

Minutes of the meeting of the Lower Severn (2005) Internal Drainage Board
Held on Wednesday 22nd July 2020 at 10.00 am
Microsoft Teams Virtual Meeting

Present:

Cllr M Riddle Chairman
 Cllr P Abraham
 Mr M Barnes
 Cllr K Burchall
 Cllr P Burford
 Mrs F Collins
 Mr J Cornock
 Mr T Cullimore
 Mr R Godwin
 Cllr R Griffin

Miss R Hewlett
 Mr J Hore
 Mr G R Littleton
 Mr J Nichols
 Mr G Simms
 Ald M Sykes
 Ald C Williams
 Cllr M Williams

Staff:

Kieran Warren
 Martin Dear
 James Druett
 James Thomas
 Louise Reading

Principal Officer
 Accounts Officer
 Land Drainage Engineer
 Civil Engineer
 Minutes

PO
 AO
 LDE
 CE

3038	Welcome/Apologies The Chair welcomed everyone to the first virtual Board Meeting. Apologies were received from Mr K Withers, Cllr J Jones, Cllr P Toleman, Mr R Hyslop, Mr I Ractliffe, Cllr Behan, Cllr Howells and Cllr Hance.	
3039	Chairman's Announcements The Chair advised Members that the following Committee Meetings and visit had been cancelled owing to the Covid 19 pandemic. <ul style="list-style-type: none"> • 01/04/2020 – Governance and Probity Committee Meeting • 15/04/2020 – Engineering Committee Meeting • 06/05/2020 – Staff & Pensions Meeting • 01/07/2020 - Avonmouth and Severnside Visit Scheduled. Members were informed that the PO would advise new Committee dates over the next couple of weeks. The Chair thanked the staff and Members for their hard work in keeping operations running throughout this period. The Chair also congratulated Ms Hewlett on the publication of her new book and advised Members to contact Ms Hewlett should they wish to purchase a copy.	
3040	Declaration of Members Interest None were declared	
3041	Matters arising and Minutes of Previous Meeting Page 5 – Mr Nichols asked if the Energreen cost information had been collated yet. The LDE advised that he had the information and would email it to Members. It was resolved that: <ul style="list-style-type: none"> • The Minutes of the meeting held 5th February 2020 be approved. 	Action20200722 FB1 The LDE to email members Energreen costs

