

BLACK SLUICE

INTERNAL DRAINAGE BOARD



Audit & Risk Committee Meeting

Wednesday, 17th October 2018 at 2pm

Station Road, Swineshead, Lincolnshire PE20 3PW



Black Sluice Internal Drainage Board

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Our Ref: IW/DPW/B10_1

Your Ref:

Date: 10th October 2018

To the Chairman and Members of the Audit & Risk Committee

Notice is hereby given that a Meeting of the Audit & Risk Committee will be held at the Offices of the Board on Wednesday, 17th October 2018 at 2pm at which your attendance is requested.

Chief Executive

AGENDA

1. Apologies for absence.
2. Declarations of Interest.
3. To receive and, if correct, sign the Minutes of the Audit & Risk Committee Meeting held on the 25th April 2018 **(pages 1 - 23)**
4. **CONFIDENTIAL** - To receive and, if correct, sign the Confidential Minutes of the Audit & Risk Committee Meeting held on the 25th April 2018 **(page 24)**
5. Matters arising.
6. To receive a report on Insurance arrangements **(pages 25 - 45)**
7. To receive the Annual Return including External Auditors Opinion for 2017/18 **(pages 46 - 51)**
8. To receive the Audit Programme for 2018/19 **(pages 52 & 53)**
9. To review the following Board's Policies:
 - (a) Policy No. 27: Control of Ragwort **(pages 54 & 55)**
 - (b) Policy No. 28: Land Drains discharging into Board Maintained Watercourses **(page 56)**
 - (c) Policy No. 29: Control of Rabbits, Rats and other Rodents **(page 57)**
 - (d) Policy No. 31: Publication Scheme **(page 58 - 61)**
 - (e) Policy No. 34: Gifts and Hospitality **(page 62)**
 - (f) **CONFIDENTIAL** -Policy No.13: Emergency Flood Response Plan **(pages 63-93)**
10. To receive and review a proposed Development Control Charges and Fees Policy **(pages 94 & 95)**
11. Review of the Annual Accounts **(pages 96 - 108)**
12. To receive the Catalogue of Board Policies with recommended approval dates **(page 109)**
13. To review the Risk Register **(page 110)**
14. Any Other Business.

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Audit & Risk Committee

held at the offices` of the Board on
25th April 2018 at 2pm

Members

Chairman - * Cllr M Brookes

Mr W Ash	* Mr V A Barker
* Cllr R Austin	* Mr R Leggott
* Cllr B Russell	* Mr N J Scott

* Member Present

In attendance: Mr I Warsap (Chief Executive)
Mr D Withnall (Finance Manager)
Mr C Harris (Internal Auditor)

The Chairman welcomed Mr Chris Harris (Internal Auditor), thanked him for coming and the Members of the Committee introduced themselves.

1260 APOLOGIES FOR ABSENCE - Agenda Item 1

Apologies for absence were received from Mr W Ash.

1261 DECLARATIONS OF INTEREST - Agenda Item 2

There were no declarations of interest.

The Chairman stated there was to be an additional item to the agenda - item 5(d). This item will be for some time on their own without the public to discuss any Members matters with the Internal Auditor. He asked Members to agree to this addition to the agenda. All Members AGREED.

1262 MINUTES OF THE AUDIT & RISK COMMITTEE MEETING - Agenda Item 3

The Chairman reminded the Committee that the previous meeting, arranged for 4th October 2017, was cancelled due to not having any business as the Committee were up to date with reviews of policies etc.

Minutes of the last meeting held on the 26th April 2017, copies of which had been circulated, were considered and it was agreed that they should be signed as a true record.

1263 MATTERS ARISING - Agenda Item 4

(a) Whistleblowing - Minute 1103

The Chairman asked the Internal Auditor if Mr Gowing had transferred the whistleblowing case file? The Internal Auditor confirmed that he met up with Mr Gowing who discussed his knowledge of drainage boards and handed over the Whistleblowing file which is kept under confidential lock and key.

(b) Cyber Security Report - Risk Training - Minute 1105(b)(ii)

Cllr R Austin confirmed that he found the Cyber Security Risk training very interesting and useful.

1264 TO RECEIVE A PRESENTATION FROM THE INTERNAL AUDITOR - Agenda Item 5

The Internal Auditor thanked the IDBs for awarding the contract to Tiaa. He continued by saying it will be a new experience, he has completed a lot of research on the web and this Board is one of a number he has been looking at and completed audit work. He stated that based on what he has seen so far it is a well organised and very well run Board, it will be a good challenge to maintain that going forward because the only way is downwards. The Chairman added or stay there.

He then referred Members to the documents listed below;

(a) Internal Audit Planning Memorandum 2017/18

The Internal Auditor stated that this is formatted as a standard document which are produced for all of Tiaa's clients. It is then up to him to directly fill in the details. He stated that going forward he will include a bit more detail in this document now knowing that it will go to the Audit & Risk Committee. Therefore, it will have a bit more meaning in terms of how we are planning the work.

