

UPPER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF THE MEETING of the Finance Committee held at
the Boards Offices, 17 Albion Place, Maidstone, Kent
held on Thursday 24 May 2018**

Members of the Committee Present

D Aikman - Chairman

J I B Cannon

T J Reader

In attendance

M D Watson - Chief Executive

1. APOLOGIES FOR ABSENCE

No apologies for absence received.

2. INTERNAL CONTROLS – YEAR ENDING MARCH 2018

RECEIVED a copy of the Boards Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2018.

(As attached to these Minutes)

Members were given time to read the documents.

The Chief Executive explained that these documents had been reported at the last Board Meeting for members consideration and approval.

The Chairman asked for further information on the Materiality section because he didn't see why "certain information may be excluded from the accounts on the basis that the amounts involved are not material ...". He wanted to know what this refers to and example. The Chief Executive will seek an answer.

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 2018.

3. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2018

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

(As attached to these Minutes)

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

Members discussed the content of this document and no concerns were raised.

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

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.

4. INTERNAL AUDIT

RECEIVED David Griffiths' end of year internal audit report carried out on 14th May 2018.

(As attached to these Minutes)

Members noted the content of the audit report and were pleased that no matters of concern had been raised.

5. ANNUAL RETURN – YEAR ENDING MARCH 2017

RECEIVED a copy of the External Auditor Certificate and Opinion - Section 3 of the 2016/17 Annual Return.

(As attached to these minutes)

REPORTED that no matters affecting the External Auditors opinion had been raised, therefore, no action is required.

6. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2018

RECEIVED the End of Year Accounts for the year ending 31 March 2018 produced for information only.

(As attached to these Minutes)

The Chief Executive explained that these were produced for members information only and showed the true value of the Boards assets, rather than the figures that have to be reported in the Annual Return.

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

The Chairman thought that the inclusion of the KCC Pension Deficit was included in the wrong place and appeared to be added as an asset instead of a liability.

RESOLVED The Chief Executive noted this mistake and informed members the error will be corrected and re-sent to the Internal Auditor for his comments and then emailed to all Finance Committee members for their approval. It's worth noting the KCC pension liability is not included in any of the figures that make up the Annual Return.

REPORTED that the document is produced from the figures contained within the end of year trial balance and the figures are then used to compile the Annual Return.

7. ANNUAL RETURN – YEAR ENDING MARCH 2018

RECEIVED a copy of the IDB Annual Return for the year ending 31 March 2018.

(As attached to these Minutes)

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.

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 were unable to agree to sign and date Section 2 of the Annual Return until the new End of Year Accounts figures had been amended and approved by the Internal Auditor.

{The Chief Executive emailed members straight after the meeting the amended EOY balance sheet with the KCC pension liability figure removed. All three members **APPROVED** the revised income/expenditure and profit/loss spreadsheets. Therefore, on 1 June the Chief Executive got the Chairman of Finance to sign Section 2 of the Annual Return.}

REPORTED that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2017/2018.

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 14th May 2017.

8. **ANY OTHER BUSINESS**

- (a) The Works Supervisor had approached the Chief Executive to complain about his tax code and that it appears to change every year. His P11D form submitted each year to HMRC includes tax on the company vehicle and a fuel benefit element. In a previous letter to him which said:-

"As long as the Board provides and pays for the business fuel and you continue to reimburse the Board (within your payslip at the HMRC current rate of 13p per mile) for your PRIVATE miles/fuel, then there is no requirement to declare the fuel element within the P11D form at the end of the financial year. You will only be taxed for the use of the CAR not the fuel."

It appears that the above statement was correct but that this rule was not applied to your P11D form to HMRC. It appears the paperwork for the last 5 years has filled in the form and included the fuel benefit charge. As a result the Works Supervisor has been out of pocket through no fault of his own. Members **AGREED** that the Chief Executive write to him and offer to reimburse the relevant amount.

It was thought chasing HMRC for the overpaid tax would be a complicated and time consuming exercise.

- (b) **GDPR** legislation comes into force on the 25th may 2018. The Boards had decided at their last meetings to allow the Finance Committee to decide who the Board should appoint as it Data Protection Officer. The Internal Auditor had provided some guidance on who would be appropriate and after careful consideration, the committee **AGREED** that the Technical Engineer be given to role of Data Protection Officer.

9. **CLOSURE**

The Chairman thanked Members for their attendance and declared the meeting closed.