

NORTH LEVEL DISTRICT INTERNAL DRAINAGE BOARD  
**MINUTES OF AUDIT COMMITTEE MEETING 7<sup>th</sup> JUNE 2011**

Present: J Sly (Chairman)  
Cllr M Cotterell MBE  
Cllr C J T H Brewis  
N J Harris

In Attendance S H Morris (Chief Executive)  
P Sharman (Engineer)  
Mrs S Drew (Finance Officer)

**1 APOLOGIES**

Were received from J A Clarke and G Spurr (Boards Accountant)

**2 MINUTES OF LAST MEETING**

The minutes of the meeting held on the 18th January 2011, copies of which having been circulated with the agenda, be taken as read and being a correct record of the business of such meeting.

**3 MATTERS ARISING OUT OF THE MINUTES**

There were no matters arising

**4 TO RECEIVE THE MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011**

The Chief Executive explained due to a change in regulations, that year end accounts are now titled Management Accounts. This means only a Limited Assurance audit is now required. The Management Accounts for the year ending 31 March 2011, a copy of which being included with the Agenda, were reported on, with the illustration of the Revenue Account estimated and actual Income & Expenditure. It was confirmed by the Chief Executive that the Management Accounts in full will be available on the website.

Savings of £100,493 have been made for year ended 31 March 2011. Drain maintenance expenditure was cut, no mudding out was done. The Engineer reported that this was a one-off. Miscellaneous income increased, with Rechargeable Works undertaken for Lincolnshire County Council. The Engineer stated this is unlikely to happen again. Actual expenditure on maintenance and running costs of Pumping Stations increased due to fuel and electricity price rises.

£133,249 put back into reserves. The Chief Executive stated that this will not be able to be repeated in future years.

**5 TO CONSIDER THE AUDIT COMMISSION ANNUAL RETURN FOR THE YEAR ENDED 31 MARCH 2011**

- a. Accounting Statements
- b. Annual Governance Statement
- c. Annual Internal Audit Report

A copy of the Audit Commission Annual Return for the year ended 31 March 2011, a copy of which being included with the Agenda of the meeting, was considered.

The Chief Executive referred to the Accounting Statements & explained that the colour coding used in the Management Accounts relate to specific boxes on the Annual Return. All relevant notes and guidance was followed in the completion of the Annual Return. It was also explained that the Accountant to the Board and the Internal Auditor had completed the Annual Governance Statement and the Annual Internal Audit Report. As a result of the new Audit requirements a review of the internal audit plan will take place at a later date.

**RECOMMENDED** that :-

- a. the Board approve and accept the Accounting Statements.
- b. the Board approve and accept the Annual Governance Statement.
- c. the Board approve and accept the Annual Internal Audit Report.

**6 TO CONSIDER THE FINANCING OF RENEWABLE ENERGY PROJECTS**

The Engineer reported on his findings of Cross Guns proposed solar PV installation and wind turbines at Tydd. Estimated costs of £43,000 for solar PV at Cross Guns & £75,000 for wind turbines at Tydd were given. The Engineer made clear that planning and other installation costs have not been included. The Engineer gave estimates of the financial benefits for both schemes over 25 years. Concerns were raised, that benefits over this period are not likely to be accurate, and that such schemes may not be the best use of funds raised by rate payers.

**RECOMMENDED** that:-

- a. any such project should be financed as a loan from the Capital Fund.
- b. renewable energy projects to be discussed at Board Meeting on 22 June 2011.

**7 INTERNAL AUDITOR – TO RECEIVE ASSET MANAGEMENT REPORT FROM INTERNAL AUDITOR**

A copy of the Internal Audit Report was included with the Agenda. It was noted that Mr H Rao reported low risk rating in his observation of documented Asset Management. The Engineer stated that the Strategic Plan is going to be expanded to include documenting asset management in more detail. The Chairman pointed out that the Procurement policy details the framework that is to be considered before

aquisition of an asset. The Engineer confirmed that both policies will be linked to asset management and therefore comply with Mr Rao's recommendations.

The Chief Executive reminded the committee that the current internal audit plan was based on the Board being audited externally by Grant Thornton, therefore discussions are to take place with Mr H Rao to review this.

## **8 ANY OTHER BUSINESS**

There was no other business.