(b) Audit Programme 2017/18

The Internal Auditor stated that this document is a more detailed planning document, this was an excel spreadsheet process. It aids the Auditor to produce the work that he does and keeps it together in one document for quality review purposes, all the work the Auditor does, again with this Planning Memorandum to produce a bit more detail for the Committee particularly when he goes into specific areas going forward. In doing the Audit this year he focused on governance and risk because this will give an overview of how the Board is working as an organisation. The Internal Auditor added that he also needed to go through the financial statements, looking at the system of operation, which works very well. This will be a requirement carried out every year in order to complete the smaller bodies certificate.

The Internal Auditor stated that he would like to focus on other areas going forward and pick one or two areas out from the financial side and non-financial side. He would like to visit some of the pumping stations and look at the fixed assets there to verify that they do exist. It will give the Auditor a better understanding about how drainage boards operate and he will then be able to look at accounts more meaningfully.

The Internal Auditor stated that he looks at petty cash whilst de-minimis. He continued that elsewhere he has looked and has concerns about the way it works in that the checks and balances are always there. Although it is a small amount, it is put into a person's own hands, the ability may be to misappropriate funds, you should avoid that offering. It does not happen here, there are good checks and balances and petty cash works well.

(c) Internal Audit Report 2017/18

The Internal Auditor stated the main report is the assurance review, governance risk and control arrangements that he has undertaken for the Board. He would like to think the report itself provides the appearance of appreciation of what he has done and what his thoughts and outputs are.

The first page is the summary page with the assurance level, we have four levels, if you dropped into limited assurance then this matter would be brought to the Committee and Board for attention to deal with. He is very pleased to say that after what he has seen, it was with no hesitation to give the Board substantial assurance. He referred to the "overall conclusion" where he summarised with the rationale and scope plus the action points.

The Internal Auditor directed members to the Operational Matters. When work is carried out there are often matters we pick up which are perhaps good practice, value for money items, things which we want to bring to the Boards attention and put in the report, things that won't impact on the recommendation itself. Therefore, he needs overall assurance opinion – these things will go in to this section as good suggestions and recommendations to adopt. The Internal Auditor likes to think that when clients receive them they will take due regard and adopt them.

The Internal Auditor referred to the previous Internal Auditors report. For continuity we look at the outstanding work and recommendations which he has gone through in 10.1.1 and happy that the matters have been dealt with. At 10.1.3 there was a suggestion/recommendation that you should have some governance awareness training. He has kept it in mind, but he is not of a view that training is required at this time.

The Internal Auditor has raised the point of risk management training with the Chief Executive and Finance Manager.

The Internal Auditor referred to 10.3 in Financial Regulations, he felt you either had to amend Financial Regulations or take it out, it was better practice to deal with it. He noticed on the agenda today that that document will be reviewed and this will be a regular report which will be given to the Board an interesting idea of how the rates are coming in which is worthwhile. These matters have been addressed.

Recommendation of best practice included a bit of expansion around collection of income, which has been dealt with in Financial Regulations, a bit more on how the credit cards are being managed, again, this is also in Financial Regulations. The Internal Auditor also felt there should be something on the reserves policy in the Financial Regulations as well. These points were not drastic – the Internal Auditor was working hard to find areas to comment on, it is best practice and these have been developed.

The Internal Auditor did look at all the financial procedures arrangements, he felt all systems are working very well and in order, he was very happy to sign the certificate on that basis.

The Chairman thanked the Internal Auditor and invited questions from the Members. He is extremely pleased with the report and the substantial assurance.

Mr Leggott asked the difference between recommendations and operational affective matters? The Internal Auditor responded that a recommendation is a matter which affects the assurance opinion and is something that has a stronger 'push' to it saying 'you should do this'. Therefore, it is indicating there is a weakness that needs to be dealt with which, potentially, is a control weakness. As a Committee the Officers may decide not to action it but as an Auditor I put it forward and suggest you action it. An operational matter is something which the Internal Auditor doesn't think is fundamental to the assurance opinion, it doesn't undermine the control issues of the organisation but thinks it is good practice. It may be a value for money item and those of the items he suggested kind of help to indicate things around what is the reserves policy, how you manage the credit cards, they are good to have but they were not going to impact my decision on the overall assurance option for the organisation. It is a bit subjective; it is the Internal Auditor's view as the Boards independent Internal Auditor. He can be challenged on this but that is how they have been categorised. With regards to the priority ratings, if he thinks it is quite a serious matter it would be a priority 2, if it's very serious then its priority 1 which would require immediate attention. But the ones he has indicated are priority 3 so they are not going to the heart of the control governance or risk framework of the organisation and can be dealt with in a reasonable way.

(d) Discussion with the Internal Auditor

The Chief Executive and Finance Manager left the meeting for this agenda item.

It was agreed and thereby RESOLVED to exclude the public from the next part of the meeting due to the confidential nature of the business to be transacted, in accordance with section 2 of the Public Bodies (Admission to Meetings) Act 1960.

1265 TO REVIEW THE FOLLOWING BOARD POLICIES - Agenda Item 6

(a) Risk Management Strategy

The Finance Manager presented the Risk Management Strategy, page by page, highlighting any changes.