<p>3042</p> <p>3043</p>	<p>Committee Updates <u>Finance and General Purposes Committee</u> Ald C Williams explained to the Members that he had been liaising with AO to finalise wording for the Capital Financing and Reserves Policy. Once agreed the policy would be submitted to the Board for approval.</p> <p>The Finance and General Purposes Committee had reviewed various reports presented by the AO and had noted the following:</p> <ul style="list-style-type: none"> • Cash Flow to 31st March 2020 • LGPS figures • Capital Programme 2020/2028 <p>The Finance and General Purposes Committee submit the following for Board Approval</p> <ul style="list-style-type: none"> • Management Accounts year ending 31st March 2020, • Annual Governance & Accountability Return (AGAR) 2019/20 (see minute numbers 3045 & 3046) • Insurance Policies 2020/21. <p>Ald Williams also stated that he felt closer liaisons between Committees especially between the Engineering Committee and Finance and General Purposes Committee in line with the Capital Programme would be hugely beneficial to the Board.</p> <p>The AO also directed Members to Appendix B – the Treasury Management Policy as this to required Board Approval.</p> <p>It was resolved that</p> <ul style="list-style-type: none"> • The Treasury Management Policy be approved as per Appendix A, • The Management Accounts year ending 31st March 2020 be approved as per Appendix B, • The Insurance Policies be approved as per Appendix C. <p>Covid 19: Impact on the Boards Operations The PO informed Members that Covid 19 had some significant impact on the Board including the cancellation of Committee Meetings which would be rearranged as soon as possible.</p> <p>The PO also explained that office staff had suffered very little disruption as they had been able to work from home. The operatives had been unable to work for a 7-week period from March to Mid-May.</p> <p>The PO confirmed that the operatives were all now back at work with new safety measures in place whilst office staff were still mainly working from home. The PO understood there was a need for a transparent formal arrangement to be agreed, to include office cover Monday to Friday. This would be discussed at the next Staff and Pensions Committee Meeting</p> <p>The PO expressed his satisfaction with how the staff had managed to minimise the disruption to the Board.</p> <p>Some Members felt that Zoom may be a better package to use for meetings. It was felt that it provided better connection, was better visually as all attendees are displayed on screen, gave less feedback noise and seemed to have consistent functionality across devices.</p> <p>Ald Williams pointed out that the current system had come at a cost to the Board and with Covid measures easing, the Board should be cautious about further expenditure.</p>	
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	<p>It was resolved that;</p> <ul style="list-style-type: none"> • (1) The report be noted; and • (2) Officers be requested to investigate the benefits of Zoom software and report back. 	
3044	<p>Annual Governance and Accountability Return 2019/2020 (AGAR) The AGAR is a statutory return that is based on the Management Accounts 1st April 2019 – 31st March 2020. The Finance and General Purposes Committee received a report at their last meeting which showed the reconciliation between the Management Accounts and the AGAR. There are two elements to the AGAR that the Board must agree prior to submission. The first is the Annual Governance Statement and the second is the Accounts Statement.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • The Annual Governance and Accountability Return be noted as per Appendix D. 	
3045	<p>It was resolved that:</p> <ul style="list-style-type: none"> • The Annual Governance Statement 2019/2020 be approved and signed by the Chair and PO as per Appendix D, page 4. 	<p><u>Action20200722 FB2</u> To be signed by the Chair and PO</p>
3046	<p>It was resolved that:</p> <ul style="list-style-type: none"> • The Annual Accounting Statement 2019/2020 be approved and signed by the Chair as per Appendix D, page 5. 	<p><u>Action20200722 FB3</u> To be signed by the Chair</p>
3047	<p>Pay Award 2020/21 Mr Nichols expressed concern at the level of the pay award, which he felt was excessive at 3.7%. He added that the Employer's side should have consulted all IDBs before concluding an agreement, since most Boards had budgeted for an increase of 2% to 2.5% only. Cllr Burford questioned the fitness of the formula used in the negotiations and wondered what award this formula would have yielded in, for example, the previous two years.</p> <p>The PO reported that the award was the result of negotiations conducted at a national level and pointed out that to move away from national pay bargaining arrangements could cause the Board staff recruitment and retention problems. Mr Simms agreed with the PO's observations.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • (1) the report be noted: and • (2) this issue be referred to the next meeting of the Staff & Pensions Committee for further discussion. <p>NB With the exception of the PO, all members of staff withdrew from the meeting whilst this matter was under consideration.</p>	<p><u>Action20200722 FB4</u> PO to submit a report to the next meeting of the S & P Committee</p>
3048	<p>Land Drainage Engineer's Report The LDE advised Members that good progress was made despite very wet conditions. Operations were suspended due to Covid 19 on 24th March 2020, except some emergency works to remove blockages.</p> <p>Annual maintenance had started slightly earlier than normal. This had led to some concern raised at Tirley which had been addressed.</p> <p>The LDE was hopeful that if the weather remained dry whilst operatives worked summer overtime, it was possible the mowing and cutting would finish ahead of schedule. This would allow operatives to complete some of the dredging works that were missed during lockdown.</p>	

	<p>In response to a question from Mr Simms the LDE advised that works would start on Tuesday 28th July on two culverts in Ryalls Lane.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • The report be noted. 	
3049	<p>Civil Engineer's Report</p> <p>The CE updated Members on CCTV and root cutting works that would begin next week at Slimbridge; this had been delayed as a result of Covid.</p> <p>The CE explained that the Covid Pandemic had also considerably slowed development at Avonmouth and Severnside. However over the last few weeks there were signs of a return to normal with existing sites as well as some new enquiries.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • The report be noted. 	
3049	<p>Date of next meeting</p> <p>Members noted that the next Full Board meeting date and platform are to be confirmed</p>	
	The meeting closed at 11.15 am.	

