

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
MEMBERSHIP FOR THE YEAR ENDING 31 MARCH 2005**

ELECTED MEMBERS

<u>NAME</u>	<u>TOTAL MEETINGS</u>	<u>NUMBER ATTENDED</u>	<u>ATTENDANCE %</u>	<u>CONTACT DETAILS</u>
Geest J L van	8	8	100	john@jlfarms.co.uk
Grundy N J	8	6	75	info@south-holland-idb.gov.uk
Hay A G	10	6	60	andrew.hay@farmline.com
Hay G A	5	5	100	info@south-holland-idb.gov.uk
Markillie S A R *	12	12	100	strawberryhall@farmersweekly.net
Mossop S C (resigned 31/03/05)	4	2	50	info@south-holland-idb.gov.uk
Sly D	5	4	80	info@south-holland-idb.gov.uk
Thompson R C	8	4	50	george.thompson.farms.ltd@farmline.com
Ward J M	9	6	67	info@south-holland-idb.gov.uk
Worth D R **	12	7	58	dworth@qvfoods.ltd.uk

APPOINTED MEMBERS

Atkin J M	8	8	100	mikeandpatatkin@yahoo.com
Biggadike A J	5	2	40	alan@biggadike4holme.freeserve.co.uk
Biggadike F	9	9	100	info@south-holland-idb.gov.uk
Booth S M	5	1	20	info@south-holland-idb.gov.uk
Bray T	5	5	100	info@south-holland-idb.gov.uk
Brewis C J T H	4	4	100	info@south-holland-idb.gov.uk
Davies E N	4	3	75	info@south-holland-idb.gov.uk
Espin P A	4	4	100	info@south-holland-idb.gov.uk
Johnson H R (upto 01/08/04)	4	0	0	info@south-holland-idb.gov.uk
Keeble S	5	3	60	shaun_keeble@hotmail.com
Taylor M R	5	3	60	info@south-holland-idb.gov.uk
Williams D P Mrs (from 01/08/2004)	3	2	67	stephenwilliams@sholland.gov.uk

* Chairman

** Vice-Chairman

OFFICERS

Camamile P J

Dann G R

Green S A

Hunt S P

Price A D

Vines K L J

CONTACT DETAILS

phil.c@south-holland.idb.gov.uk

george.d@south-holland-idb.gov.uk

info@south-holland-idb.gov.uk

steve.h@south-holland.idb.gov.uk

info@south-holland.-idb.gov.uk

karl.v@south-holland-idb.gov.uk

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
STATEMENT OF ACCOUNTS**

EXPLANATORY FOREWARD

INTRODUCTION

The Board's accounts for the financial year 2004/05 are set out on pages 6 to 15. They consist of the statements explained below.

- **The Income and Expenditure Account (page 6)**

This statement shows the gross expenditure, income and net expenditure on the major functions and services for which the Board is responsible, and compares that cost with the finance provided from Ratepayers and other income.

- **The Balance Sheet (page 7)**

This is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves of the Board and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. Also included are the assets and liabilities of all activities of the Board.

- **Statement of Internal Control (page 13)**

This statement is fundamental in understanding how the Board has sought to minimise the risk during the year.

These accounts are supported by the Statement of Accounting Policies, and various notes to the accounts.

THE STATEMENT OF RESPONSIBILITIES

The Board is required:

- a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Chief Executive Officer.
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Chief Executive Officer's Responsibilities

The Chief Executive is responsible for the preparation of the Boards Statement of Accounts which is required to present fairly the financial position of the Board as at the accounting date and its income and expenditure for the year ended 31 March 2005.

In preparing this Statement of Accounts, the Chief Executive Officer has:-

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgement and estimates that were reasonable and prudent;
- c) complied with generally accepted accounting practice. (UK GAAP)

The Chief Executive Officer has also:-

- a) kept proper accounting records which were upto date;
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion. It presents fairly the financial position of the Board at 31 March 2005 and its income and expenditure for the year then ended.

Name: P J Camamile

Designation: Chief Executive Officer

Date: 19 July 2005

**AUDITORS' REPORT
TO
SOUTH HOLLAND INTERNAL DRAINAGE BOARD**

We have audited the Statement of Accounts on pages 6 to 12 which have been prepared in accordance with the accounting policies as set out on page 8.

This report is made solely to South Holland Internal Drainage Board in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

RESPECTIVE RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER AND AUDITORS - As described on page 4 the Chief Executive Officer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements present fairly the financial position of the Board and its income and expenditure for that year.

