

South Holderness Internal Drainage Board

Notice of Conclusion of the audit and right to Inspect the Annual Return

Annual Return for the year ended 31st March 2018
Section 20(2) and 25 of the Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015/234)

1. The audit of accounts for **South Holderness Internal Drainage Board** for the year ended 31st March 2018 has been completed and the accounts have been published.
2. The Annual Return is available for inspection by any local government elector of the area of **South Holderness Internal Drainage Board** on application to
 - (a) Mr Ralph Ward, Clerk to the Board, 18 Market Place, Patrington, HU12 0RB
 - (b) Between the hours of 9am and 5pm, Monday to Friday, excluding Bank Holidays
3. Copies will be provided to any local government elector on payment of £5 for each copy of the Annual Return.

Announcement made by Mr Ralph Ward, Clerk to the Board

Date of Announcement: 26 September 2018

SOUTH HOLDERNESS 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 2018.

The internal audit for 2017/18 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. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Date(s) internal audit undertaken: 24/05/18 Name of person who carried out the internal audit: Jonathan Morley
 Signature of person who carried out the internal audit:  Date: 24/05/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).
 **Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

SOUTH HOLDERNESS 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 2018, 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.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
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.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
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.		✓	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
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.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>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.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>	
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.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
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	<i>has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

6A

5 June 2018

dated

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

Chairman

Clerk

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

www.southholdernessidb.co.uk

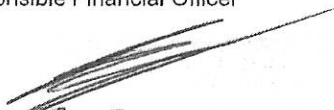
Section 2 – Accounting Statements 2017/18 for

SOUTH HOLDERNESS INTERNAL DRAINAGE BOARD

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	215,684	250,1992	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	159,430	159,587	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	66312	47,227	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 salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	191,034	197,442	Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	250,842.	260,264	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	250,842.	260,264	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	0	0	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 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 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer


5 June 2018

Date

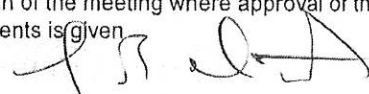
I confirm that these Accounting Statements were approved by this authority on this date:

5 June 2018

and recorded as minute reference:

63

Signed by Chairman of the meeting where approval of the Accounting Statements is given



Section 3 – External Auditor Report and Certificate 2017/18

In respect of

South Holderness Internal Drainage Board DB0097

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 2018; 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 2017/18

Except for the matters reported below, 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.

1. The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:
 - The smaller authority has confirmed that it owns fixed assets (land/outfall structures), but that the recognition policy for those assets is to value them all at £Nil. This policy does not give a reader of the Accounting Statements the ability to draw any meaning from the Box 9 figures stated on the AGAR or to recognise any changes in those assets year to year. The Practitioners' Guide (the Guide) states that smaller authorities 'need to apply a reasonable approach to asset valuation which is consistent from year to year'. Under this range of possible approaches, all assets are expected to carry some value, however small. In particular, the Guide states that where assets are gifted at zero cost to the authority they should be recorded at a nominal value of £1. The smaller authority should therefore reconsider the valuation policy for all fixed assets and draw up a policy to be approved by the authority and recorded in both the authority's minutes and in the asset register. When submitting the 2018/19 AGAR, the smaller authority should ensure that the 2017/18 comparative figure in Box 9 is restated for consistency and comparability.
2. The Board has provided two different bank reconciliations to support the Box 8 figure (one prepared by the Clerk and one prepared by the internal audit firm). One version showed a reconciling amount entitled 'VAT debtor' (which would not be acceptable as a reconciling item and would indicate errors in the Boxes 3 and 7 figures as well) and the other showed the same reconciling amount as uncleared cash received before the year end (which would be correct) – we therefore do not have confidence in the accuracy of the Box 8 balance on the AGAR.

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

- We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2018/19 for the exercise of public rights, since the correct information was not published on a website as well as a noticeboard. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2018/19 and ensure that it makes proper provision for the exercise of public rights during 2019/20.
- The internal auditor is not independent of the financial decision making, management and control of the smaller authority since the internal audit firm prepared the accounts and AGAR figures and provided responses to our queries. The smaller authority must disclose this by answering 'No' to Assertion 6 of the Annual Governance Statement on the 2018/19 AGAR. In future years, the smaller authority must maintain an independent system of internal audit of the accounting records and control systems.
- We note that this is the second consecutive year that income and/or expenditure exceeds £200k and Section 2 has been prepared on a receipts and payments (cash) basis. In accordance with proper practices, the income and expenditure (accruals) basis must be used to prepare its accounts for the third and subsequent years that income and/or expenditure exceeds £200k. If this is applicable in 2018/19, please ensure that the 2017/18 figures are restated in the prior year comparatives when completing next year's AGAR.

3 External auditor certificate 2017/18

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 2018.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

22/09/2018

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)