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Treasury Management Policy

Approved 22nd July 2020, Minute 3042

To be reviewed June 2021

Introduction

The primary principle governing the Board's investment criteria is the security of the financial institution in which the Board places its funds. Yield/return and liquidity are also key considerations.

1. The Board's funds

Approved Financial Institutions

The Board's principal banker is NatWest.

Cash may be deposited with any of the four main clearing banks (NatWest, Lloyds, Barclays and HSBC).

2. Accountabilities

The Treasury Sub-Committee will determine the amount of cash that is available for deposit with the four main clearing banks.

In addition to the NatWest Direct Reserve account, there will be two or three other deposit accounts.

Cash may be deposited in instant access accounts, fixed term accounts or notice accounts

If deposited in a fixed term account then the maximum fixed term period is six months.

If deposited in a notice account then the maximum notice period is six months.

The Accounts Officer to have flexibility to allocate funds between accounts in order to attract the best return. In particular the Accounts Officer is authorised to move funds between the Bonus Saver and the two Notice Accounts to increase the return of interest received on cash balances having regards to the cash flow requirements of the Board.

3. Funds received from Developers

Under minute No. 2218 at 24 June 2015 Board Meeting, the Board approved the appointment of Smith & Williamson Investment Managers. They manage the fund on a non-discretionary basis.

The Board resolved to invest £500,000 of the funds into a balanced multi asset portfolio. The income from these investments are to be re-invested.

The Treasury Sub Committee has the authority to invest future sums received from Developers. Before investing any future sums received, the Treasury Sub-Committee must take into account the cash flow requirements of the Board.

The Treasury Sub-Committee has the authority to agree into which funds these should be invested following consultation with Smith & Williamson.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD**BALANCE SHEET AS AT 31 MARCH 2020**

	Note	£	31/03/20 £	31/03/19 £	Variance £
FIXED ASSETS					
Fixed Assets	1	784,420	784,420	692,402	92,018
LONG TERM ASSETS					
Investments		668,038	668,038	603,932	64,106
CURRENT ASSETS					
Stock +WiP		52,116		47,973	4,143
Trade debtors		6,418		6,773	-355
Drainage rate debtors		295		96	199
Levy Debtors		0		0	0
VAT Claim		8,322		5,829	2,493
Special Levies		0		0	0
Developers Funds Due		0		0	0
Prepayments		33,535		32,280	1,255
Cash at bank and in hand		127,931		852,523	-724,592
Short term deposits		1,108,312		501,013	607,299
			1,336,929	1,446,487	-109,558
CURRENT LIABILITIES					
Trade Creditors		-39,291		-38,061	-1,230
Other Creditors		-27,755		-25,341	-2,414
Accrued expenses		-23,177		-6,685	-16,492
Finance Leases due within one year		0		-1,016	1,016
Prepaid Rates	2	0		-200	200
Prepaid Levies	2	0		-1,519	1,519
Prepaid Developers Funds		0		0	0
			-90,223	-72,822	-17,401
NET CURRENT ASSETS			1,246,706	1,373,665	-126,959
TOTAL ASSETS LESS CURRENT LIABILITIES			2,699,164	2,669,999	29,165
LONG TERM LIABILITIES					
Finance Leases		0		0	0
Pension scheme deficit		-951,000		-1,276,000	325,000
			-951,000	-1,276,000	325,000
NET ASSETS			1,748,164	1,393,999	354,165
FINANCED BY:					
CAPITAL ACCOUNT			666,569	666,569	0
ACCUMULATED FUND					
Balance brought forward		572,203		523,570	48,633
Surplus for the 12 months		258,026		223,633	34,393
Transfer to Capital Expenditure Reserve		-200,000		-175,000	-25,000
Additional Transfer to Capital Exp. Res.		-200,000		0	-200,000
Transfer from Capital Expenditure Reserve		116,426		0	116,426
			546,655	572,203	-25,548
Developers Funds Reserve					
Investments at cost		650,000		500,000	150,000
Increase in value		18,038		103,932	-85,894
Investments current value		668,038		603,932	64,106
Cash at Bank		119,925		310,746	-190,821
			787,963	914,678	-126,715
Revaluation Reserve			144,583	144,583	0
Capital Expenditure Reserve	3		553,394	371,966	181,428
Pension Reserve			-951,000	-1,276,000	325,000
			1,748,164	1,393,999	354,165

