



**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING
31 MARCH 2022**

Kettlewell House
Austin Fields Industrial Estate
King's Lynn
Norfolk
PE30 1PH

NOTE ACCOUNTING POLICIES

1 FINANCIAL REPORTING STANDARDS, REGULATION AND GUIDANCE

- (i) The Board has not elected to prepare a full Statement of Accounts required by larger public bodies (Category 1 Authorities), as provided for in the Local Audit and Accountability Act 2014.
- (ii) The Board has completed this Statement of Accounts in accordance with the Financial Reporting Standard for Smaller Entities 2008 (FRSSE) issued by the Accounting Standards Board (other than in respect of the note required for the defined benefit pension scheme) and has prepared an Annual Return which all Category 2 Authorities are required to do, in accordance with Regulation 11 of the Accounts and Audit Regulations 2015, based on these Accounts. The Board is a Category 2 Authority.
- (iii) The Annual Return has been prepared in accordance with proper practices that are set out in Sections 1 to 5 of the Guidance published by the Association of Drainage Authorities on 30 March 2022. This Statement of Accounts therefore includes the Accounting Statement reported in Section 2 of the Annual Return, which has been reconciled to the Income and Expenditure Account and Balance Sheet stated herein.

2 ACCOUNTING CONCEPTS

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

Going Concern
Prudence
Accruals

3 FIXED ASSETS

- (i) Fixed Assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets. Most assets with estimated useful economic lives in excess of one year and a value of £5,000 or above are capitalised on an accruals basis in the Accounts.
 - (ii) All Fixed Assets are valued on the following basis:
 - Land and buildings are included in the balance sheet at lower of net current replacement cost and net realisable value, net of accumulated depreciation. Net current replacement cost is assessed as:
 - Non-specialised operational properties – existing use value
 - Specialised operational properties – depreciated replacement cost
 - Vehicles, plant and equipment are included at cost less depreciation
- For the purposes of Box 9 in Section 2 of the audited Annual Return, Fixed Assets are recorded at Net Book Value.
- (iii) Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to Exceptional Items in the Income and Expenditure Account.
 - (iv) Depreciation has been provided for using the straight-line method on all plant and equipment purchased before 31 March 2018 and using the reducing balance method thereafter.
 - (v) The useful lives of the various assets held on the Fixed Assets Register are as follows:

NOTE ACCOUNTING POLICIES (CONTINUED)

Office and Radio Equipment: 3 years
Motor Vehicles and Equipment: 4 years
Excavators and Tractors: 5 years
Specialist Plant and Equipment: ≤ 10 years
Fixed Pumping Plant: 20 years
Lifting Equipment: 5 years
Land: not depreciated
Pumping Stations: 10 years
Buildings: 50 years

All plant with an engine = 22%
All plant without an engine = 18%
All vehicles = 25%

4 STOCKS AND WORK IN PROGRESS

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

5 GOVERNMENT GRANTS AND SUBSIDIES

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

6 TAXATION

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

NOTE ACCOUNTING POLICIES (CONTINUED)

7. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

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

8. INCOME RECOGNITION

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

9. RESERVES

The Board holds Reserves as itemised below. The adequacy of these Reserves is reviewed by the Board annually. The purpose of the Reserves can be noted in the Board's Capital Reserves and Financing Policy. This policy is reviewed by the Board every 5 years.

- (i) General Reserve
- (ii) Development Reserve
- (iii) Plant Renewals Reserve
- (i) Capital Works Reserve
- (ii) Revaluation Reserve
- (iii) Pension Reserve

**WAVENEY LOWER YARE AND LOTHINGLAND INTERNAL DRAINAGE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31ST MARCH 2022**

31.03.21	Notes	Annual Budget £	YTD Actual £	YTD Variance
£ INCOME				
236,692 Drainage Rates		238,868	238,868	0
232,424 Special Levies on Councils	1	218,336	218,336	0
155,046 Contribution from EA Received		114,725	170,740	56,015
0 Grant Applied on Capital Works		0	305,763	305,763
0 Income from Rechargeable Works		0	30,767	30,767
47,040 Other Income	2	6,277	7,230	953
671,202 Total Income for the period		578,205	971,704	393,499
EXPENDITURE				
Capital Charges				
2,756 Loan Interest	3	2,800	2,334	466
14,118 Loan Repayments	3	15,158	11,340	3,817
16,873		17,958	13,674	4,284
86,452 Environment Agency Precept		89,618	88,181	1,437
0 Capital Works		0	305,763	-305,763
265,003 Pumping Stations (Incl Insurance)	4	232,641	284,846	-52,205
141,614 Drains Maintenance		149,000	168,030	-19,030
8,068 Roadway Repairs		5,500	10,762	-5,262
0 Cost of Rechargeable Works		0	30,706	-30,706
134,497 Administration Costs		115,433	118,098	-2,666
0 Health and Safety/Scheme		0	0	0
652,507 Total Expenditure for the Year		610,149	1,020,060	-409,911
-6,004 Transfer (to) from Reserves	5	0	-4,484	4,484
12,690 Net Operating Surplus/(Deficit) for the year		-31,944	-52,840	-20,896