(i) Risk Management Policy document – Appendix B

The Finance Manager stated that the highlighted areas were elements that were included last year and he believes still apply this year but wanted to highlight them for the Committees consideration. Mr Leggott asked should a changed word from 'will' to 'would' in the first highlighted paragraph.

The Chairman responded he felt they mean the same and did not have any strong views on this but leave it at 'will' – Cllr Russell agreed he would leave it at 'will'.

(ii) Risk analysis 1.1(a) Risk of being unable to prevent flooding to property or land

The Finance Manager proposed whether the likelihood will increase due to the decommissioning of the Black Sluice (Boston) Pumping Station. The Chairman felt that it will increase and Mr Leggott agreed. The Finance Manager gave the definitions; low likelihood is "most unlikely to happen", or medium likelihood "likely to happen infrequently and difficult to predict" or high likelihood "very likely to happen".

The Chairman felt there is an increase in the likelihood of risk, the Finance Manager stated that his opinion would be to put it up to 'MEDIUM' which would give a risk score of 6.

The Chief Executive agreed to it being increased with the view point that in 12 months time there will be a new fluvial event management programme following decommissioning. This will include the navigation lock as a relief channel which could then reduce this down again but at this moment in time it needs to be 'MEDIUM'. Mr Barker questioned that he thought the navigation lock was there as a release channel? The Chief Executive responded that it was at this last event that it was the first time it has ever been used since it's been there as a release channel. The Chief Executive clarified that he has never known it to be used as a long term i.e. every tide and over a week to be used as an additional fluvial release channel. The Finance Manager added that it was used when the gravity sluice broke, the Chief Executive confirmed - yes.

The Chief Executive responded to a question from Cllr Austin stating the terminology from the Environment Agency is that they don't trust the navigation lock to be used as a fluvial channel so it has got to be manually operated not operated via telemetry. The Chief Executive stated that if telemetry is put into place then men don't have to be there to operate it, it can be operated from the Lincoln office if they so wish.

The Chairman proposed that the likelihood be increased to 'MEDIUM' and if, through negotiations and discussions with the EA, it is introduced that it is opened and controlled by telemetry and any other mitigation is taken then the likelihood of risk can be reduced at a future date. The Chief Executive added that once this is agreed to be reviewed, adjusted and sanctioned by the Board he will be introducing it to the Environment Agency that because of their decommissioning they are increasing the risk to the IDB and other organisations.

The Chairman stated that the 'how risk is managed' section needed further wording. The Finance Manager stated that from a future works point of view, regarding how we are going to get the risk level to reduce, it will involve work with the Environment Agency on their emergency planning procedures. Mr Leggott asked what about the programme about bringing in a programme of use for the future?

The Finance Manager responded this would come under the emergency planning – yes.

The Chairman concluded that the likelihood should be increased to 'MEDIUM' giving a risk level of 6 – all AGREED.

(iii) Risk analysis 1.2 – Risk of loss of electrical supply

Mr Barker asked about the large pumping stations - do they have generator connections? He believes they brought a generator to Gosberton Pump and shown how it works and did not work and not sure if it has been retried. The Chief Executive responded we had a power failure at Black Hole Drove a few years ago and through the Boards insurance we hired in a generator, the generator was so big it would only fit on a full size articulated lorry and it ran the pumping station until the electricity board fixed the fault.

(iv) Risk analysis 1.3 – Risk of pumps failing to operate

The Finance Manager stated under “how risk is managed” it used to say “refurbishment of plant is carried out” he has changed this to “refurbishment of plant is continuously programmed”. Mr Leggott asked with regard to the Pump Engineer checks at regular intervals do we test run the pumps? The Chief Executive responded yes.

(v) Risk analysis 1.4 – Risk of watercourses being unable to convey water

Mr Leggott commented that elsewhere where we have high water levels and possible flooding the impact on the risk is 'HIGH' and this 1.4 is 'MEDIUM' although likelihood I would agree that it is 'LOW'. The Finance Manager referred to the risk matrix and quoted impact 'HIGH' “will have a catastrophic effect on the operation/service delivery. May result in major financial loss over £100,000 and major service disruption over 5 days or impact on the public. Death of an individual or several people. Complete failure of project or extreme delay over 2 months and many individual personal details compromised/revealed. Adverse publicity in national press”. Mr Leggott responded he is not suggesting all these things will happen but any flooding has a 'HIGH' potential impact.

Mr Scott explained that 1.3 has a 'HIGH' impact on risk but the consequences are the same, therefore 1.4 is inconsistent. The Finance Manager responded that a pump failure would cause more damage than water not being able to be conveyed. Mr Scott and Mr Leggott concluded that the result will be the same.

The Chief Executive explained the risk of the watercourse being an EA river or one of a Board maintained or even a riparian watercourse. He believed that 1.4 is referring to Board maintained watercourses rather than riparian watercourses. The Chairman suggested adding “Board” in the title. The Chief Executive added that it is not risk of breach; the Finance Manager clarified it's overtopping. Mr Leggott felt they are about the same. The Finance Manager responded that a breach pulls a high volume of water to move quickly and over topping will cause it to seep.