We review the Statement on Internal Control on pages 13 to 15 and report if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement covers all risks and controls, or to form an opinion on the effectiveness of the board's corporate governance arrangements or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of Audit Opinion - We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION - In our opinion the financial statements present fairly the financial position of South Holland Internal Drainage Board as at 31st March 2005, and its income and expenditure for the year then ended.

CERTIFICATE - We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: Simon Lacey
Audit Manager

Audit Commission
2nd Floor
Witham House
Canwick Road
LINCOLN
LN5 8HE

Date: 19 September 2005

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2005**

INCOME	Note	LAST YEAR £	THIS YEAR £	ESTIMATE £
Rates Collected by the Board		755,400.46	780,162.28	780,905.00
Special Levies Issued by the Board	2	890,547.68	927,334.00	927,334.00
Income From Rechargeable Works		20,900.28	18,420.93	0.00
Other Income	3	78,325.45	98,219.42	54,800.00
Total Income For the Year		1,745,173.87	1,824,136.63	1,763,039.00
EXPENDITURE				
Capital Works	4	200,812.43	83,051.93	115,915.00
Precept Contributions	5	184,027.00	188,487.00	188,487.00
Maintenance of Watercourses	6	640,275.02	808,915.90	793,448.00
Pumping Stations, Sluices & Slackers	6a	142,192.81	225,851.57	241,959.00
Administrative Staff Costs	7	299,795.31	337,568.82	326,830.00
Establishment Charges	8	42,881.38	43,931.69	51,900.00
Revenue contributions towards other capital outlay	9	9,000.00	3,326.14	10,000.00
Rechargeable Works		17,398.25	14,978.99	0.00
Other Current Expenses	10	33,386.20	32,019.61	34,500.00
Net Surplus/Deficit on Operating Accounts		-39,838.82	-43,417.44	0.00
Transfer to Fixed Plant Renewals Account		114,334.00	0.00	0.00
Total Expenditure for the Year		1,644,263.58	1,694,714.21	1,763,039.00
Net Surplus/Deficit For Year	11	100,910.29	129,422.42	0.00

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
BALANCE SHEET
FOR THE YEAR ENDING 31 MARCH 2005**

	Note	LAST YEAR £	MOVEMENT £	THIS YEAR £
Fixed Assets	12	1,352,957.13	161,834.80	1,514,791.93
Depreciation		774,914.46	149,467.40	924,381.86
		578,042.67	12,367.40	590,410.07
Current Assets				
Stocks & Consumables		21,814.67	-7,341.26	14,473.41
Work in Progress		386.23	4,627.23	5,013.46
Ratepayers Due	13	657.06	-51.38	605.68
Sundry Debtors		1,537.88	-221.45	1,316.43
VAT Recoverable		8,525.52	-47.13	8,478.39
Ministry Grants		15,872.00	-14,785.61	1,086.39
Term Deposits	14	1,560,000.00	-40,000.00	1,520,000.00
Cash at Bank and in Hand	15	83,896.41	-77,944.45	5,951.96
Postage Units Control		459.10	-69.86	389.24
Prepayments Control		0.00	23,505.32	23,505.32
		1,693,148.87	-112,328.59	1,580,820.28
Less Current Liabilities				
Creditors		82,137.38	10,866.95	93,004.33
Holiday Entitlement Control		5,198.23	-960.21	4,238.02
Compensation Payable		19,585.20	3,414.80	23,000.00
Debtors Refundable		0.00	21,509.38	21,509.38
		106,920.81	34,830.92	141,751.73
NET CURRENT ASSETS		1,586,228.06	-147,159.51	1,439,068.55
TOTAL ASSETS		2,164,270.73	-134,792.11	2,029,478.62
FINANCED BY				
Capital met out of Revenue		1,352,957.13	161,834.80	1,514,791.93
Depreciation		774,914.46	149,467.40	924,381.86
		578,042.67	12,367.40	590,410.07
Funds				
Occupiers Rate Fund		479,149.69	129,422.42	608,572.11
Capital Receipts Unapplied	16	220,427.18	-8,563.00	211,864.18
Mobile Plant Renewals Fund		449,773.56	-253,092.26	196,681.30
Fixed Plant Renewals Fund		218,231.49	7,278.84	225,510.33
I T Renewals Fund (Computers)	17	65,205.14	2,500.00	67,705.14
Capital Works Reserve		40,302.00	-24,705.51	15,596.49
Precept Stabilisation Fund	18	113,139.00	0.00	113,139.00
		1,586,228.06	-147,159.51	1,439,068.55
TOTAL LIABILITIES		2,164,270.73	-134,792.11	2,029,478.62

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
NOTES TO THE ACCOUNTS**

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

a) GENERAL

The accounts have been prepared in accordance with generally accepted accounting practice. (UK GAAP)

b) FIXED ASSETS

Fixed assets are stated at historical cost.