**WAVENEY LOWER YARE AND LOTHINGLAND INTERNAL DRAINAGE BOARD
BALANCE SHEET AS AT 31 MARCH 2022**

31.03.21		31.03.22	Note
£		£	
	Fixed Assets		
2,717,000	Pump houses and equipment	2,717,000	
<u>2,717,000</u>		<u>2,717,000</u>	
	Current Assets		
	0 Stock and Work in Progress	0	
93,352	Debtors and Prepayments	70,187	6
267,759	Cash at Bank and in Hand	1,471,775	7
766,163	Short Term Investments	1,017,256	7
<u>1,127,273</u>		<u>2,559,218</u>	
	Current Liabilities		
35,813	Creditors and Receipts in Advance	179,452	8
	0 PWLB Less Than 12 Months	10,916	
	Long Term Liabilities		
	0 PWLB More Than 12 Months	69,293	
1,091,461	Net Current Assets	2,299,556	
3,808,461	NET ASSETS	5,016,556	
	Reserves		
2,717,000	Replacement cost of assets	2,717,000	9
1,091,461	Reserves	2,299,556	9
3,808,461		5,016,556	

Note: PWLB has been included as a liability within the Balance Sheet in the Financial Year Ended 31st March 2022. Previously this had just been noted.

**WAVENEY LOWER YARE AND LOTHINGLAND INTERNAL DRAINAGE BOARD
STATEMENT ON MOVEMENT ON THE MOVEMENT OF RESERVES**

	General Reserve	Capital Receipts Development Contributions	Accrued Interest Account	Fixed Plant Renewals	Total
Opening Reserves	349,021.27	480,385.30	130,515.98	131,538.10	1,091,460.65
Profit/(Loss) for year ending 31 March 2022	-52,840.34	0.00	0.00	0.00	-52,840.34
Contributions Received	-5,910.46	4,440.97	1,469.49	1,646,908.00	1,646,908.00
Contributions Applied	0.00	0.00	0.00	-305,763.35	-305,763.35
PWLB Movement from General Reserve	-80,209.39	0.00	0.00	0.00	-80,209.39
Closing Reserves	210,061.08	484,826.27	131,985.47	1,472,682.75	2,299,555.57

NOTES TO THE ACCOUNTS

31-Mar-21 31-Mar-22

1 Special Levies on Councils

Breckland District Council	742	822
Broadland District Council	2,164	781
Great Yarmouth Borough Council	70,991	56,240
Mid-Suffolk District Council	14,544	16,107
South Norfolk District Council	114,626	122,904
East Suffolk Council	29,357	21,482
	232,424	218,336

2 Other Income

Interest received	2,223.16	2,113.56
Accrued interest received	22,346.89	0.00
Langley Road Repair Fund	0.00	200.00
Sundry Income	0.00	32.51
Summons Costs	0.00	600.00
5th repayment Barnby North Cove Reorg.	4,283.84	4,283.84
Waveney Valley - NCC A/c	12,000.00	0.00
Limpenhoe Development A/c	6,185.79	0.00
	47,039.68	7,229.91

3 Loan Charges

Principal repayments	Principal	Interest	Total
PWLB Loans			
PW491440 - Blundeston	1,732.10	466.98	2,199.08
PW487015 - Barsham Pump	1,471.27	88.81	1,560.08
PW484482 - Short Dam Pumping Station	911.87	236.39	1,148.26
PW501850 - Norton Weedscreen	2,040.45	75.95	2,116.40
PW506840 - Askews Pump Replacement	5,184.45	1,465.45	6,649.90
	11,340.14	2,333.58	13,673.72
Totals - Loan Charges	11,340.14	2,333.58	13,673.72

4 Pumping Stations

Electricity	152,278.98
Pump Attendants	48,881.51
Pump Repairs	81,809.22
	282,969.71

The pump maintenance budget has overspent by £52,205. The budget for electricity was £107,385, and actual spend for 2021/22 exceeded this by £45,000. Electricity in 2020/21 was £140,773. We need to ensure the budgets are increased and monitored accordingly moving forwards.

5 Transfer from Reserves

Pump Repair and Replacement Accounts	200.00
6th repayment Barnby North Cove Reorg.	4,283.84
	4,483.84

6 Debtors and Prepayments

Ratepayers	674.02	-570.68
HM Revenues and Customs - VAT	22,292.46	69,836.69
Debtors Control Account	0.00	920.93
Sundry Debtor	70,385.21	0.00
	93,351.69	70,186.94

Bank Accounts	267,758.83	1,471,774.89
	267,758.83	1,471,774.89

7a Short Term Investments

National Counties Building Society	223,995.34	224,434.93
National Counties Building Society	226,944.22	227,597.63
Vernon Building Society	315,223.27	315,223.27
West Bromwich Building Society	0.00	250,000.00
	766,162.83	1,017,255.83

8 Creditors and Receipts in Advance

Trade Creditors	14,083.62	84,374.71
Accruals	0.00	94,733.06
Payments Received in Advance	21,729.08	344.19
	35,812.70	179,451.96

9 Reserves

RENEWALS PROVISION

The purpose of this Provision is to reduce the impact on drainage rates as and when pumping plant is refurbished or improved, and to provide a fund for the upkeep of the Langley Monks Road.

	Balance 31 Mar 21	Receipts	Payments	Balance 31 Mar 22
Langley Pump Repair Replacement Fund	12,000.00	0.00	0.00	12,000.00
Langley Road Maintenance Fund	-532.05	200.00	0.00	-332.05
Benacre Pumping Station	35,684.45	760,900.00	158,754.14	637,830.31
Norton Pumping Station	84,385.70	45,808.00	98,087.95	32,105.75
Lower Waveney WLMI	0.00	310,000.00	13,438.53	296,561.47
Norton Pumping Station	0.00	530,000.00	35,482.73	494,517.27
	131,538.10	1,646,908.00	305,763.35	1,472,682.75

ACCRUED INTEREST RESERVES

The purpose of this Provision is to offset the need to levy a rate. Revenue expenditure is funded from the interest accruing on these accounts.

	Balance 31 Mar 21	Receipts	Payments	Balance 31 Mar 22
Burgh Castle	90,024.18	838.23	0.00	90,862.41
Worlingham	0.00	406.37	0.00	406.37
Gravitation Level	40,491.80	224.89	0.00	40,716.69
	130,515.98	1,469.49	0.00	131,985.47

DEVELOPERS CONTRIBUTION

This provision reflects the sums paid by developers for consent to discharge or carry out development within the Board's catchment which have not yet been defrayed in making improvements.

	Balance 31 Mar 21	Receipts	Payments	Balance 31 Mar 22
Burgh Castle	258,447.64	0.00	0.00	258,447.64
Gravitation Level	53,000.00	0.00	0.00	53,000.00
Capital Receipt WHAM	168,937.66	4,440.97	0.00	173,378.63
	480,385.30	4,440.97	0.00	484,826.27
	742,439.38	1,652,818.46	305,763.35	2,089,494.49
	349,021.27			210,061.08
	1,091,460.65			2,299,555.57

PUMP HOUSES AND EQUIPMENT

The pump houses and the fixed plant are valued annually for insurance purposes at their current replacement cost and included in the accounts as a fixed asset with the balancing entry being in reserves.

1,091,460.65

2,299,555.57

From: 01 April 2021
To: 31 March 2022

12
31 March 2022

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2022		ACTUAL 2021/22 £
1	Balances brought forward	
	General Reserve	349,021
	Development Reserve	480,385
	Plant Reserve	11,468
	Revaluation Reserve	0
	Grants Reserve	120,070
	Accrued Interest Provision	130,516
	As per Statement of Accounts	1,091,461
	(-) Fixed Assets and Long Term Liabilities	
	Long Term Liabilities	0
	Pension Liability	0
	Net Book Value of Tangible Fixed Assets	0
		0
	(=) Adjusted Balances brought forward (Net Current Assets)	1,091,461
2	(+) Rates and Special Levies	
	Drainage Rates	238,868
	Special Levies issued by the Board	218,336
	As per Statement of Accounts	457,204
3	(+) All Other Income	
	Grants Applied	305,763
	Highland Water Contributions	170,740
	Income from Rechargeable Works	30,767
	Investment Interest	2,114
	Development Contributions	0
	Other Income	832
	Profit/(Loss) on disposal of Fixed Assets	0
	As per Statement of Accounts	510,216
	(+) Additional Income from Sale of Fixed Assets	
	Capital Cost of disposals	0
	Less: Accumulated depreciation written out	0
		0
	(+) Grants Applied to Grants Received Conversion	
	(-) Grants Applied	-305,763
	(+) Grants Received	1,646,708
		1,340,945
	(=) Adjusted Other Income	1,851,161

From: 01 April 2021
To: 31 March 2022

12
31 March 2022

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2022		ACTUAL 2021/22 £
4	(-) Staff Costs	
	Labour Operations Account	0
	Shared Technical Support Staff Costs	0
	Shared Administration Staff Costs	0
		0
5	(-) Loan Interest/Capital Repayments	
	Loan Interest	2,334
	Capital Repayments	11,340
	As per Statement of Accounts	13,674
6	(-) All Other Expenditure	
	Capital Works	305,763
	Maintenance Works	463,638
	Environment Agency Precept	88,181
	Development Expenditure	0
	Administration Charges	118,098
	Cost of Rechargeable Works	30,706
	Pension Interest Cost/(Expected Return on Assets)	0
	As per Statement of Accounts	1,006,386
	(-) All Other Expenditure (Non Cash)	
	Plant and Equipment	0
	Buildings	0
	Depreciation on Kettlewell House (ncluding in admin. Exp.)	0
	Pension Interest Cost/(Expected Return on Assets)	0
		0
	(-) Staff Costs now reported in Box 4	0
	(+) Capitalised Additions	
	Land and Buildings	0
	Plant and Equipment	0
		0
	(=) Adjusted Other Expenditure	1,006,386

From: 01 April 2021
To: 31 March 2022

12
31 March 2022

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2022		ACTUAL 2021/22 £
7	(=) Balances carried forward	
	General Reserve	210,062
	Development Reserve	484,826
	Plant Reserve	11,668
	Revaluation Reserve	0
	Grants Reserve	1,461,015
	Accrued Interest Provision	131,985
	As per Statement of Accounts	2,299,556
	(-) Fixed Assets and Long Term Liabilities	
	Long Term Borrowing	-80,209
	Pension Liability	0
	Net Book Value of Tangible Fixed Assets	0
		-80,209
	(=) Adjusted Balances carried forward (Net Current Assets)	2,379,766
8	Total Cash and Short Term Investments	
	Cash at Bank and in Hand	1,471,775
	Short Term Investments	1,017,256
	As per Statement of Accounts	2,489,031
9	Total Fixed Assets and Long Term Assets (Net Book Value)	
	Land and Buildings	0
	Plant and Equipment	0
	Pumping Stations	2,717,000
	As per Statement of Accounts	2,717,000
10	Total Borrowings	
	Loans Due (<= 1 Year)	10,916
	Loans Due (> 1 Year)	69,293
	As per Statement of Accounts	80,209



From: 01 April 2021
To: 31 March 2022

12
31 March 2022

BOX NO. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2022	ACTUAL 2021/22 £
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7, 8 RECONCILIATION BETWEEN BOXES 7 AND 8	ACTUAL 2021/22 £
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7 Balances carried forward (adjusted)	2,379,766
(-) Deduct: Debtors and Prepayments	
Trade Debtors	921
Work in Progress	0
Drainage Rates and Special Levies Due	-571
Prepayments	0
Prepayments to WMA	0
Vat Due from HMRC	69,837
Intt Accrued	0
	<hr/>
	70,187
(+) Add: Creditors and Payments Received in Advance (<= 1 Year)	
Trade Creditors	84,375
Accruals	94,733
Drainage Rates/Special Levies paid in advance	344
PWLB	0
	<hr/>
	179,452
(=) Box 8	<hr/> <hr/> 2,489,031
8 (=) Total Cash and Short Term Investments	
Cash at Bank and in Hand	1,471,775
Short Term Investments	1,017,256
	<hr/>
	2,489,031

S JEFFREY BSc (Hons) FCCA
FINANCE & RATING MANAGER

14/06/2022

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

WAVENEY LOWER YARE AND LOTHINGLAND IDB

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 2022, 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	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 must be published with the Annual Governance Statement.

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

14/06/2022

and recorded as minute reference:

35122101

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

Chairman

HFT 

Clerk

P. Cananide 

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Section 2 – Accounting Statements 2021/22 for

WAVENEY LOWER YARE AND LOTHINGLAND IDB

	Year ending		Notes and guidance	
	31 March 2021 £	31 March 2022 £		
1. Balances brought forward	1,128,248	1,091,461	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	468,435	457,204	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	
3. (+) Total other receipts	288,819	1,851,161	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	0	0	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.	
5. (-) Loan interest/capital repayments	16,874	13,674	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).	
6. (-) All other payments	777,167	1,006,386	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	1,091,461	2,379,766	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	1,032,734	2,489,031	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	2,717,000	2,717,000	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	91,550 91,500	80,209	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	N/A	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 2022 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 HARRIS

Date

31/05/2022

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

14/06/2022

as recorded in minute reference:

35122102

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

HFT

Section 3 – External Auditor Report and Certificate 2021/22

In respect of **WAVENEY LOWER YARE & LOTHINGLAND INTERNAL DRAINAGE BOARD – DB0121**

1 Respective responsibilities of the body and the auditor

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor report 2021/22

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:

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

3 External auditor certificate 2021/22

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 2022.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature



Date

11/09/2022

* 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)

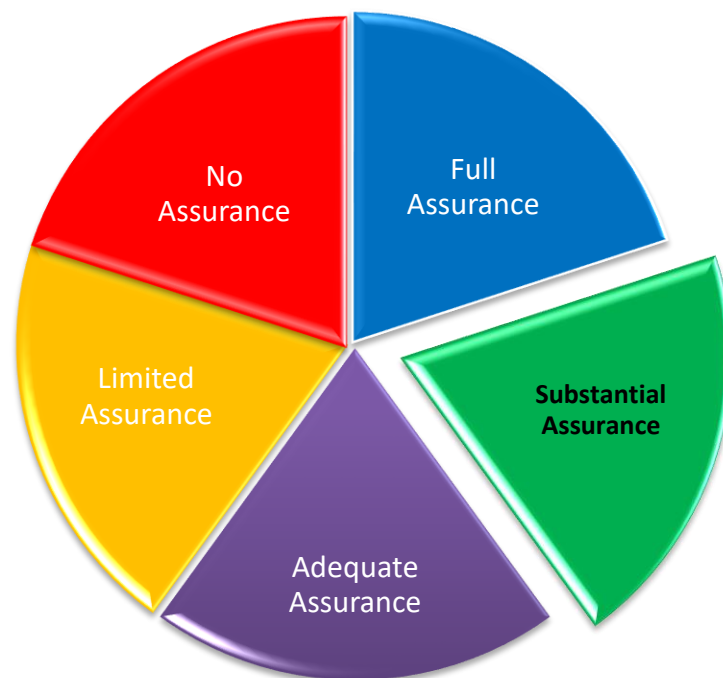


INTERNAL AUDIT REPORT

WATER MANAGEMENT ALLIANCE

**REVIEW OF EFFECTIVENESS OF SYSTEM OF
INTERNAL CONTROL 2021/22**

19th April 2022



Internal Audit Service

This audit has been conducted in accordance with the Accounts & Audit Regulations 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 if 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 Kathy Woodward to whom any query concerning the content of this report should be made to kwoodward@fenland.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	19/04/2022
Management agreement received	19/04/2022
Final Report issued	19/04/2022

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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
3	9	0	0	12	0	0	3	3

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 six constituent IDB Member Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers, South Holland, and Waveney, Lower Yare and Lothingland 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.

Summary of Key Control Issues and Risks

Based upon the work carried out, Substantial Assurance can be given regarding the effectiveness of the system of internal control operating within the WMA. There are few minor weaknesses identified within the Creditors and Bank Reconciliation areas that require review.

- Instances were identified where payment runs are not authorised as per the financial regulations on either the suggested payments report or the authorisation report.
- There are instances on the Broads IDB bank reconciliation where reconciliations take place for part days, meaning that one full day can have two separate reconciliations. There is a risk that transactions could be missed and is not following standard operating procedure.

A general recommendation has been included regarding improvements that could be made to increase the audit trail of the finance transactions and authorisation procedures, to increase efficiency and to go paperless, thus increasing the efficiency, flexibility and agility of the team.

Summary of Key Recommendations

The key recommendations arising from the audit are:

- Ensure all payment runs have been appropriately authorised.
Internal Audit advice would be that this could be done by the Finance and Rating Manager or the Chief Executive, so long as appropriate segregation of duties is in place.

- Ensure all reconciliations are undertaken up to the end of the previous day, to ensure each complete day is recorded in one reconciliation and corresponds to the bank statements.
- Review current practices to see where efficiencies can be made in going paperless and explore the finance system capabilities for more efficient and robust electronic authorisations.

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.
- Transparency – checking that the Board published information on a website that complies with the relevant Transparency code.
- Exercise of Public Rights – checking that the authority has provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations and complied with the publication requirements for the prior year AGAR.

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- 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 in March 2021 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 2021)" 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 2021/22 for each of the six Boards.
- 2.7 The review was undertaken during March and April 2022.

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 six constituent IDB Member Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers, South Holland and Waveney, Lower Yare and Lothingland. 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: <i>SUBSTANTIAL ASSURANCE</i>	
Control Objectives	Assurance Opinion
1. Creditors - To ensure that all orders have been raised and payments processed in accordance with Financial Regulations.	Substantial
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.	Substantial
4. Reserve’s Policy - To ensure that each Board has a Reserves Policy in place relating to capital financing and reserves, and that reserves are appropriate.	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.	Substantial
6. Petty Cash - To ensure that petty cash provisions are reasonable, used in accordance with Financial Regulations and that adequate records are kept of payments made.	Substantial
7. Payroll - To ensure that salaries 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.	Substantial
9. Cashbook & Bank Reconciliations - To ensure that regular monthly reconciliations are carried out by a responsible officer and that this is evidenced. To ensure that any discrepancies are investigated and explained, and that corrective action is taken where necessary.	Substantial
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.	Substantial
11. Transparency -To ensure that information published on the website complies with the relevant Transparency code.	Full
12. Publications – To ensure that the period for the exercise of public rights as required by the Accounts and Audit regulations has been provided for and that publication requirements for the prior year AGAR has been complied with.	Full

- 4.2 The detailed findings and recommendations arising from the review are attached as Appendix A, incorporating the agreed management actions.
- 4.3 A total of five 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 five recommendations, all have been actioned.
- 4.4 Significant improvements have been made since the last audit on the control environment, with increased resources in the team and improved processes for ensuring accuracy and control.
- 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 and 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/RFO
- Phil Camamile, Chief Executive
- Lisa Manning, Senior Finance & Rating Officer
- Amy Taylor, Finance & Rating Officer
- Alex Burton, Finance and Rating-Officer
- Agi Escovia, Senior Finance and Rating-Officer
- Graham Tinkler, Rating/Enforcement Officer

- 6.2 I would like to congratulate you on significant improvements over previous years audits. The changes that have been implemented, along with increasing the resourcing capacity has had a marked impact on the results of the audit and the finance and rating team should be congratulated on their achievements.