The Chairman added that it is the damage - is it going to cause £100,000 worth of damage? He asked Mr Leggott if he was happy to leave it where it is as he believes its ok. The Finance Manager suggested that the consequence be changed to read "possible flooding from over topping". Mr Scott added through the differences the risk of pumps not being able to operate means you are in a flood situation and you need to do, where the risk of a watercourse being unable to convey water could be a blockage being in it. The Finance Manager suggested "Board Watercourse" in the title and add "possible flooding from over topping" and leave the impact of risk at 'MEDIUM'.

The Chairman asked Members and all AGREED.

(vi) Risk analysis 1.5 – Risk of operating machinery to maintain watercourses

The Finance Manager continued this used to be one of the high risk areas that was reviewed at every meeting throughout the year. We have now done all the further work which was required and all the Board operators are Llantra trained. He therefore suggested that the likelihood of risk could be reduced to 'LOW'.

The Chairman explained the fact that we had not had a proper training schedule and training courses in place - this meant we had the potential likelihood of risk at 'MEDIUM' previously. It's now reasonable, having introduced that training, to bring it back now. Cllr Russell added that we have to acknowledge the training has had impact.

Mr Scott asked regarding the likelihood of risk by reducing it to 'LOW' what is the history, one of the machines went into a drain two years ago. The Finance Manager responded that is when it was increased to 'MEDIUM'. Mr Scott asked regarding the history have we hit overhead/underground electrical wires in ten years? The Finance Manager responded not electric – no, we have hit a water and phone line but not electrical. The Chief Executive added that it is unlikely but it could happen. The Financial Manager stated that the training was put in place to counteract what had happened when the machines went into the drain.

The Chairman suggested that the likelihood of risk be reduced to 'LOW' giving a risk level of 2 – all AGREED.

(vii) Risk analysis 1.6 – Risk of claims from third parties for damage to property or injury

Mr Barker stated he didn't think you had a heading for it, risk of claim from third parties its risk of third parties damaging Board properties. He can recall two ways you can expand on it where someone is taking a culvert out and the work has not been done its damaging Boards banks and another on the road side that has been reported where somebody is extending their house and garden and made the Boards bank very steep, there are bricks and rubble there, he has not heard back if it has been looked at, as a third party damaging Board maintained assets. The Chairman added that it is another risk it's a different risk.

The Finance Manager added “third party damage to Board maintained assets”. The Chairman asked if we should be adding this as a risk and giving it a score – Cllr Russell agreed. Mr Leggott asked if it was covered under any insurance type item? The Chairman responded he did not know. The Chief Executive continued undoubtedly there is a risk and if it is not catered for anywhere we need to. The Chairman then discussed what level of risk he suggested ‘MEDIUM’ – Mr Barker added it could be higher, what they do physically by holding back the water it’s definitely ‘MEDIUM’ – the Chairman felt it could be looked at out of the meeting. The Finance Manager suggested we could put something together for the Board meeting so it can be discussed there. The Finance Manager stated Board Machinery and assets of the Board are covered by insurance but if someone was to deliberately block a watercourse or rip out a culvert and not do it properly he did not think we were covered by insurance. Cllr Russell stated he did not think we could insure it, it would be up to the landowner or property owner to insure under third party on their own insurance but its putting the Board in the position for other people to take action of which they may not do. The Finance Manager continued we do not own the asset, whether it’s a culvert or a drain or whatever it is, he did not think there would be any way we could get insurance for it. The Chief Executive added that it could be an unconsented byelaw issue and we would carry out the recovery works the risk to manage that income being used that’s caused it and we do have byelaws in removing, then recovering costs. Cllr Russell stated it may incur legal costs as well – yes. Mr Barker felt we have discussed the culvert and thinking about the house holder who has altered the bank I know the Risegate Eau the Board owns the banks either side this is slightly downstream from the point in question and if the Board own the property there but the householder is altering the shape of the bank it’s not a farmer and the householder would possibly not have insurance for what they are doing. The Chairman felt it should be considered and bring a proposal to the Board. The Finance Manager believes we do manage the risk because we have byelaws and the Land Drainage Act on the Boards side to go in there and give them the notice to do the work and recover costs.

Cllr Austin stated there are a lot of people out there who, for their own reasons, want to modify our assets to some extent or don’t understand that a minor blockage could be a serious matter. He believes it needs consideration.

The Chairman concluded that we recommend the change to “LOW” giving a risk level of 2 on Risk analysis 1.6 and then consider that new risk being introduced at the Board meeting.

(viii) Risk analysis 1.10 – Insufficient staff resources

The Finance Manager stated last year we carried out a job evaluation restructuring exercise within the Board because we were unable to recruit excavator drivers. He believes that process should be recognised, we went through the exercise and were able to recruit suitable qualified staff - this is the reason for the additional managed risk. The Chairman commented that, again, that is a reduction in light of action that the Board has taken.

(ix) Risk analysis 2.1 – Risk of prosecution for not adhering to Environmental Legislation

The Finance Manager stated that he has gone through the Boards Insurance Policies and where he has found something that is a risk being managed within the policies, he has included what insurance covers the risk and what level it is at for more information.

The Finance Manager added this is covered by liability insurance which is at £1 million.

(x) Risk analysis 2.2 – non delivery of objectives

The Finance Manager stated there was an error in the original Risk Strategy it was showing 'LOW MEDIUM = 2' while on the actual register is was 'LOW LOW = 1' so he has corrected this.

(xi) Risk analysis 3.2 – Insufficient Resources

Mr Leggott had noted insufficient resources, he thought of finance and thought then how the risk is managed and shared resources with neighbouring IDBs which would cost us and using local farmer resources will cost us. The Chairman asked if we could qualify the resources, are we referring to financial resources. The Finance Manager responded if an emergency was not declared we would not be able to claim Belwin, therefore it would come from the Boards resources. When our reserves run out, if Belwin has not been enacted there is going to be a shortage of finance - I would suggest maybe it should be listed. Mr Barker raised the point that if it was for the community it might be the Councils dealing with it rather than the Board, the Council would ask the Board to come in. The Finance Manager added that if it was declared an emergency then Lincolnshire County Council would take the lead as the local resilience forum, if the Gold Commander, be it Police or Local Authority, declare it an emergency and it went above the threshold of Belwin anything we expended over and above normal operations we would be able to claim Belwin funding for if that threshold is not reached by whoever the Lead Authority is. Last time it just affected Boston, it was a District Council so it was a low threshold, if it's Lincolnshire County Council, i.e. the whole of Lincolnshire, the threshold is quite high so for example for the snow the threshold in the County was never reached and the Belwin Scheme was never enacted. The Chairman clarified is this only if the County threshold is reached. The Chief Executive commented at the same time this ties in with insufficient resources following the December 2013 tidal surge. We were offered the opportunity to fill some emergency response remedial works on our own systems, we did not have the resources so we hired them in through sub-contractors in the knowledge that we had received the order. We completed £750,000 of work without our own resources because they were carrying out the ongoing maintenance work.

Mr Scott added in the context it is talking about men and machinery for emergency work. The Chairman agreed that is the way he sees it. Mr Scott suggested "insufficient resources (staff and equipment)" – all AGREED.

(xii) Risk analysis 3.3 – Risk of critical incident loss of office

The Finance Manager added the business interruption and the additional costs for working/business interruption, NFU used to call it additional costs of working, Towergate call it business interruption. He has included both descriptions. This is a matter of £100,000 over a 12 month period and also added the daily and monthly back up tapes off site. It used to be showing as 'HIGH LOW' he proposed lowering it down to 'MEDIUM LOW = 2' because we are well set up now, we could get a set of generic offices and we have disaster recovery with the IT suppliers. The IT suppliers would set up a network and all the computers and the insurance would pay to hire the offices and all the facilities put in place. Cllr Russell asked if we had a 'Hot' start in place? The Finance Manager responded that if it happened we would have to find the offices first. Mr Scott asked is there a Disaster Recovery Plan in place which details a plan for if the office burnt down - what you do the next day. The Finance Manager responded no, from the IT point of view there is a tape which will go into a system they will put it in place for the Board when we tell them where we want it, even if its dropping a couple of porta cabins on what's left. Mr Scott asked do you think we should think about if a flood or fire destroys the offices? The Finance Manager responded a Business Continuity Plan, Mr Scott a Disaster Recovery Plan. Cllr Russell is surprised the insurance have not followed that route through with you and Mr Scott added that the IT is critical because you need the IT. Cllr Russell is a little uneasy about it being dropped to 'MEDIUM' without a 'Hot' start. The Chairman felt it should remain as 'HIGH' and put the work into a Business Continuity or Disaster Recovery Plan and look at producing it. Mr Scott added that he has previously done one and we had a building earmarked, on a first come first served basis so if there was a terrorist attack we phoned up site and got the first 100 desks. It may not be that critical but you may need a few staff i.e. a foreman directing operational machinery and a few staff putting things back together - are there facilities available in the mountains of Lincoln which is away from this site because if it's a flood you want to be somewhere else and if it's a fire you could be next door. Cllr Russell is happier with that. The Finance Manager concluded that it is to be left as 'HIGH' and do the further work on a plan, once this has been completed we can revisit it.

(xiii) Risk analysis 4.1 – Risk of injury to staff and subsequent claims and losses

The Finance Manager stated the he has added the insurances, Mr Leggott asked if they were an adequate amount? The Finance Manager responded that the Employers Liability was £10 million which was increased to £15 million last year for the PSCA works on the South Forty Foot and the Personal Accident Insurance is at £60,000 with £100 per week for total disablement, that is for staff, there is also cover for Board Members but their figures are 50% of those.

The Chairman asked if we have insurances to review in the Autumn meeting? The Finance Manager could invite Mr J Cook to talk to the Committee through the insurances and look at that then and this is something we should visit again.

Mr Scott added that if you take advice from your insurance broker who is on a 15% commission and read newspapers which has the odd story that £15 million may be reached and it won't be settled at that. What the actual day to day pay-outs are today, he is not aware of and whether the broker to trust the source as it is a conflict of interest.

The Internal Auditor added that you need something which is reasonable and if it's too high you are paying too much and if it's too low then you could create a risk. As a Committee you are discussing it and debating it so where it sits at the minute at £15 million, cannot be criticised if it goes wrong as you have taken due regard, you have increased it at a level. Mr Scott added you now need to see what the cost is per million pound to determine if it's right or wrong, if the cost is not much that means it's never going to be needed because the insurance is the underwriters who actually know the risk they will have the claims experience.

The Chairman asked the Committee if there were happy to leave it at the £15 million level – general AGREEMENT.

(xiv) Risk analysis 4.2 – Risk of not complying with Health & Safety Legislation

The Finance Manager has added Insurance for Manslaughter costs and safety legislation costs, £1 million each of those. Mr Barker didn't think £1 million is enough, he felt we had somewhere increased to £5 million this should be up at that level. Mr Scott responded these are costs rather than pay out, this would be legal expenses. The Finance Manager responded he believed so yes - it is for defending the Board. The other insurance would cover pay out of the claim under Public Liability but we have £1 million to defend the Board. Mr Barker acknowledged the response.

(xv) Risk analysis 5.1 – Risk of loss of cash

The Finance Manager stated the insurance covers £500 out overnight and it will be insured. The petty cash, which is a maximum of £500, is locked away.

(xvi) Risk analysis 5.2 – Risk of loss of money invested in Building Societies and Banks

The Finance Manager stated that the Executive Committee is looking into the Building Societies and the FCA register and their ratings.

Mr Barker asked if this should be adjusted before or after the Executive Committee look at it, we have had discussions about other forms of investment. The Finance Manager clarified that the Investment Policy has not changed, therefore the risk has not changed, as it is at the moment we leave it as per the policy. If the policy was to change then the risk could change. The Board on 14th February 2018 decided they were not going along the route of investments they considered the bank, Aldermore Bank, but asked for the credit rating information.

This information will be taken to the Executive Committee on 9th May 2018 and then to the Board on 30th May 2018. Other than to pull the funds out of Monmouthshire, he does not foresee anything changing.

(xvii) Risk analysis 5.5 – Fraudulent use of credit cards

The Finance Manager explained that he has added himself to the fraudulent use of credit cards for this Committee's consideration. Both the Finance Manager and Chief Executive have a £5,000 limit on the Board's credit cards and the Operations Manager has £2,500. The Board has insurance up to £1,000 per card. The card expenditure statement is reconciled and this will go into the Financial Regulations. It is not authorised by each other because it is impractical to have to ring someone to give your authority to use it, but it is reviewed and reconciled on a monthly basis. He has included this as a risk of £5,000 on each card at risk this is why the impact is 'LOW' as it is fraudulent use of cards by others. The Chairman asked about the level of insurance - we are only partly insured. Mr Scott added the credit card insures you, via a third party fraud that is when the insurance would be used. He suggested 'LOW LOW'.

The Internal Auditor added it can be used and abused and there are ways around it and the likelihood of risk recommended 'MEDIUM'. He sees elsewhere you give the card to other members of staff and you assume they have bought the right thing – this is when the checks and balances come into effect but if you are buying something credible for the organisation you don't often challenge what it is and who's using it which is why he brought in the procedure of disposing of stuff below the £500 level, this is where things could not be working as they should. From an outside perspective he felt leave the risk, even though it is probably good practice, as the card could be used by others.

The Chairman clarified with the Committee, that it is left at 'LOW MEDIUM' and happy with the level of insurance. All AGREED.

(xviii) Risk analysis 6.1 – Risks to Board Members

The Finance Manager highlighted the addition of the £3 million Legal Liability Cover.

(xix) Risk analysis 6.2 – Risk of not complying with all employment Regulations and Laws

The Finance Manager highlighted the addition of the £1 million Employment Practices Cover.

(xx) Risk analysis 7.1 – Risk of collecting insufficient Income to Fund Expenditure

The Finance Manager stated he has added in about our comprehensive annual budgets and ten year estimates which are produced and should be recognised - this is part of managing the risk. He suggested that the fact we maintain 20% of annual expenditure in the general reserve should be added - which is also to be included in the Financial Regulations.

(xxi) Risk analysis 8.3 – Risk of loss of internet connections

Mr Barker asked about the fibre broadband and internet lines into the office, there could be an instance where a third party cuts the phone line or electric cables off site - it's having alternatives.

The Finance Manager responded that we have a mobile Wi-Fi dongle that 32 devices can connect to.

(xxii) Risk analysis 8.4 – Risk of network failure

The Finance Manager stated the proactive IT maintenance contract with external consultants that also includes disaster recovery has been recognised in this.

(xxiii) Risk analysis 8.5 – Risk of breach in cyber security

The Finance Manager stated this is one we spent a lot of time on last year and a lot of time with staff working on this. Staff training was something for further work last year, we have had staff training on site by HBP and staff completed very comprehensive cyber security training that required 2.5 hours provided by Sophos which included GDPR, malicious emails, hacking etc. From the staff training point of view this has been covered. Regarding the offsite backups, we still have the two-week rotation and we also have a monthly backup as was recommended by this Committee to the Board last year. We just have April / May to go then we will have a full monthly backup for an entire year so he is suggesting all that work having been carried out that the likelihood can now be reduced to 'LOW'. Mr Leggott added after all this training that we would not be putting at 'LOW' if we had some further attempts of cyber. The Chairman added that things move on all the time and as fast as you plug the gaps, someone else finds a way around those defences. The Finance Manager responded that in the last two weeks the Board has had two attempts at the system being breached on five occasions, therefore five attempts on one day and a week later another five attempts and they were all blocked by the unified threat management system, the hard firewall, and then reported that they had been blocked and not let into the system – so from that point of view with the system we have he is happy that the hardware is still currently doing its job. The weakness has always been a member of staff clicking the attachment to an email or picking up a usb drive – this has all been covered by the training.

