuted under GDPR, not just WMA. 	<p>The WMA Data Protection Policy should be enhanced by including the following:</p> <ul style="list-style-type: none"> • Risks of non-compliance; • Staff responsibilities relating to Data Protection and GDPR; • Process for dealing with data breaches; • Breach of policy by staff or Member; • Duties of DPO. 	Low	<p>Agreed. The Data Protection Policy document will be revised to include the points as recommended at the next scheduled policy review.</p>	<p>Phil Camamile, CEO WMA. 31st December 2019</p>

Findings, Recommendations and Action Plan

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

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

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
6.	<p><u>Finding</u> The JPAG Practitioners' Guide (March 2018) at point 5.57 lists the key information which is needed in an asset register. This recommends that an asset register should include the location of the asset and the responsible officer (the guidance states that it may be appropriate to assign responsibility for each asset to members of staff). It is noted that the Boards' asset registers do not include location or responsibility. However, assets listed in the Fixed Asset Register are either located at each Board's depot or working in/alongside the infrastructure within the drainage district.</p>	In accordance with the JPAG guidance, each Board's asset register should include location of the asset and the officer responsible for each asset.	Low	Agreed, although each Board's Financial Regulations clearly state who is responsible for its tangible fixed assets (Section R: Security).	Phil Camamile, CEO WMA. 30 th September 2019
7.	<p><u>Finding</u> There is a lack of evidence of an annual physical verification of assets, listed on each Board's asset register, taking place. Point J.4 of the Financial Regulations states that at least once a year, the Finance Officer will confirm the accuracy of the fixed asset register by carrying out a physical inspection of the Board's assets. Some managers do check their assets periodically; however, this is not evidenced. Monthly financial reports, which include the Board's asset register, are sent to each manager; therefore, managers should be aware of the assets they are responsible for.</p>	In accordance with the Financial Regulations, an annual physical verification of all assets recorded on each Board's Fixed Asset Register should be undertaken so as to confirm the accuracy of the register.	Medium	Agreed. A process of undertaking annual checks of assets held at each depot will be introduced. This will include the verifying of asset IDs and taking photographs of assets, evidencing the checking process.	Phil Camamile, CEO WMA. 30 th September 2019

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
8.	<p><u>Finding</u> WMA maintain an inventory of IT equipment held by staff; however, there is a lack of assurance that the inventory is up to date. The Data Manager is currently undertaking an audit of IT equipment such as laptops, phones and printers provided to staff for use in their work, which they may have at home. An email was sent to relevant staff asking them to confirm details of any such items held by them; to date, only a few have replied back. It should be noted that this only applies to the three WMA Eastern Boards where most staff work from home; it does not apply to the other three Boards.</p>	<p>The inventory of IT equipment held by staff for their use at home should be updated. This should be referenced when staff leave the organisation to ensure that all such equipment is returned.</p>	Low	Agreed.	<p>Phil Camamile, CEO WMA. 30th September 2019.</p>

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
9.	<p><u>Finding</u> Board Members are not required to make an annual declaration of interests; a new form is required for each new term of office i.e. every three years. However, it has been made clear to Members that the requirement for ensuring their details are correct rests with them; this is included in the Members' Code of Conduct (section 13) and on the first page of the Declarations of Interest Form (item 1).</p>	In the absence of Members submitting an annual declaration of interests form, an email should be sent to each Member each year asking them to confirm their current declaration as being correct and up to date. Members should be given 28 days to respond; if no response is forthcoming, the assumption can be made that there is no change. However, it should be made clear to Members that the requirement for ensuring that their details are correct rests with them.	Low	Agreed; an email will be sent to all Board Members every year.	Phil Camamile, CEO WMA. 31 st December 2019
10.	<p><u>Finding</u> A review was undertaken of the declaration of interest's forms filed by Members on each Board's website. This identified that of the 142 current members across the 6 Boards, only 93 members (65%) had submitted a fully and correctly completed declaration of interests form; 14 members had not filed a return and 35 had not completed the form correctly/fully. At the top of the form it clearly states that where a question does not apply then the member should put "NONE" and that they should not leave any boxes blank. One member had only signed and dated the form, leaving all of the questions blank; another had answered just one question, leaving the rest blank. Several members had left some questions blank, while others had crossed through a question rather than writing "NONE". All forms had been signed.</p>	All Members should complete a declaration of interests form for each new term of office i.e. every three years.	Low	Agreed. Members are always asked to submit a declaration of interest form and most do. Due to a lack of resources, the website is not always kept up to date. The CEO has been through all of the Dols received during the last financial year and has updated the website.	Phil Camamile, CEO WMA. Completed

