

NORTH LEVEL DISTRICT INTERNAL DRAINAGE BOARD
MINUTES OF AUDIT COMMITTEE MEETING 13 SEPTEMBER 2010

Present: J Sly (Chairman)
J A Clarke
N J Harris
S H Morris (Chief Executive)
P Sharman (Engineer)

In Attendance H Rao (Internal Auditor)
N Caley (Audit Manager- Grant Thornton)
Mrs C Emery (Secretary)

1. Apologies

Apologies were received from Cllr M Cotterell MBE, Cllr C J T H Brewis, P Winrow(Grant Thornton)

2. Appointment of Chairman

Mr J Sly was nominated and appointed as Chairman for the forthcoming year.

3. Minutes of Last Meeting

The minutes of the meeting held on the 7 June 2010, copies of which having been circulated with the agenda, be taken as read and being a correct record of the business of such meeting.

4. Matters arising out of the minutes

There were no matters arising.

5. Receive 2010 Annual Governance Report

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

The Chief Executive drew members` attention to the amendments made to the Statement of Accounts, being highlighted in red, having been circulated with the agenda. He confirmed that these issues had been discussed and agreed with the the Auditor. After a brief discussion it was

RECOMMENDED that the Board accept the Statement of Accounts for the Financial year ended 31 March 2010.

ANNUAL GOVERNANCE REPORT ISA260, 2009-2010

Mr Caley reported that this year had seen the Audit process much improved with working papers of good standard enabling the accounts to be signed off by the end of September this year. He said the Auditor is happy with the fixed assets although there were concerns regarding the application of depreciation of buildings such as Pumping Stations and Operational Buildings as referred to in Appendix D item 1 para 2.14. Following a detailed discussion where

possible costs to the board were outlined between applying depreciation rather than carrying out an annual valuation,

It was

RECOMMENDED the Board approve and accept that the operational buildings including pumping stations be valued annually, but should the cost of annual valuation become prohibitive in the future, then this matter to be revisited.

Mr Caley explained items referred to in Appendix C as being brought about by the period in which rents were invoiced relative to the period in which they were paid. He agreed to amend the wording to read “ Debtor/Creditor being overstated.”

Mr Caley went on to refer to item 2 para 2.14 of Appendix D and suggested that the Chief Executive may wish to confer with a tax specialist within Grant Thornton. The Chief Executive responded that advice had been sought of HMRC and he had been assured there is no tax liability to the Board because the provision of tied accommodation is for the better performance of the pumping station employees duties.

It was

RECOMMENDED that the Board approve and accept the Annual Governance Report along with the change referred to above.

LETTER OF REPRESENTATION

Members considered the Letter of Representation as presented and it was agreed to

RECOMMENDED the Board approve and accept the Letter of Representation.

In conclusion Mr. Caley commented on the national press statements regarding the abolition of the Audit Commission. He explained that the current Audit strategy will remain in place for the next 2 years following which it is likely that the bodies will have power to appoint their own Auditors.

He also referred to the abolition of the Use of Resources Framework within Local Government and also in the Accounts opinion. He explained that the Value for Money opinion would be issued for at least the next two years.

There being no more question on this aspect, Mr Caley left the meeting.

6. Review of Risk Register

The Chief Executive explained that following discussions with the Internal Auditor, Mr Rao the Tolerate column would be removed from the Risk Register and where indicated the initials for the Internal Auditor be amended. Following which it was

RECOMMENDED the Board approve and accept the updated Risk Register.

7. Review Investment Strategy

Mr Clarke questioned whether in the light of the financial markets now, it would be better to amend the item under Specified Investment to enable the Board to invest for longer periods than three months to gain the best return. Following a brief discussion it was

RECOMMENDED the Board approve and accept the Investment Strategy to include the investment period being increased from a maximum of 3 months to 12 months.

The Engineer requested that item 10 be considered at this point on the agenda

10. Review the Boards Insurance provider

The Engineer advised members that the Board's insurance was due for review this year. He said bearing in mind the service and performance which had been received from the current insurers NFU, together with the loyalty discounts being earned, he recommended that we remain with the NFU for the next year.

Following a short discussion it was

RECOMMENDED that the Board insurance remain with the NFU for the following year.

8. Consider the Scheme of Delegation

Following a brief discussion where it was suggested that reference to the Finance Policy and Procurement Policy be added into the Scheme of Delegation it was

RECOMMENDED the Board approve and accept the Scheme of Delegation with the suggested amendments.

9. To Receive the Internal Auditors Report

The Internal Auditor referred to his VFM Governance report dated 7 August 2010 a copy of which having been circulated with the agenda. After a short discussion it was

RECOMMENDED the Board approve and accept the Internal Auditor's VFM Governance report dated 7 August 2010.

The Internal Auditor referred to his Risk Management & Internal Control Report dated 11 August 2010 a copy of which was tabled at the meeting. He particularly mentioned that the critical incident plan should be more thoroughly tested. Also that records subjected to amendments should be referred to at later meetings and agreed that they had been carried out and also that there should be written Audit evidence of Board performance reviews including training needs where identified. He suggested he allocate ½ day to revisit the observations made in his report. After a short discussion it was

RECOMMENDED the Board approve and accept the Internal Auditor's Risk Management & Internal Control report dated 11 August 2010

The Engineer left the meeting

10. Audit Committee Annual Report 2009-2010

Following a brief discussion it was

RECOMMENDED the Board approve and accept The Audit Committee's Annual Report 2009-2010 as circulated with the agenda.

11. Consider the Boards future approach to Corporate Governance

The Chief Executive showed members the increasing volume of individual strategies being adopted by the Board and suggested that Corporate Governance be incorporated into one document. After a short discussion it was

RECOMMENDED the Board approve and accept the Corporate Governance strategies be incorporated into one document.

12. Any Other Business

There was no other business