The Main categories of fixed assets are:

Fixed Plant and Equipment
Mobile Plant and Equipment
Light Plant and Equipment
Computer Equipment
Radio Telephone Equipment
Office Site
Offices and Workshops
Bungalow at Sutton Bridge

c) DEPRECIATION

Depreciation of plant and equipment is charged to the plant operations account.

Depreciation is charged on a straight line basis. Rates of depreciation are as follows:-

Asset Group	Estimated Life (Years)
Fixed pumping plant	20
Tractors	5
Light Plant	5
Excavators	5
Lifting Equipment	5
Commercial Vehicles	4
Flailmowers	4
Computer and Radio Equipment	3

d) DEBTORS

There is no provision for bad debts.

e) STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost or net realisable value in accordance with SSAP9.

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
NOTES TO THE ACCOUNTS YEAR ENDING 31 MARCH 2005**

Note	LAST YEAR £	THIS YEAR £	ESTIMATE £
2	SPECIAL LEVIES ISSUED BY THE BOARD		
South Holland District Council	889,888.00	926,651.00	926,651.00
Boston Borough Council	659.68	683.00	683.00
	890,547.68	927,334.00	927,334.00
3	OTHER INCOME		
Rents & Acknowledgements	4,120.81	5,192.19	3,500.00
Investment Interest	60,492.99	84,318.66	46,800.00
Engineering & Administration Fees	3,810.00	50.00	1,500.00
Sundry Income	1,671.65	3,258.57	3,000.00
Maintenance Contributions	8,230.00	5,400.00	0.00
	78,325.45	98,219.42	54,800.00
4	CAPITAL WORKS		
Telemetry Expansion	16,579.70	0.00	0.00
Wheatmere Drain Improvement	94,000.46	50,000.00	50,000.00
Lawyers Pumping Station	125,614.12	0.00	0.00
Hundred Drain Improvement Scheme	0.00	10,549.32	12,000.00
Countryside Stewardship Scheme	21,062.07	0.00	0.00
Delgate/Pinfold Scheme	2,000.00	0.00	0.00
Fleet Fen P S Refurbishment	0.00	33,486.85	45,000.00
Sutton Bridge Sluice Refurbishment	24,555.63	27,580.24	30,000.00
Yard Improvements	0.00	8,968.09	6,000.00
Electrical Refurbishment of Pumping Stations	0.00	2,414.20	0.00
Roses/Quick Lane Connection Scheme	31,000.00	48,053.57	57,302.00
	314,811.98	181,052.27	200,302.00
Contributions and interest applied	-113,999.55	-98,000.34	-84,387.00
	200,812.43	83,051.93	115,915.00
5	PRECEPT CONTRIBUTIONS		
Annual Precept	167,693.00	188,487.00	188,487.00
Precept Fluctuation Reserve	16,334.00	0.00	0.00
	184,027.00	188,487.00	188,487.00
6	MAINTENANCE OF WATERCOURSES		
Hand Roding	13,112.89	8,414.26	25,000.00
Mechanical Roding	355,411.59	399,389.95	372,800.00
Chemical Weed Control	16,428.77	23,075.63	32,000.00
Mudding Channels	19,834.69	33,478.13	30,000.00
Cleansing Culverts/Ins Pipes	12,391.56	32,853.72	27,000.00
Bushing & Tree Coppicing	29,605.91	68,578.24	45,000.00
Vermin Control	6,708.57	10,895.68	20,000.00
New Access Works	70,452.43	87,284.00	54,400.00
Fascines	48,438.06	77,142.35	108,750.00
Reinstating Land Tile Outfalls	681.12	0.00	2,000.00
Culvert Repairs & Renewals	46,533.52	42,901.06	40,450.00
Gauge Boards	0.00	0.00	1,500.00
Fencing	47.73	71.80	0.00

Note	LAST YEAR	THIS YEAR	ESTIMATE
	£	£	£
6			
Gates	0.00	2,691.80	3,000.00
Rubbish Clearance (Inert)	3,345.86	2,842.13	5,000.00
Rubbish Clearance (Vehicles)	0.00	174.31	1,500.00
Rubbish Clearance (Hazardous)	515.90	0.00	1,000.00
Rubbish Clearance (Tyres)	637.86	862.35	2,000.00
Wracking	2,479.38	3,121.60	4,525.00
General Duties	11,453.21	13,839.07	15,023.00
Freshwater Feeds	2,195.97	1,299.82	2,500.00
	640,275.02	808,915.90	793,448.00
6A			
PUMPING STATIONS & STRUCTURES			
Pumping Stations	125,128.89	168,871.69	202,759.00
Tidal Sluices	15,640.83	49,128.99	23,800.00
Second Line Sluices	1,380.64	3,397.16	12,400.00
Water Level Control Structures	42.45	4,453.73	3,000.00
	142,192.81	225,851.57	241,959.00
7			
ADMINISTRATIVE STAFF COSTS			
Staff Salaries	224,155.97	251,688.46	239,277.00
Employers National Insurance	19,456.06	22,997.16	21,275.00
Employers Superannuation	35,986.05	38,722.48	38,145.00
Staff Travelling & Subsistence	13,342.73	15,581.82	17,750.00
Staff Telephone	920.53	762.92	850.00
Training Fees	2,019.00	3,648.00	4,000.00
Employers Stakeholder Pension	3,914.97	4,167.98	5,533.00
	299,795.31	337,568.82	326,830.00
8			
ESTABLISHMENT CHARGES			
Insurances	6,787.04	7,173.92	7,500.00
Office and Site Maintenance	5,785.24	6,646.41	10,000.00
NNDR & Metered Water	6,495.51	6,702.87	8,000.00
Cleaning & Materials	2,745.45	2,961.92	3,000.00
Lighting & Heating	1,557.58	2,009.33	1,800.00
Telephones	2,961.95	3,460.40	3,000.00
Radio Telephone Maintenance	352.23	1,009.22	1,000.00
Printing, Stationery & Advertising	2,622.77	3,636.61	3,900.00
Office Equipment Supplies & Maintenance	3,699.21	2,828.90	4,500.00
Computer Services	4,852.21	4,201.92	5,200.00
Drawing Office Supplies & Maintenance	2,567.21	1,968.68	2,500.00
Postages	1,527.53	1,279.86	1,500.00
Election Expenses	927.45	0.00	0.00
Staff Personal Protective Equipment	0.00	51.65	0.00
	42,881.38	43,931.69	51,900.00

Lincolnshire County Council - Superannuation

The Board pays an employers contribution of employees pensionable pay into the Local Government Pension Scheme, as administered by Lincolnshire County Council. The Employers Rate at 31 March 2005 is 18% for 14 employees and 21.6% for 6 employees (of employees pensionable remuneration).

Employers contributions are adjusted every three years when the Pension Fund undertakes an actuarial review. New employers contribution rates of 25.7% for all employees will take effect from April 2005.

Note

9

**REVENUE CONTRIBUTIONS TOWARDS OTHER CAPITAL
OUTLAY**

	LAST YEAR	THIS YEAR	ESTIMATE
	£	£	£
Office Equipment & IT Replacement Provision	8,000.00	2,500.00	8,000.00
Radio Telephone	0.00	0.00	1,000.00
Drawing Office Equipment	1,000.00	826.14	1,000.00
	<u>9,000.00</u>	<u>3,326.14</u>	<u>10,000.00</u>

10

OTHER CURRENT EXPENSES

Former Staff Superannuation Charges	2,882.94	3,219.17	3,500.00
Annual Inspection Expenses	2,374.40	127.98	1,000.00
Subscriptions & Conference Expenses	4,385.12	5,272.47	5,100.00
Members Travelling Expenses	1,442.19	1,479.10	1,550.00
Audit Fee	2,152.65	2,310.00	2,500.00
Legal & Professional Charges	10,016.96	10,181.54	8,000.00
Bad Debts & Value Decreases/Increases	1,258.37	642.10	3,000.00
Sundry Debtors Written Off	0.00	0.00	250.00
Sundry Expenses	1,258.58	1,094.32	1,100.00
Settlement Discount @ 2.5%	7,614.99	7,692.93	8,500.00
	<u>33,386.20</u>	<u>32,019.61</u>	<u>34,500.00</u>

Former staff superannuation charges relate to enhanced pensions made to former employees prior to 1993.

