

UPPER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING of the Finance Committee held via
Zoom Conference Call
on Tuesday 26 May 2020 at 2.00pm.**

Members of the Committee Present

D Goff - Chairman

H Rogers
C Wheeler

In attendance

M D Watson - Chief Executive
J Williams – Finance Officer
L Rowland – Officer Manager
O Pantrey – Technical Assistant

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from M Round and no response received from P Harper.

The Chief Executive explained that due to C Wheeler's recent resignation as Chairman of the Finance Committee we need to appoint a Chairman for this meeting.

H Rogers proposed that D Goff chair the meeting, C Wheeler was in agreement.

D Goff agreed to chair the meeting and said that he had concerns and needed to express his thoughts about the current Board situation. He explained that since joining the Board in November 2018 he had become disillusioned with the Upper Board. He felt the Board was dysfunctional in more ways than one and their commitment was poor. He also added that receiving no response from some Board members was unacceptable and he felt that if the Board does not change his ways, not only may the Lower Board want to go their separate ways but we may also face an investigation from DEFRA.

H Rogers said that it was commendable and right of D Goff to raise his concerns and these concerns should be repeated to the Main Board at the next meeting. He also said he must take some personal responsibility as Chairman and it was very important that we come up with a solution to continue working with the Lower Board.

H Rogers added that since the letter from the Lower Chairman had arrived he hasn't had the opportunity to respond due to the lack of being able to get the Finance

Committee together and as the additional financial commitment to the office needs to be made by the whole Board he requested that the letter be included on the agenda for the next Upper Board Meeting on 9 June.

C Wheeler said that he fully supported what D Goff had said and explained the reason he had resigned from being the Finance Chairman was that he was not good at it and it needs someone like D Goff to get the Board in shape.

C Wheeler also added that he felt the Boards should be amalgamated into one Board and felt this should be a priority rather than building a new office.

D Goff also offered his full support to H Rogers to provide more help if he needed it or if he wanted to step aside.

Members discussed the issues at length and concluded this must be put to the main Board in the next Board meeting.

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)

D Goff asked if anyone had any comments to make.

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.

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 as at the year end have been incorrectly included as reconciling items in the bank reconciliation in both the prior year and the current years. The 2017/18 figure in Section 2, Box 8 should read £1,035,142. The 2018/19 figure in Section 2, Box 8 should read £853,427.*
- *Information received from the smaller authority indicates that payment for new fixed assets were incorrectly omitted from expenditure in Box 6. The 2018/19 figure in Section 2, Box 6 should read £709,679.*

- *Information received from the smaller authority indicates that an error in asset purchase cost was incorrectly adjusted for. The 2017/18 figures in Section 2, Boxes 6 and 7 should read £435,945 and £1,039,969 respectively. The 2018/19 figures in Section 2, Boxes 1 and 7 should read £1,039,969 and £927,829 respectively.*
- *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.*

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)

D Goff asked if anyone had any comments to make.

H Rogers raised the issue of our depreciation policy and said now that it is part of our budgeting process, it is important as suggested in the last meeting that our deprecation period should be reviewed.

D Goff agreed and said we can review this as time goes on.

D Goff also added that it is important that the Statement of Internal Control is presented to the Board once a year along with the risk assessment.

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.

H Rogers asked about GDPR and data security. The Chief Executive confirmed this was covered in other areas.

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.

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)

D Goff commented that it was very helpful that the Financial Officer has provided a summary and thanked her for this.

H Rogers commented that it was reassuring that the KCC pension liability issue was looking to be going away but added that problem could return.

D Goff asked what are our implications might be of income not coming in. He asked if the full monies were likely to come in from the councils.

H Rogers said that it was hard to say, but some councils could defer payment.

Members **NOTED** 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.

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. OFFICE UPDATE

RECEIVED a copy of the letter from the Lower Board Chairman dated 20 February 2020 regarding the new Lower Board Depot and potential new office.

(As attached to these Minutes - Appendix 7)

D Goff said that we have to respond to Lower soon and suggested we do that after the Board meeting on 9 June.

H Rogers confirmed that he had spoken informally to the Lower Board Chairman and that the sticking point was the future 2 x £80k payments and the Board were looking to come up with additional ways to raise this. He asked the Chief Executive if anything had been done further with regards to the Public Works Loan.

The Chief Executive confirmed that nothing had been done on this yet. He added that the offer of a loan from Maidstone BC was not feasible as it had worked out to be a more expensive option. He also added that the Public Works Loan was a back-up plan and we had to give the Lower Board a definitive answer on this commitment.

Members discussed the issue at length and concluded that the Chief Executive produce a pros and cons list for the Board to consider it's options. It was agreed that the 4 possible options were: 1) Public Works Loan, 2) Putting the Rates up, 3) Using savings or 4) Pulling out altogether.

The Chief Executive reminded Members that we would recoup some of the money when the sale of the office went through.

H Rogers commented that the Board will need some background details on each of the 4 options including implications of each of those decisions, including the cost implications of pulling out.

C Wheeler asked that the cost of the office repairs to be revalued as he felt previous quotes were inflated. He asked if quotations for the revamp of the old office would be included at the next Board meeting. The Chief Executive confirmed that they would be.

The Chief Executive agreed to prepare the pros and cons document for the Board and he would aim to get it to the Finance Committee Members to review it by the end of the week.

D Goff added that we have got to be aware that COVID-19 could affect us getting in all of our rates/special levies money. H Rogers and C Wheeler both agreed.

D Goff asked whether we were due any discounts due to the COVID-19 and wanted to check whether we had furloughed any staff.

H Rogers confirmed that we were exempt from the usual discounts.

The Chief Executive confirmed that we had not furloughed any staff.

H Rogers asked that the election of a new Vice Chairman be added to the next Board agenda. He also requested that the current Byelaws were added to the Board meeting at the end of the year.

D Goff requested that attendance records of the Board be sent to him as he knew we had an ongoing issue with attendance from some Members. The Office Manager agreed to do this.

H Rogers suggested that we could contact the Council's Monitoring Officer regarding lack of attendance if necessary.

9. PRIVATE & CONFIDENTIAL MATTERS

10. ANY OTHER BUSINESS

There was no AOB to discuss.

11. CLOSURE

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