Findings, Risks, Recommendations and Management Action Plan

Control Objective 1: Creditors – To ensure that all orders have been raised and payments processed in accordance with Financial Regulations. (AGAR B)

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
1.	<p><u>Finding</u> All suggested payment reports and authorisation reports for the whole year were checked for appropriate authorisation. The process requires at least one of these reports to be initialled or authorised by PC. Three instances were identified where neither report had been authorised before payments were made. Kings Lynn – 31/05/2021 South Holland – 31/05/2021 Norfolk Rivers – 31/07/2021 It was explained by the Finance and Rating Manager that this was likely a result of staff members working from home and authorisations obtained via email, but not attached to the file.</p> <p><u>Risk</u> Risk that unauthorised payments could be made and not made in accordance with Financial Regulations.</p>	<p>Ensure all payment runs have been appropriately authorised. Internal Audit advice would be that this could be done by the Finance and Rating Manager or the Chief Executive, so long as appropriate segregation of duties is in place.</p>	Low	<p>These payment runs were processed by the Finance and Rating Officer that was required to isolate due to being classed as Clinically Extremely Vulnerable, and working from home.</p> <p>The Finance and Rating Manager will now approve these moving forward from 01st April 2022 (the Chief Executive will sign in her absence)</p>	<p>Sallyanne Jeffrey/All Finance and Rating Team</p> <p>April 2022</p>

Follow-up of Previous Report's Recommendations

Control Objective 9: Cashbook and Bank Reconciliation - To ensure that regular monthly reconciliations are carried out by a responsible officer, that this is evidenced, and that any discrepancies are investigated and explained, and corrective action is taken where necessary.

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
2.	<p><u>Finding</u> For the Broads IDB bank reconciliation all of the transactions are reconciled, however a number of reconciliations are undertaken in 'part' days so some transactions will go into one rec and others into the next rec. This creates the illusion that the bank statements are showing incorrect balances.</p> <p><u>Risk</u> Risk that transactions could be missed or duplicated. This could create an issue for business continuity in the event of absences and unnecessary inefficient backtracking to ensure the reconciliations are complete and up to date.</p>	Recommendation - ensure all reconciliations are undertaken up to the end of the previous day, to ensure each complete day is recorded in one reconciliation and corresponds to the bank statements.	Low	<p>Although the bank reconciliations were part complete, we would like to clarify no mistakes or errors were found within any of the Bank reconciliations performed. It could be argued that the Officer was being overly efficient and proactive.</p> <p>We have agreed to complete only full day reconciliations moving forward so the audit trail is clearer.</p>	<p>Finance and Rating Team</p> <p>April 2022</p>

Follow-up of Previous Report's Recommendations

General Observation – Improvements and Best Practice

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date
3.	<p><u>Finding</u> Following on from the Covid 19 pandemic, significant strides have been made in digital efficiencies to enable the workforce to work in a more flexible and agile manner. There is still a lot more that could be achieved to reduce reliance upon paper audit trails, resulting in benefits such as more efficient working practices, cost savings through reduced storage and enabling electronic authorisation through the finance system, increasing the audit trail. With the impending move to new offices, this would be an ideal time to create a paperless strategy and plan for the finance team.</p>	<p>Review current practices to see where efficiencies can be made in reducing reliance upon paper audit trails and explore the finance system capabilities for more efficient and robust electronic authorisations. Additional support could be sought from the internal auditor to provide advice and guidance if required on implementation on electronic procure to pay and authorisation structures.</p>	Low	<p>The Finance and Rating Team have reduced printing within 2021/22 by saving more on the server, and reducing reliance on paper files, where possible.</p> <p>We have agreed to save down the monthly Financial Reporting pack onto the server from 01st April 2022. This will save significant amounts of paper.</p> <p>Moving forwards the Finance and Rating Manager will look at a strategy to move towards a more paperless way of working. The Bedford Group of IDBs is currently trialling a system that is moving towards a paperless system, so we can benefit from their experience and visit to see how their system works, and how we can utilise this best for our Consortium.</p>	<p>Finance and Rating Manager</p> <p>April 2022 (Month End Financial Reporting Packs)</p> <p>April 2024</p>

Follow-up of Previous Report's Recommendations

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	Follow-up of Agreed Actions
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 30th June 2021	All Board minutes have been checked for the risk register items and now contain the correct description of 'approved' in the minutes.
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 30th June 2021	All risk registers have been checked and the updated date now coincides with the appropriate Board meeting.

Follow-up of Previous Report's Recommendations

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	Follow-up of Agreed Actions
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	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.	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.	<p>Corrections actioned in May 2021 payroll.</p> <p>Additional processes have been introduced for the payroll processing, which has resulted in fewer errors and none identified during the audit for 2021/22.</p>

Follow-up of Previous Report's Recommendations

Rec. no.	Finding / Risk	Recommendation	Priority Rating	Management Response	Responsible Officer and Agreed Due Date	Follow-up of Agreed Actions
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			

Follow-up of Previous Report's Recommendations

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	Follow-up of Agreed Actions
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	All staff are completing timesheets for periods of leave and are appropriately authorised.
5.	<p><u>Finding</u> One SHIDB employees 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</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	All timesheets sampled have been appropriately authorised prior to payment.

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



WATER MANAGEMENT ALLIANCE

**REVIEW OF EFFECTIVENESS OF RISK
MANAGEMENT, CONTROL & GOVERNANCE
PROCESSES**

**INTERNAL AUDIT
TERMS OF REFERENCE
2021-22**

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 2021--22.
- 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
 - Waveney, Lower Yare and Lothingland Internal Drainage Board

And to the Pavensey & Cuckmere Water Level Management Board.

As such, this work will enable the auditor to complete the Annual Governance and Accountability Returns for 2021-22 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 2021).
- 2.2 In order to be able to complete section 4 of the Electronic Annual Governance and Accountability Return for 2021-22, the auditor will consider the following internal control objectives (as stated on the return):
- A. The Accounting Records
Appropriate accounting records have been properly kept throughout the financial year.
- B. Financial Regulations and Standing Orders
The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Terms of Reference

- C. Risk Management processes
The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
 - D. Budgetary Controls
The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored: and reserves were appropriate.
 - E. Income Controls
Expected Income was fully received, based on correct process, properly recorded and promptly banked: and VAT was appropriately accounted for.
 - F. Petty Cash Procedures
Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
 - G. Payroll Controls
Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.
 - H. Asset Management
Assets and Investments registers were complete and accurate and properly maintained.
 - I. Bank Reconciliation
Periodic bank account reconciliations were properly carried out during the year.
 - J. Year-end Procedures
Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.
 - L. The authority publishes information on a free to access website/webpage up to date at the time of internal audit in accordance with any relevant transparency code requirements.
 - M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.
 - N. The authority has complied with the publication requirements for 2020-21 AGAR.
- 2.3 Any recommendations and issues arising from the previous audit will also be followed up to establish if they have been implemented or if there is a satisfactory explanation for non-implementation.
- 2.4 Contained within the scope of work described above it is implied that the auditor will have due regard for Value for Money considerations and the potential for fraud.

Terms of Reference

3. TASKS

3.1 The project tasks are to:

- Establish if the procedures recorded as part of the audit for 2020-21 remain the same and document any changes that may have taken place.
- Perform tests to establish that systems are operating in accordance with the procedures and that good practice is being complied with.
- Assess strengths and weaknesses of the systems operated and the levels of financial and management risk.
- Discuss the results with the Chief Executive and make recommendations as appropriate, which will be communicated to the Boards by means of a report.
- Complete Section 4 of the Electronic Annual Governance and Accountability Return for 2021-22 for each of the IDBs.

4. WORK PLAN

4.1 The audit will be undertaken by Kathy Woodward, Internal Auditor Manager, Fenland District Council.

4.2 The audit has been allocated seven 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 2020-21.	1
Testing – to establish that processes are being applied as intended.	4.5
Conclusions and discussion.	1
Completing the Return and reporting if required.	0.5

Terms of Reference

5. AGREEMENT

	Signature	Date
Phil Camamile Chief Executive, Water Management Alliance
Kathy Woodward Internal Audit Manager Fenland District Council



Annual Report for the year ended

31 March 2022

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

No later than 31 October 2022 a copy must be provided to:

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

WAVENEY LOWER YARE AND LOTHINGLAND

Internal Drainage Board

Section A – Financial information

Preliminary information on special levies issued by the Board for 2022-23

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 2022-23 (forecast)	
Name of local authority	2022-23 forecast £
1. BRECKLAND DISTRICT COUNCIL	903
2. BROADLAND DISTRICT COUNCIL	936
3. MID SUFFOLK DISTRICT COUNCIL	17,706
4. EAST SUFFOLK COUNCIL	26,974
5. GREAT YARMOUTH BOROUGH COUNCIL	64,191
6. SOUTH NORFOLK DISTRICT COUNCIL	123,763
7.	
8.	
Total	234,473

Section A – Financial information (continued)

Income and Expenditure Account for the year ending 31 March 2022

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 2022 £
INCOME		
1. Drainage Rates		238,868
2. Special Levies		218,336
3. Higher Land Water Contributions from the Environment Agency		170,740
4. Contributions received from developers/other beneficiaries		0
5. Government Grants (includes capital grants from EA and levy contributions)		305,763
6. PSCAs from EA and other RMAs		30,000
7. Loans		0
8. Rechargeable Works		767
9. Interest and Investment Income		2,114
10. Rents and Acknowledgements		0
11. Other Income		5,117
Total income		971,705
EXPENDITURE		
12. New Works and Improvement Works		305,763
13. Total precept to the Environment Agency		88,181
14. Watercourse maintenance		172,248
15. Pumping Stations, Sluices and Water level control structures		275,991
16. Administration		118,098
17. PSCAs		30,000
18. Rechargeable Works		706
19. Finance Charges		13,674
20. SSSIs		0
21. IDB Biodiversity and conservation (other than item 20 expenditure)		15,399
22. Other Expenditure		0
Total expenditure		1,020,060

EXCEPTIONAL ITEMS		
23. Profits/(losses) arising from the disposal of fixed assets		0
Net Operating Surplus/(Deficit) for the year		(48,356)
24. Developers Funds income not applied in year		484,826
25. Grant income not applied in year		1,461,015

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/WLYLIDB_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? Yes No

What year was your Biodiversity Action Plan last updated?

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

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

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:

1. Wortham Ling
2. Gypsy Camp Meadows Thrandeston
3. Reddgrave & Lopham Fens
4. Shelfanger Meadows
5. Stanley & Alder Carrs, Aldeby
6. Barnby Broad & Marshes
7. Spratts Water & Marshes
8. Barnby Btoad & Marsh Carlton Colville
9. Limpenhoe Meadows
10. Poplar Garm Meadows Langley
11. Breydon Water Norfolk
12. Geldeston Meadows

Area of SSSI with IDB water level management plans

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

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

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?

How many pumping stations does the Board operate?

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

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?	37
Seats available to appointed members under the Land Drainage Act 1991.	19
Number of elected members on the board at year end.	17
Number of appointed members on the board at year end.	7
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.	6

Have you held elections within the last three years?.....Yes No N/A
 Did elections comply with the requirements specified by the Secretary of State under Regulation 28 of the Land Drainage (Election of Drainage Boards) Regulations 1938?..... Yes No N/A

Complaints procedure

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

Number of complaints received in the financial year?	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
 Newsletters
 Web site
 Meetings
 Shows/events (including open days/inspections)
 Consultations
 Notices

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

0%

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

WAVENEY LOWER YARE AND LOTHINGLAND

Internal Drainage Board

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

Signature

P. Camamile

Date

27/10/2022

Name in BLOCK LETTERS

PHIL CAMAMILE

Designation

CHIEF EXECUTIVE

Email address

PHIL@WLMA.ORG.UK

BOARD MEMBERSHIP AS AT 31 MARCH 2022			
NAME	MEETINGS	ATTENDED	ATTENDANCE %
ELECTED MEMBERS			
Sir Nicholas Bacon	3	1	33
Richard Basey-Fisher	3	3	100
Ben Blower (from 01 Nov 21)	2	2	100
Richard Beevor (until 31 Oct 21)	1	1	100
John Brown	3	0	0
Henry Budgen	3	0	0
David Burroughs	3	2	67
Collen Burton	3	0	0
Peter Cargill	3	3	100
Mike Caston (until 31 Oct 21)	1	0	0
Bryan Collen	3	1	33
Matt Gooch	3	0	0
Rachael Hipperson	3	1	33
Chris Mutton **	3	3	100
William Slater	3	0	0
Hamish Thomson-Carrie *	3	3	100
Ivan Vincent	3	0	0
David Watson	3	1	33
Adam Williamson	3	0	0
Elected Member Total	52	21	40%
APPOINTED MEMBERS			
Great Yarmouth BC			
Tracy Cameron	3	1	33
Marlene Fairhead	3	2	67
South Norfolk DC			
Brendon Bernard	3	2	67
Clayton Hudson	3	0	0
James Knight	3	1	33
Jeremy Savage	3	3	100
East Suffolk Council			
Keith Patience (until 31 Jan 22)	2	1	50
Broadland DC			
Grant Nurden	3	3	100
Appointed Member Total	66	40	64%

* Chairman / ** Vice Chairman

Elected Member Average Attendance (excluding vacancies) **40%**
Appointed Member Average Attendance (excluding vacancies) **64%**



Waveney, Lower Yare
and Lothingland
Drainage Board

Board Members and Officers

Gifts and Hospitality Register for 2021/22

Date	Member/Employee	Offer from	Description	Value (if known)	Accepted/Declined