Notes

1. Fixed Assets include purchases, sales and depreciation for 12 months to 31 March 2020.
 2. In all cases the balance sheet has been adjusted to reflect receipts and payments made in advance of the period earned or due.
 3. This Reserve is held as cash and increases by £16,667 each month.
- There is a corresponding monthly charge in the income and expenditure account.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

INCOME AND EXPENDITURE 12 MONTHS TO 31 MARCH 2020

Income	Note	Actual £	Budget £	Variance £	31 March 2019	
					£	Variance £
Levies charged to Authorities	1	1,259,073	1,259,073	0	1,185,162	73,911
Agricultural Rates	1	116,673	116,673	0	110,299	6,374
Rechargeable works		28,276	20,000	8,276	33,179	-4,903
Application fees		1,700	3,000	-1,300	3,900	-2,200
Consultancy Fees Recharged		25,830	0	25,830	21,456	4,374
Surplus on sale of assets		9,961	9,489	472	614	9,347
Miscellaneous Income		369	0	369	0	369
Foreign Water Grant		164,058	163,854	204	160,841	3,217
Developers Funds Contribution	1	42,436	42,436	0	41,200	1,236
Interest		6,341	3,000	3,341	3,837	2,504
Total		1,654,717	1,617,525	37,192	1,560,488	94,229
Expenditure						
Payroll		707,325	707,201	-124	689,585	-17,740
Office maintenance	2	15,245	23,275	8,030	19,236	3,991
Maintenance	3	193,059	193,500	441	180,228	-12,831
EA Levy		209,698	209,699	1	205,587	-4,111
Motor travel and subsistence	4	25,293	25,646	353	27,404	2,111
Communications		4,591	5,250	659	5,308	717
Administration	5	39,145	36,480	-2,665	33,858	-5,287
Engineering Consultancy fees		65,262	75,000	9,738	46,855	-18,407
Legal and professional fees	6	6,087	3,000	-3,087	5,105	-982
Audit and Accountancy fees		4,600	5,000	400	4,550	-50
Depreciation		125,012	114,258	-10,754	116,744	-8,268
Bank charges		1,374	3,000	1,626	2,395	1,021
Total		1,396,691	1,401,309	4,618	1,336,855	-59,836
Surplus for 12 months		258,026	216,216	41,810	223,633	34,393
Transfer to Capital Expenditure Reserve		200,000	200,000	0	175,000	25,000
Net Surplus for 12 months		58,026	16,216	41,810	48,633	9,393

Notes on Variances

The results for 12 months show a net surplus of £58,026 against a budget surplus of £16,216.

The major reasons for the variances are:-

1) In all these cases the income and expenditure has been included for the 12 months irrespective of when the monies are received or paid. The appropriate adjustments are made on the balance sheet.

2) Office Maintenance - A reduction in the premium for Public Liability and Premises Insurance

3) Maintenance costs analysis is as follows:

	Actual £	Budget £	Variance £	Explanation for major variances
Plant Maintenance	70,551	72,200	1,649	Tyres, Boom Repairs, Sensor Faults, Dipper Ram.
Maintenance Compensation	0	1,000	1,000	
Vehicle, Plant	69,795	85,500	15,705	Diesel
Workshop Fixtures & Fittings	14,036	10,600	-3,436	Remedial Electrical works
Pump Station Electricity	32,376	17,000	-15,376	
Health & Safety	6,301	7,200	899	
	193,059	193,500	441	

4) Administration - Increase due to long service awards.

5) Engineering Consultancy fees -

	Actual £	Budget £	Variance £
Non Rechargeable Fees	43,737	45,000	1,263
De-Maining Surveys	0	30,000	30,000
Rechargeable Fees	21,525	0	-21,525
	65,262	75,000	9,738

6) Legal and Professional Fees - Increase due to Debt Recovery costs.

