

# **LOWER MEDWAY INTERNAL DRAINAGE BOARD**



**MINUTES OF A MEETING** of the **Finance Committee** held via  
**Zoom Conference Call**  
on **Tuesday 26 May 2020 at 10.00am.**

## **Members of the Committee Present**

Chairman: S Mair

S Batt  
D Dewar-Whalley  
J Lewis  
J Mair

In attendance

M Watson - Chief Executive  
J Williams – Finance Officer  
L Rowland – Officer Manager  
D Goff – Upper Medway IDB Board Member

## **1. APOLOGIES FOR ABSENCE**

No apologies for absence received. The Chairman welcomed D Goff from the Upper Board to the meeting and confirmed to Members that he was attending in an observation only capacity.

## **2. INTERNAL AUDIT**

**RECEIVED** David Griffiths' end of year internal audit report carried out on 13 May 2020.

**(As attached to these Minutes – Appendix 1)**

The Chairman asked Members if they were happy with the internal audit report. All Members agreed they were but wished to discuss in more detail the red item (payroll) which related to direct payments being made to Board Members.

The Chief Executive explained that the internal auditor has advised that any hourly payments made to Board Members must be paid via payroll going forward and any Members that have received payments directly so far, must provide the Board with written confirmation that they will declare their allowances received on their self-assessment tax return for the 2019/20 tax year.

Members discussed this at length and were hoping they would be able to submit an invoice instead.

The Office Manager confirmed that she would keep record of the hours that were going to be charged as normal and these would be kept separate from the mileage allowance going forward. She also said that the Members Expenses Policy would need to be updated to reflect any changes made to Members payments and she agreed to do the re-wording of the policy.

*Since the meeting took place The Chairman contacted his Accountant for advice on this matter and it was confirmed that Board Members must be paid through the payroll.*

### **3. ANNUAL RETURN – YEAR ENDING MARCH 2019**

**RECEIVED** a copy of the External Auditor Certificate and Opinion - Section 3 of the 2018/19 Annual Return.

**(As attached to these minutes - Appendix 2)**

Members noted the following comments:

*The AGAR was not accurately completed before submission for the review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:*

- *Unpaid direct debits at the year end have been incorrectly included as reconciling items in the bank reconciliation for both the prior year and the current year. The 2017/18 figure in Section 2, Box 8 should read £1,173,999. The 2018/19 figure in Section 2, Box 8 should read £1,154,240.*
- *The smaller authority has not restated the 2017/18 figure when revaluing assets in Section 2, Box 9. Please note that the Practitioners' Guide allows smaller authorities to use any reasonable valuation method, provided that the prior year figure is restated for consistency and comparability.*
- *Information received from the smaller authority indicates that payments for new fixed assets and the new pump station were incorrectly omitted from expenditure in Box 6. The figures in Boxes 6 and 7 should read £1,460,324 and £938,942 respectively.*

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

*The smaller authority has not provided evidence of consideration of risk management arrangements by the whole authority during 2018/19. This was requested as part of our intermediate review procedures.*

The Chief Executive explained that all these changes had been implemented and corrected for the 2019/20 tax return. He also confirmed that the Financial Risk Assessment had been viewed by some Committees, but unfortunately not by the main Board in the required time period.

The Office Manager confirmed that the Financial Risk Assessment was presented to the both Boards in the November 2019 main Board meetings and they would be presented at the last Board meeting of the year going forward.

#### **4. INTERNAL CONTROLS – YEAR ENDING MARCH 2020**

**RECEIVED** a copy of the Boards Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2020.

**(As attached to these minutes - Appendix 3)**

Members were given time to read the documents.

All Members present **AGREED** that the Chairman should approve the Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2020.

#### **5. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2020**

**RECEIVED** the Annual Governance Statement as required by the amended Accounts and Audit Regulations 2015.

**(As attached to these minutes - Appendix 4)**

The Chief Executive explained that this document is basically Section 1 of the Annual Return.

The Chairman asked Members if they were happy for him to sign this document.

J Lewis asked if we were able to say yes to item 8 on the Annual Governance Statement. The Chief Executive confirmed that we were able to and to refer to the End of Year Accounts for the appropriate explanation.

All members in attendance **AGREED** that the Chairman should sign the Annual Governance Statement.

Members were then asked to consider and approve by resolution Section 1 (Annual Governance Statement) of the Annual Return.

All Members present **RESOLVED** that the Chairman should sign and date Section 1 of the Annual Return.

#### **6. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2020**

**RECEIVED** the End of Year Accounts for the year ending 31 March 2020 produced for information only.

**(As attached to these Minutes - Appendix 5)**

The Chairman asked Members if they wished to make any comments on the End of Year Accounts.

The Chairman of the Lower Board confirmed that he had done some work on the bank accounts and now it was much easier to see our liabilities at a glance.

Members **NOTED** the End of Year Accounts.

Members thanked the Financial Officer for her hard work in producing the End of Year Accounts.

## **7. ANNUAL RETURN – YEAR ENDING MARCH 2020**

**RECEIVED** a copy of the IDB Annual Return for the year ending 31 March 2020.

**(As attached to these Minutes - Appendix 6)**

**REPORTED** that the Annual Return is issued to Local Councils, Internal Drainage Boards and other Smaller Authorities in England.

Members were asked to consider and approve by resolution Section 2 (Accounting Statements) of the Annual Return.

J Lewis commented that in sections 5 and 10 of the Accounting Statements we should either write nil or 0.00 instead of putting a dash. The Finance Officer noted this request.

J Lewis also commented that in box 9 of the Accounting Statements there was a difference of approximately £20k in the figure recorded for 2018/19. The Finance Officer confirmed that the previous years' figure was incorrect and that this had since been corrected. The correct figure is £1,916,310.

J Lewis also commented that he thought boxes 6 and 7 were the wrong way round. The Finance Officer confirmed that the figures were 100% correct this year.

The Chief Executive explained that the Internal Auditor had used the End of Year Accounts document in order to verify the figures reported on the Annual Return during his end of year audit and as a result was able to sign off Section 3 of the Annual Return.

All Members present **RESOLVED** that the Chairman should sign and date Section 2 of the Annual Return.

**REPORTED** that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2019/2020.

**REPORTED** that PKF LittleJohn LLP will complete the first page of Section 3 and this is where any comments on their findings will be made.

**REPORTED** that David Griffiths', the Boards Internal Auditor completed the second page of Section 3 during his audit on 13 May 2020.

## **8. PRIVATE & CONFIDENTIAL MATTERS**

## **9. ANY OTHER BUSINESS**

### **a) Harty Pumps**

The Chief Executive explained that after the Harty pump went down last year he had received a quote from Spaans to repair the pump and the quote had come in just under £20k, £5,255 being parts and the rest labour. He explained the work would take approximately 2 weeks to complete and this was our only way we can get the pump back up and running again and this work is due to commence on Monday 8 June. He further explained that the plans to replace the pumps will still go ahead, but this was likely to be at the least a year away.

The Chairman of the Lower Board commented that it would be interesting to have a full cost of the job, including security and overtime costs etc. He asked that the Chief Executive supply full costs to the Committee when the job was complete.

The Chief Executive agreed and said that it had been a very costly exercise.

The Chairman of the Lower Board explained that the EA had lent us 3 pumps at no charge which the Works Supervisor had arranged via Ian Nunn and this had been a tremendous help.

The Chairman requested that we start looking at what we need to do to get a suitable replacement scheme in place.

The Chief Executive Officer confirmed this was already in progress and that he had received quotes from ACE and Peter Brett. He explained that the Technical Assistant had looked into the grant aid element and we were confident we could probably use money funded by the EA for this and that he would forward more details as soon as they were received. He further explained that to get grant aid we must have a justification report, a detailed survey, an environmental impact survey along with cost design and build information.

### **b) Chairman Expense Payments**

The Chairman of the Lower Board left the meeting.

The Chairman explained to Members that over the last 12 months, The Chairman of the Lower Board had been putting in a significant amount of time and effort for the Board. He explained that there has been a lot going on where The Chairman of the Lower Board has put in a lot of input above and beyond what the Chairman is expected to do in his normal role. He acknowledged that the Chairman's allowance of £3,500 was now in place, but he felt The Chairman of the Lower Board should be paid in addition to this.

The Chief Executive asked if he was being involved in too much?

D Dewar-Whalley said that his input is invaluable, and he had given tremendous support to the Board. He said he felt that he should also be paid an hour rate like the other Members are. He also said that it was a good will gesture to support a very hard-working Chairman and it was important not only to put it in place for the current Chairman of the Lower Board but also for a future Chairman.

The Chief Executive confirmed that The Chairman of the Lower Board had been fantastic.

The Chairman said that we need to clarify what the Chairman's allowance covers and that we need to document this.

The Chief Executive suggested that the best way would be to apply to change the percentage the Chairman is paid, which we would need to do via DEFRA.

The Chairman asked Members if they were all in agreement?

J Lewis said that he supports the principle and when a change of Chairman happens, we would need to ensure the payment reflected the work they would be putting in.

D Dewar-Whalley said he was also in agreement and the Finance Committee must review this every year.

D Goff commented that the Regional Flood & Coastal Defence Committee Chairman is paid more than our current Chairman's Allowance and their compensation was approximately calculated at working 5 days a month and equated to around £18k per annum.

The Chairman proposed that the Chief Executive Officer and Chairman of the Lower Board work together to assess what has been done over the past 12 months and then we can put this forward to DEFRA.

All Members present **AGREED.**

The Chairman added that he felt the Chairman of the Lower Board needs to be rewarded for what has happened over the last 12 months and we should look into how this could be backdated.

## **10. CLOSURE**

There being no further business the Chairman thanked Members for their attendance and declared the meeting closed.