



# Internal Drainage Boards in England Annual return for the financial year ended 31 March 2014

Internal Drainage Boards in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year.

Each annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the board.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the board's internal audit provider.

Each board must approve this annual return no later than 30 June 2014.

## Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in blue. Do not leave any blue box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2014, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do not send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the board for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2014.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide for Internal Drainage Boards that can be downloaded from the Association of Drainage Authorities' website at [www.ada.org.uk](http://www.ada.org.uk)

# Section 1 – Accounting statements 2013/14 for

Enter name of reporting body here:

WITHAM FOURTH DISTRICT

Internal Drainage Board

	Year ending		Notes and guidance
	31 March 2013 £	31 March 2014 £	
1 Balances brought forward	2,032,148	2,030,651	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 (+) Rates and special levies	2,360,462	2,392,697	Total amount of direct rates on landowners and special levies on local authorities received or receivable in the year.
3 (+) All other income	426,778	452,193	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	1,710,302	1,649,775	Total expenditure or payments including capital spending and employment costs on construction and maintenance of watercourses and pumping stations.
5 (-) Loan interest/ capital repayments	103,483	105,148	Total expenditure or payments of capital and interest made during the year on the Board's borrowings (if any).
6 (-) All other payments	974,952	1,103,976	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	2,030,651	2,016,642	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	1,721,466	2,108,338	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	2,909,803	3,066,534	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	707,565	660,357	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 2014 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]*

Date 11 June 2014

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

11 June 2014

and recorded as Board minute reference:

11.6.14 (8.7)

Signed by Chair of meeting approving these accounting statements:

*[Signature]*

Date 11 June 2014

## Section 2 – Annual governance statement 2013/14

We acknowledge as the members of: WILKIN FOURTH DISTRICT 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 2014, that:

	Agreed –		‘Yes’ means that the board:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	Yes		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.	Yes		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.	Yes		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.	Yes		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.	Yes		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.	Yes		arranged for a competent person, independent of the board’s financial controls and procedures, to give an objective view on 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.	Yes		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 the board and where appropriate have included them in the accounting statements.	Yes		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the board and recorded as minute reference

11.6.14 (8.7)

dated 11 June 2014

Signed by:

Chair



dated

11 June 2014

Signed by:

Clerk



dated

11 June 2014

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

## Section 3 – External auditor certificate and opinion 2013/14

### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2014 of:

WITHAM FOURTH DISTRICT

Internal Drainage Board

### Respective responsibilities of the board and the auditor

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

- summarises the accounting records for the year ended 31 March 2014; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

### External auditor report

(~~Except for the matters reported below~~)\* on the basis of our review, 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).

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(continue on a separate sheet if required)

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

See attached

(continue on a separate sheet if required)

External auditor signature

*Barrie Morris*

External auditor name

Barrie Morris for Grant Thornton UK LLP

Date

4/7/14

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission's publication entitled Statement of Responsibilities of Auditors and of Audited Small Bodies.

This page is part of Section 3 - External auditor certificate and opinion 2013/14

**Witham Fourth District Internal Drainage Board  
Audit Report for the year ended 31 March 2014**

**Other matters not affecting our opinion which we wish to draw to the attention  
of Witham Fourth District Internal Drainage Board for the year ended 31  
March 2014**

**Financial Regulations**

The internal financial controls do not specifically include a check as to whether all payments made are legal and within the powers of the Drainage Board. There is nothing in the Financial Regulations to ensure that legislation for VAT and PAYE has been adhered to. We recommend that these controls be included in the internal controls document and incorporated as part of the procedures undertaken by the Financial Officer.

More information for the Financial Regulations can be provided by ADA.

**Internal Controls**

The Drainage Board provided the external auditors with a month end reporting checklist. This does not fully document the specific day to day procedures it undertakes to implement its system of internal control along with the checks and review procedures.



**for Grant Thornton UK LLP**

Date 4/7/14

Our ref LIN433

## Section 4 – Annual internal audit report 2013/14 to

Enter name of reporting body here:

WITHAM FOURTH DISTRICT

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 2014.

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.	✓	
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:

See Annual Audit Report For detail.

Name of person who carried out the internal audit: DAVID GOWING

Signature of person who carried out the internal audit: *D. Gowing* Date: 27/05/2014

\*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).

## Guidance notes on completing the 2013/14 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide\* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit.
- 2 Make sure that your annual return is complete (i.e. no empty blue boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of, and approved by the board, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a board member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change in Clerk, Responsible Finance Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your board holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements (Section 1). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide\*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide\* to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2013) equals the balance brought forward in the current year (Box 1 of 2014).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist - 'No' answers mean you may not have met requirements		Done?
All sections	All blue boxes have been completed?	✓
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	✓
	Board approval confirmed by signature of Chair of meeting approving accounting statements?	✓
Section 1	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2014 agreed to Box 8?	✓
Section 2	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Section 4	For any statement to which the response is 'no', an explanation is provided?	N/A
	All blue boxes completed by internal audit and explanations provided?	✓

\*Note: Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guide, is available from the ADA website [www.ada.org.uk](http://www.ada.org.uk) or from The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL.