# Section 1 – Accounting statements 2014/15 for

reporting body here: DANVM DRAINAGE COMMISSIONERS

Internal Drainage Board

		Year e	ending	Notes and guidance			
	$\sim -\chi$	31 March 2014 £	31 March 2015 £	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.			
1	Balances brought forward	801998	874-603	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	(+) Rates and special levies	939787	975676	Total amount of direct rates on landowners and special levies on local authorities received or receivable in the year.			
3	(+) All other income	890530	1,446,139	Total income or receipts as recorded in the cashbook less the rates and special levies (line 2). Include all grants and contributions from EA here.			
4	(-) Watercourses and pumping stations	1281896	1,616589	Total expenditure or payments including capital spending and employment costs on construction and maintenance of watercourses and pumping stations.			
5	(-) Loan interest/ capital repayments	15422	11678	Total expenditure or payments of capital and interest made during the year on the Board's borrowings (if any).			
6	(-) All other payments	460394	509768	Total payments or expenditure as recorded in the cashbook less watercourses and pumping stations (line 4) and loan interest/ capital repayments (line 5). Include all contributions to EA here.			
7	(=) Balances carried forward	874-603	1158383	Total balances and reserves at the end of the year. Must equal $(1+2+3) - (4+5+6)$			
B	Total cash and short term investments	763412	855278	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 other long term investments and assets	2318268	2140776	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the Board as at 31 March.			
10	Total borrowings	63589	53776	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).			

the accounting statements in this annual return present fairly the financial position of the Board and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

29/05/2015 Date

approved by the Board on this date:

19/06/2015

and recorded as Board minute reference:

82015 - 59ERENCE

6 Saket

19/06/2015

Signed by Chair of meeting approving these accounting statements:

Date

# Section 2 – Annual governance statement 2014/15

We acknowledge as the members of: Drawn Drawge Conversionens Internal Drainage Board our responsibility for ensuring that there is a sound system of internal control, including 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 2015, that:

		Agree	ed –	'Yes'
		Yes	No*	means that the board
1	We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	$\checkmark$		prepared its accounting statements in the way prescribed by law.
2	We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	$\checkmark$		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 the board to conduct its business or on 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.	$\checkmark$	•	during the year has given all persons interested the opportunity to inspect and ask questions about the board's accounts.
5	We carried out an assessment of the risks facing the board and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	J		considered the financial and other risks it faces and has dealt with them properly.
6	We maintained throughout the year an adequate and effective system of internal audit of the board's accounting records and control systems.	$\checkmark$		arranged for a competent person, independent of the board's financial controls and procedures, to give an objective view or whether internal controls meet the needs of the board.
7	We took appropriate action on all matters raised in reports from internal and external audit.	$\checkmark$		responded to matters brought to its attention by internal and external audit.
3	We considered whether any litigation, fiabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the board 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.
יכ	y the board and recorded as minute reference $2015 - 59$	Signe Chair dated	· ·	19/06/2015
da	atod 16/05/2010	dated Signe		

\*Note: Provide explanations to the external auditor on a separate sheet for each 'No'. Describe how the board will address the weaknesses identified.

Clerk

dated

19/06/2015

# Section 3 – External auditor certificate and opinion 2014/15 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

DANVM DRANAGE COMMISSIONERS

## Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (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.

## External auditor report

(Except for the matters reported below)\* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no 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 wish to draw to the attention of the board:

Please see enclosed report

BDC LLP Sc thampton United tungdom

(continue on a separate sheet if required)

External auditor signature BDO LLP Southampton Date 20/4/16

United Kingdom

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Section 4 – Annual internal audit report 2014/15 to

Enter name of reporting body here:

PANVM PRAINAGE COUNSISSIONERS

Internal Drainage Board

2015

The board's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the board'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 following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the board.

Internal control objective		Agreed? Please choose from one of the following			
		Yes	No*	Not covered**	
A	Appropriate accounting records have been properly kept throughout the year.	V		Land and a	
В	The board's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	1			
С	The board assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1			
D	The annual rating requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	1			
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	1			
F	Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			NOT COVERED (NONE)	
G	Salaries to employees and allowances to board members were paid in accordance with board approvals, and PAYE and NI requirements were properly applied.	1			
н	Asset and investments registers were complete and accurate and properly maintained.	1			
L	Periodic and year-end bank account reconciliations were properly carried out.	V	1		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	1			

For any other risk areas identified by the board (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit:	ANGREN	CANE COR	CERTIFIER AC
Signature of person who carried out the internal audit:	SIGNATU	A.G	Date: 12/
*Note: If the response is 'no' please state the implication weakness in control identified (add separate sheets if ne	ns and ac	1.	

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

ISSUES ARISING REPORT FOR Danvm Drainage Commissioners Audit for the year ended 31 March 2015



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## Introduction

The following matters have been raised to draw items to the attention of Danvm Drainage Commissioners. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

• Potential conflict of interest

3

The following issue(s) have been raised to assist the board. The board is recommended to take action on the following issue(s) to ensure that the board acts within its statutory and regulatory framework.

### Potential conflict of interest

### What is the issue?

There is a potential or perceived conflict of interest as the company which provides the clerk and management services to the IDB is related to a company which provides engineering and another which provides consulting services to IDB's.

### Why has this issue been raised?

There is a potential or perceived conflict of interest if contracts are awarded to either the engineering or consultancy service if the clerk does not declare an interest and exclude themselves from discussions or review of tenders.

During the year there was an award of a phase 1 project. The clerk declared an interest in the matter and the tenders were reviewed by an independent external consultant appointed by the Coal Authority.

The importance of having very robust and transparent arrangements in general wherever public funds are involved cannot be understated. If the perception is that something is not transparent when public funds are involved then issues can arise.

The company which provides the clerks services did draw up a specification for a tender which one of the related companies tendered for. This might be seen as a conflict of interest.

#### What do we recommend you do?

We would recommend that there is a clear distinction between the administration, engineering and consultancy services provided by the related companies and to ensure that when any contracts are awarded for any consultancy and engineering services these are evaluated and reviewed by an independent third party.

It is important that when the drawing up tenders consideration of any conflicts of interest are taken into account and steps are taken to remove any conflicts of interest that may arise if a related party intends to bid for a contract.

It is important that all relationships and clearly documented and the public can see that the services are provided independently from each other and there are no conflicts of interest.

It is important that the financial regulations of the IDB are updated to include the management contracts in place concerning the clerking and administration of the IDB and also concerning the approval of tenders.

The IDB will still need to consider whether those safeguards will overcome any perceived conflicts

Further guidance on this matter can be obtained from the following source(s):

Not applicable

4

No other matters came to our attention.

For and on behalf of BDO LLP

Date: 20 April 2016