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
	<p>Members are required to complete a declaration of interest form every 3 years i.e. at each new term of office. However, several forms were identified dating longer than that, typically from 2015, although one appeared to date from 2011, and another from 2013.</p> <p>It should be noted that Members are also required by law to declare an interest in any of the business being transacted at each Board meeting (this is a standard agenda item); such declarations are regularly made and always minuted.</p>				
11.	<p><u>Finding</u> A total of eight declarations of interest (DoI) forms had been filed under the wrong member on the Broads website relating to Appointed Members; the forms had been filed out of sequence, with each member's form filed under the name of the member listed below them. In addition, for one appointed member who had not filed a return, their entry contained a copy of a form relating to someone else who is not shown on the current list of members.</p>	<p>Completed declaration of interests forms should be filed under the correct Member on each Board's website.</p> <p>Management should consider removing the DoI forms from the website so as to prevent similar errors happening in the future. The CEO informed Internal Audit that no other IDB publishes its Members' Dols on their website.</p>	Low	<p>Agreed. The CEO has been through the Dols of elected and appointed members for all Boards to ensure that they are current and correct, and has uploaded them onto the website. These were checked by Internal Audit (on 29/04/19) and no errors were found.</p>	<p>Phil Camamile, CEO WMA. Completed.</p>
12.	<p><u>Finding</u> The Employees' Code of Conduct states that any gift or hospitality valued at more than £25 must be declared in the Register of Gifts & Hospitality. The Members' Code of Conduct does not mention such a limit. The Register of Members' Interests Form states the limit at £30.</p>	<p>The same de-minimus limit, above which a gift or hospitality must be declared, should be stated in the Employees' and Members' Codes of Conduct and in the Register of Members' Interests Form.</p>	Low	<p>Agreed. The correct de-minimus figure is £30; this figure was changed by all of the Boards a few years ago and the revised Members Code of Conduct does not appear to have been uploaded to the WMA website.</p>	<p>Phil Camamile, CEO WMA. Completed.</p>

Findings, Recommendations and Action Plan

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

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

Findings, Recommendations and Action Plan

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

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
14.	<p><u>Finding</u> There are wide differences in the number of Members each Board has. For example, King's Lynn and South Holland both have 21 Members, whereas Broads has 38 and Norfolk Rivers 29. Attendance at Board meetings is low; typically, only two thirds of Members attend each meeting; at Norfolk Rivers, only half of Members attend Board meetings.</p> <p>ADA's Good Governance Guide (November 2018) states that Defra suggest that IDBs should have 21 Members; it states that "larger IDBs may wish to consider reconstituting to a smaller size, to see fewer vacant seats, more contested elections, and better attendance at meetings".</p>	<p>The membership of Broads, Norfolk Rivers and East Suffolk should be reduced to no more than 21 Members each, as they are geographically much smaller than both King's Lynn and South Holland.</p>	High	<p>Agreed. The CEO will seek to reduce the membership of Broads, Norfolk Rivers and East Suffolk to no more than 21 Members each.</p>	<p>Phil Camamile, CEO WMA. 30th December 2019.</p>

Assurance Opinion and Recommendation Priority Definitions

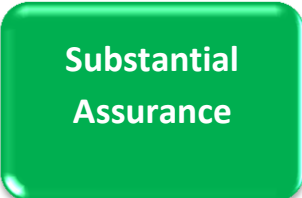
Assurance Opinion

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 RISK
MANAGEMENT, CONTROL & GOVERNANCE
PROCESSES**

**INTERNAL AUDIT
TERMS OF REFERENCE
2018-19**

1. INTRODUCTION

- 1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the financial year 2018-19.
- 1.2 Section 6 of The Accounts and Audit Regulations 2015 states that '*The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control*'.
- 1.3 Internal Audit is defined as '*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*' Public Sector Internal Audit Standards, April 2017
- 1.4 The Internal Auditor will work in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by CIPFA from April 2017 and thus will be able to provide the review required by the Regulations.
- 1.5 The authority of the Internal Auditor is established in the Financial Regulations.
- 1.6 The audit work will concentrate on records and systems used by the Water Management Alliance, who provide the financial and administrative functions for:
- Broads (2006) Internal Drainage Board
 - East Suffolk Internal Drainage Board
 - King's Lynn Internal Drainage Board
 - Norfolk Rivers Internal Drainage Board
 - South Holland Internal Drainage Board
 - Pavensey & Cuckmere Water Level Management Board.

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

2. OBJECTIVES AND SCOPE OF THE AUDIT

- 2.1 The work of the Internal Auditor will be guided by 'Governance and Accountability in Internal Drainage Boards in England – A Practitioners Guide (Rev March 2018)'.
- 2.2 In order to be able to complete section 4 of the Electronic Annual Governance and Accountability Return for 2018-19, 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.
- 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.
- 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 Asset Management
To ensure that asset registers are complete, accurate and properly maintained, and that robust security of assets is in place.
- 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 In addition to the above, the audit will cover the following:

- GDPR – robustness of the policy and procedural documents, and adequacy of training provided to staff and members.
- Board Members' declarations of interest – review of the process for members declaring interests.
- Write-offs – review of the process for the write-off of debts.
- Succession Planning – review of the succession planning process.

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

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

3. TASKS

3.1 The project tasks are to:

- Establish if the procedures recorded as part of the audit for 2017-18 remain the same and document any changes that may have taken place.
- Perform tests to establish that systems are operating in accordance with the procedures and that good practice is being complied with.

Water Management Alliance – Review of Effectiveness of Risk Management, Control & Governance Processes

- Assess strengths and weaknesses of the systems operated and the levels of financial and management risk.
- Discuss the results with the Chief Executive and make recommendations as appropriate, which will be communicated to the Boards by means of a report.
- Complete Section 4 of the Electronic Annual Governance and Accountability Return for 2018-19.

4. WORK PLAN

4.1 The audit will be undertaken by Mike Tweed, Internal Auditor, Borough Council of King's Lynn and 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 the year 2017-18.	0.5
Testing – to establish that processes are being applied as intended.	3.5
Conclusions and discussion.	0.5
Completing the Return and reporting if required.	0.5

5. AGREEMENT

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