11

NET SURPLUS/DEFICIT FOR YEAR

Revenue Reserves	378,239.40	479,149.69
Nett Surplus/(Deficit) For Year	<u>100,910.29</u>	<u>129,422.42</u>
Nett Surplus/(Deficit) c/f	<u>479,149.69</u>	<u>608,572.11</u>

12

FIXED ASSETS

	LAST YEAR	MOVEMENT	THIS YEAR
	£	£	£
Plant & Equipment	970,767.75	161,439.80	1,132,207.55
Light Plant & Equipment	34,444.76	395.00	34,839.76
Computer Equipment	44,877.00	0.00	44,877.00
Radio Telephone Equipment	11,654.50	0.00	11,654.50
Office Site	42,500.00	0.00	42,500.00
Offices & Workshops	214,713.12	0.00	214,713.12
Bungalow at Sutton Bridge	34,000.00	0.00	34,000.00
	<u>1,352,957.13</u>	<u>161,834.80</u>	<u>1,514,791.93</u>

13

RATEPAYERS DUE

Drainage Rates	657.06	-545.66	111.40
Collection Costs	0.00	494.28	494.28
	<u>657.06</u>	<u>-51.38</u>	<u>605.68</u>

Note

14	TERM DEPOSITS	PRINCIPAL	% RATE	MATURITY
	Buckinghamshire Building Society	100,000.00	4.8000%	15/04/05
	Dudley Building Society	140,000.00	4.8000%	29/04/05
	Dudley Building Society	312,000.00	4.8000%	13/05/05
	Ipswich Building Society	210,000.00	4.8200%	31/05/05
	Tipton & Coseley Building Society	444,000.00	4.9000%	15/06/05
	Universal Building Society	131,000.00	4.9000%	30/06/05
	Tipton & Coseley Building Society	183,000.00	4.9300%	15/07/05
		<u>1,520,000.00</u>		

15	CASH AT BANK AND IN HAND	LAST YEAR	MOVEMENT	THIS YEAR
	Bank Premier Account	1,378.04	28.36	1,406.40
	Bank Business Call Account	81,753.76	-78,856.24	2,897.52
	Bank Account	651.62	909.91	1,561.53
	Petty Cash	97.99	-26.48	71.51
	Collectors Float	15.00	0.00	15.00
		<u>83,896.41</u>	<u>-77,944.45</u>	<u>5,951.96</u>

16	CAPITAL RECEIPTS UNAPPLIED			
	Development Contributions Received	512,106.10	35,522.00	547,628.10
	Land Sales	26,319.67	0.00	26,319.67
	Investment Interest Apportioned	173,817.49	0.00	173,817.49
		<u>712,243.26</u>	<u>35,522.00</u>	<u>747,765.26</u>
	Contributions & Interest Applied	491,816.08	44,085.00	535,901.08
	Nett Surplus/Deficit c/f	<u>220,427.18</u>	<u>-8,563.00</u>	<u>211,864.18</u>

17	IT RENEWALS FUND			
	Direct Funding From Drainage Rates	32,989.24	0.00	32,989.24
	Provision for Future Replacement of IT Equipment	8,778.28	2,500.00	11,278.28
	Investment Interest Apportioned	9,728.62	0.00	9,728.62
	Other Income	60,086.00	0.00	60,086.00
		<u>111,582.14</u>	<u>2,500.00</u>	<u>114,082.14</u>
	Expenditure on Computer Equipment	46,377.00	0.00	46,377.00
	Nett Surplus/Deficit c/f	<u>65,205.14</u>	<u>2,500.00</u>	<u>67,705.14</u>

18 PRECEPT STABILISATION ACCOUNT

The purpose of the Precept Stabilisation Account is to reduce the impact on Drainage Rates and Special Levies of wild swings in Environment Agency Precept charges, beyond the Board's control.

SOUTH HOLLAND INTERNAL DRAINAGE BOARD

STATEMENT OF INTERNAL CONTROL

Introduction

In accordance with Regulation 4 of the Accounts and Audit Regulations 2003, a Statement of Internal Control (SIC) must be approved by this Board and included as part of the year end accounts for 2005.

Guidelines and Best Practice

Internal control is defined in the 'Auditing Guidelines on Internal Control' as being: "The whole system of controls, financial and otherwise, established by the management in order to carry on the business of the organisation in an orderly and efficient manner, to ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records".