Mr Scott read out “most unlikely to happen”, the Finance Manager responded most unlikely based on the fact we have done everything we can do to stop it. Mr Scott continued it's the external guys, they are constantly evolving, and they update the production software. The Finance Manager added that the software automatically updates. The Internal Auditor added that the biggest threat is human error which training has been completed. He added that you need a blame free culture if someone opened the wrong email then close the system down straight away you have the backup, it's about recovery control. I think cyber risk which is the important ones to put in prevention is one thing but you are never going to stop the potential for the risk to occur.

It's about how quickly you can recover and the Finance Manager has looked into all this.

The Chairman asked Members if there are happy to reduce the likelihood to 'LOW'. All AGREED.

(xxiv) Risk analysis 8.7 – Risk of virus being introduced to network

The Finance Manager stated that with our new cloud based anti-virus system all the Boards laptops which are not on the domain now also have the same anti-virus protection which is managed centrally and the emails filtered offsite by message defence, which has always been the case. We have now moved from holding the mail server at the office to it being based on the cloud so instead of the UTM firewall filtering messages Office 365 does this instead. This is just a change in modernising the procedures and reduces the risk of losing everything from our emails.

(xxv) Risk analysis 8.8 – Risk of loss of accounting records & 8.9 Risk of loss of rating records

The Finance Manager stated this is about the two-week daily rotation and the annual monthly rotation and again putting in about the insurance for the business interruption. This is same for the accounting and rating records which this Committee wanted to keep separate.

The Chairman invited the Internal Auditor for his opinion on this policy.

The Internal Auditor stated he thinks what this Committee is doing today is excellent, you have certainly looked at the risks and, as he had mentioned before, he likes to challenge the process. One of the directions we will be looking with other clients is the forward direction of travel - you kind of see where you want to get to and can then put in a timeline as to when it will be achieved to make the Officers commit. You can then see the direction of travel the risk moved and, yes, we have now reduced it down because that has now happened. It enables you to think about the all-risk appetite, probably less so if you work for a Council and the risk appetite has increased enormously with austerity and therefore you have to change your control framework to meet that need and you do need that idea of thinking where are we, what are the controls doing, how effective are they and we are trying to determine the effectiveness of a control you don't want too much control as it is counterproductive but you need to see what that is and see what the cost control is – you can do this with insurance policies because insurance has a cost and you know what it is going to do if there is a situation that arises.

The Internal Auditor continued stating sometimes a control is a bit 'airy-fairy'. If it is pinned down what it actually is, it does help when looking at the cost of it and is it worth having it in the first place or do we do away with it because we can actually tolerate the risk if it happens. Recovery controls can be cheaper because they don't need to use the recovery control if the risk does not happen it is there to avoid. So you've got to look at one of the preventative or the recovery controls to get the cost of those, look at the timeline going forward and where you want to be in terms of that direction of travel and to make sure you put in place those added controls you have suggested at the right time to change the risk and score that is going forward.

He feels comforted, here you are challenging Committee. You have a good set of risks and you don't want to create a bureaucracy, that's not the point, it's about making it work for you as Members and I think it does work to a greater degree here. He is happy to discuss with all of the Board but to just to create a challenge in the risk environment if you are not seeing things which you can comment on then you are not seeing the right things – do we fully understand what is the risk – that is the challenge for most people.

- What is the risk we are trying to manage I always put two parameters on it - if you cannot manage it, is it a risk? Using pandemic flu as an example, it itself is not the risk, the risk is to the people and the services - that is what we are managing. Pandemic flu is a cause therefore you actually then put a control in place to manage that cause and can then see what the cost is i.e. you can inoculate people against flu.
- So if you think through the structure and what you are managing, a risk should have a timeline, at some point in the future the risk will occur. It cannot stay on the register as a red risk year in year out, it does not work, you need to challenge the risk – the risk should have a timeline in terms of when it may occur, if it's not going to occur you are looking for a cause. The risk is about managing your staff, about managing the service you provide and how you deal with that. Referring back to the example, one of the areas which will impact on the pandemic flu will be stopping your staff from working, a contract may be put in place with others if it does happen, then you can call on that contract to come in and provide the service or you might work with other Boards. This challenges your thinking. Going back to the risk – what is this risk we are managing? Can we manage it? Who's managing it and when is that timeline likely to happen?

