

Section 1 – Accounting statements 2014/15 for

Enter name of reporting body here:

DANVM DRAINAGE COMMISSIONERS

Internal Drainage Board

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
1 Balances brought forward	801998	874603	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 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	1,616,589	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	874603	1158383	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 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).

I certify that for the year ended 31 March 2015 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:

 SIGNATURE REQUIRED

Date 29/05/2015

I confirm that these accounting statements were approved by the Board on this date:

19/06/2015

and recorded as Board minute reference:

B 2015-59 REFERENCE

Signed by Chair of meeting approving these accounting statements:

 SIGNATURE REQUIRED

Date 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 DRAINAGE 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

**BDO LLP Southampton
United Kingdom**

(continue on a separate sheet if required)

External auditor signature

External auditor name Date

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

Section 4 – Annual internal audit report 2014/15 to

Enter name of reporting body here:

DANVM DRAINAGE COMMISSIONERS

Internal Drainage Board

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.	✓		
B The board's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The board assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual rating 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 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.	✓		
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/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.	✓		

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: **MR ANDREW CAINE** (BRIDGEHEADS & BC CHARTERED CERTIFIED ACCOUNTANTS)

Signature of person who carried out the internal audit: **A. C** Date: **12/06/2015**

*Note: 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, 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

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
-

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 are 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

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 20 April 2016