Insurance Policies - 2020/21					Appendix C		
Insurer	Policy No	Cover	Renewal Date	Incl IPT 2020/21 Premium	Incl IPT 2019/20 Premium	Paid	Increase
Lloyds Syndicate ERS218 (Fenton Insurance Solutions)	50030626	<i>Comprehensive Cover including plant, unspecified non self propelled attached or detached implements exceeding £20,000 and trailers not exceeding £100,000. Any Items are specified . Any authorised licensed driver 25 and over on Drainage Board Business and Social Domestic & Pleasure. £100 Excess accidental damage, fire, theft, windscreen.</i>	01/04/2020	£12,265.00	£12,598.00	Mar-20	-£333.00
Zurich Municipal	XAO 272027-0033	<i>Material Damage, All Risks, Public/ Products/Pollution Liability £10,000,000, Employers Liability £10,000,000, Fidelity Guarantee £2,000,000, Personal Accident £500,000-£1,000,000. Excess £250 for Malicious Damage, Storm or Flood, escape of water, falling trees or branches. £100 theft, accidental damage. In addition Business interruption Insurance has been taken out to cover any additional costs in the event that the board's premises are not accessible (Fire, flood etc). The cover is £220,000 for the year.</i>	01/04/2020	£7,813.00	£6,928.00	Mar-20	£885.00
Please Note! We are not insured for: Money, Hirers Liability, Libel & Slander, Legal Expenses & Uninsured loss recovery, Deterioration of Stock, Legal Expenses.							
Allianz Insurance Engineering (Fentons insurance Solutions)	NZ/22726215	<i>Cover includes all pumps and related equipment. An indemnity limit of £250,000 for machinery damage/ breakdown to 12 pumps and machinery.</i>	01/04/2020	£3,171.00	£2,932.13	Mar-20	£238.87
Total premiums				£23,249.00	£22,458.13		£790.87
This Insurance Policy Schedule has been reviewed and is agreed to be sufficient for the Lower Severn (2005) Internal Drainage Boards needs.							
Signed:..... M Riddle (Chairman)			Dated:.....		Minute Number:.....		

Annual Governance and Accountability Return 2019/20 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 that:
 - 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 2019/20

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 2020**.
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) no later than 30 June 2020**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2020
 - 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 2019/20

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 limited assurance review and is able to give an opinion, 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 2020 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 2019/20**, approved and signed, page 4
- **Section 2 - Accounting Statements 2019/20**, approved and signed, page 5

Not later than 30 September 2020 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 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 2019/20

- 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 (no highlighted boxes left empty), 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 AGAR 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 before approving the annual governance statement and 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) no later than 30 June 2020.
- 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 2019) equals the balance brought forward in the current year (Box 1 of 2020).
- 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 2020**.

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', has an explanation been published?	✓	
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 published?	✓	
	Has the bank reconciliation as at 31 March 2020 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 2019/20

Lower Severn (2005) 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 2020.

The internal audit for 2019/20 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 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
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

19/02/2020

Name of person who carried out the internal audit

Bishop Fleming LLP

Signature of person who carried out the internal audit

Bishop Fleming LLP

Date

22/05/2020

*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 2019/20

We acknowledge as the members of:

Lower Severn (2005) 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 2020, that:

	Agreed		‘Yes’ means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority’s accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

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

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

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

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

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

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

Authority web address

www.lowersevernldb.org.uk/

Section 2 – Accounting Statements 2019/20 for

Lower Severn (2005) Internal Drainage Board

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	1,083,985	1,373,665	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. 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	1,295,461	1,375,746	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	312,067	242,381	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	711,467	731,323	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	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	606,381	1,013,763	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	1,373,665	1,246,706	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	1,353,536	1,236,243	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	1,192,402	1,434,420	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 2020 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

M. Dea SIGNED

Date

19/06/2020

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

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

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

SIGNATURE REQUIRED

Section 3 – External Auditor Report and Certificate 2019/20

In respect of

Lower Severn (2005) 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 2020; 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 2019/20

(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 2019/20

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 2020.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

*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)