An appendix to the 'Auditing Guidelines on Internal Control' lists eight types of control which may be used in an organisation.

- a) Organisation – The authority should have a plan which defines and allocates responsibilities, identifies lines of reporting and clearly specifies the delegation of authority and responsibility.
- b) Segregation of Duties – No one person should be responsible for the recording and processing of a complete transaction.
- c) Physical – This concerns the physical security of assets.
- d) Authorisation and Approval – All transactions should require authorisation by an appropriate responsible official.
- e) Accounting & Arithmetic – Reconciliation of control accounts, and trial balances should be completed regularly.
- f) Personnel – To ensure that staff are competent to carry out the jobs assigned to them.
- g) Supervision – All actions by all levels of staff should be supervised.
- h) Management – Reports are produced on key areas e.g. budget monitoring, H&S, cash flow etc.

Key Controls and Procedures in Place

Quarterly Board Meetings

The Board receive regular updates from the management on:

- Payments that have been made during the last three months.
- Year to date Income and Expenditure Account and Balance Sheet.
- Budget monitoring.
- Percentage of Drainage Rates collected.
- Bank and Treasury deposits held.
- Fund spending i.e. Plant, Development and absorption accounts.
- All major areas of engineering works, planning and development control, operations, finance, administration and staffing.

The Board is responsible for:

- Setting and sealing the Rate.
- Approving the quarterly and year end Accounts.
- Receiving the District Auditors statement of opinion on the Accounts.
- Receiving an annual report on Health and Safety.
- Advising on all other major issues as and when they occur.

Bank Transaction Authorisation

Two from four officers must sign every transaction and instruction that the bank processes. Those four officers are the Chief Executive, Office Manager, Engineer and the Operations Manager.

Key Internal Controls In Place

- The Office Manager completes weekly bank reconciliations.
- Receipts are administered by the Office Manager and the General Secretary, including the completion of a Collector's Journal and Deposit book, and all banking of receipts is handled by these two officers.
- The Chief Executive Officer carries out periodic checks on the bank statements, determines all fixed term deposits and manages the investments maturity profile.
- All invoices for payment are approved by the Chief Executive, before they are passed to the Office Manager for payment.
- The Office Manager produces monthly budget monitoring reports for the Chief Executive and Operations Manager.
- Cheque books, Petty Cash and important documents are kept in a safe and strong room.
- Offices and Workshops have professionally maintained alarm systems.
- An organisation chart and job descriptions show the lines of reporting, supervision and individual responsibilities and duties.
- A stock take is carried out by the Office Manager at least once a year.
- Reconciliations are carried out each month by the Office Manager on all debtor and creditor control accounts.
- A tender process is undertaken on pumping station refurbishment schemes.
- A schedule of key holders is maintained by the Chief Executive Officer.

Risk Management

- The Chief Executive Officer is responsible for all of the Boards insurances including informing the insurers on a regular basis of changes in assets held.
- Managers hold appropriate qualifications in their area of responsibility.
- Consultants are employed to give specialist advice in areas such as health & safety and environmental issues etc.
- Staff receive both formal and 'in-house' training to enable them to attain the required level of competence to carry out their work professionally and safely.
- Health and safety issues are given high priority including, completion of risk assessments, training, supervision, H&S committee, employment of consultants.

Recommendation

It is recommended that the Board approve the current internal controls and that the Chairman and Chief Executive sign the statement of Internal Control. (Next Page)

P J CAMAMILE - CHIEF EXECUTIVE OFFICER

STATEMENT ON INTERNAL CONTROL FOR INTERNAL DRAINAGE BOARDS

Scope of Responsibility

The South Holland Internal Drainage Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Board is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Boards functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to the highest possible level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Board for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts and accords with proper practice.

The Internal Control Environment

The internal control environment enables the Board to professionally cover the following key areas:-

- The financial management of the Board and the reporting of financial information.
- Ensuring economical, effective and efficient use of resources.
- Identifying, assessing and managing the risks to the authority's objectives.
- Ensuring compliance with established policies, procedures, laws and regulations.

Review of Effectiveness

The Board has responsibility for conducting annually, a review of the effectiveness of internal control. The review is informed by the work of managers within the Board, the Chief Executive and any comments made by District Audit.

We have been advised on the review of the effectiveness of the system of internal control and that the Board continues to review the systems in place.

MR S A R MARKILLIE
.....
Chairman

MR P J CAMAMILE
.....
Chief Executive
Officer

19 JULY 2005
.....
Date