The Finance Manager asked if there should be timescales on further work, is that what Members are thinking? The Internal Auditor responded he is very happy to come along and do a workshop for all the Board Members. The Finance Manager responded that there is a Board election this year so the November Board will have an induction and asked if it could be included in the schedule? The Internal Auditor responded yes an hour would be sufficient to look at thinking about what it is we are looking at, what we are challenging, do we feel comfortable with what's there. He has seen good challenges from the meeting today.

The Chairman asked Members if they were happy to recommend adoption of this policy to the Board. All AGREED.

The Committee RESOLVED to recommend that the Risk Management Strategy Policy should be approved at the next Board meeting.

(b) Financial Regulations Policy

The Finance Manager stated this policy, on pages 54 – 58, with regards to paragraph 2.1, it was not recorded anywhere other than in Board minutes who the responsible Financial Officer was. He felt it was prudent to add this in section 2.1.

He then continued to section 5.1 – he was asked to produce the procedures for the collection of all income by the Internal Auditor and was unable to do it in written form, he has enhanced section 5.1 to include the procedures for the actual collection.

The Chairman asked does this mean the recommendation is completed? The Internal Auditor responded all the items recommended will be the first point of call when he comes back to the revised audit and he will then look at it in more detail. He added that he has gone through this policy and he is happy to support what is being said here.

The Finance Manager referred to section 5.5 - regarding the level of drainage rates collected, this used to be done by a single figure compared to budget in the management accounts. There is now a new report which has been included in from period 10 which will be at agenda item 7.

The Finance Manager referred to section 7.5 - this is a new paragraph added that, again, was from the recommendation of the Internal Auditor on the disposal of obsolete equipment, he has drafted this paragraph as it is currently done. It is for this Committee to discuss if you think this is appropriate or if any amendments are required. Mr Leggott stated that it seems to fit the bill regarding transparency. The Chairman added it is a sensible way of letting obsolete equipment go and handling it because it's similar to what the local authorities do. Cllr Russell added that it is very staff friendly.

Mr Barker made reference to a previous item, a jetter, which you could not get rid of as it was obsolete and could not obtain the right price for it. The Chairman responded that this is about staff, the order in which we offer things out to the staff first and then at the market rate and then move on down.

The Finance Manager referred to section 9.6, stating that he has added two sentences onto the end of the paragraph. The Chairman asked if we have credit cards that allow contactless transactions, and asked if we could opt out of those type of cards as they are automatically sent out unless you ask otherwise. The Finance Manager responded that if, for example, you went to London and wanted to use the tube the card would be the most useful thing to use as then you don't have to claim it back on your own card. The Chairman asked Members if they were happy for the cards to be contactless? The Finance Manager responded what is the risk? He continued any risk would be covered by the credit card company. The Internal Auditor added that contactless transactions have a £30 limit so its de minimus. The Chief Executive added that the credit cards cannot physically be used for cash withdrawal.

The Finance Manager referred to section 10 it is an additional section regarding the Boards Reserves, which is the general reserve and the aims of the Board, which he has copied straight from the budget set this year, was approved by the Board on the 14th February 2018.

Mr Barker asked if an additional word could be inserted in (a) "with a target of a minimum of 20%". The Chairman responded is it necessary to put in minimum when the target is 20%? Mr Leggott also added that he did not think it was necessary in this instance because we are defining a figure of 20%.

The Finance Manager added that we are trying to reduce down to 20%, if it is changed here then we will need to look at it and the Board have already approved in the budget. The Chairman felt this was fine as it is.

The Committee RESOLVED to recommend that the Financial Regulations Policy should be approved at the next Board meeting.

(c) Procurement Policy

The Finance Manager referred Members to the Procurement Policy on pages 59 – 62, he outlined the amendments;

- Section 2.2 - added Works & Engineering Manager to be authorised to have an order book.
- Section 2.2(h) - changed from the Operational Supervisor to be Works Supervisor.
- Section 5.2 - in the first sentence; “payments made by credit card will be reviewed” it previously stated “these items will be authorised by the management team and no one officer should authorise their own expenditure” so effectively this was saying that you need to ring someone to authorise the payment.
- Section 5.2 - the second sentence; “Receipts for all payments are to be reconciled to the statements and no one officer should review their own expenditure”. The Finance Manager explained that it should be reviewed on the reconciliation rather than authorised at the time of purchase.
- Section 5.3 - added to this sentence in accordance with the Procurement Policy “whenever possible”. He clearly explained the whole point of the credit cards is that purchases can be made, travel subsistence, Board Members expense can be paid. It is not always possible to ring around and get the 2/3 quotes as required. This is not to say this isn't done, it's just whenever possible we will get the quotes.
- Section 6.2 - currently only the Chief Executive, Finance Manager or Operations Manager can place orders with Woldmarsh. This was because originally we only had bulk fuel from Woldmarsh. Now we get a lot more from Woldmarsh including tyres, building supplies, fencing posts etc. Using their buying power and having discussed it we see no reason why ordering from Woldmarsh could not be subject to the same restrictions as any other purchase, if this Committee is happy with this we are going to open it up to and order through Woldmarsh and speak to them for individual limits for individual employees as per the Procurement Policy.

Mr Leggott asked if we had had a demand for this type of purchase? The Finance Manager responded yes the Pump Engineer had tried to order some fencing and was not on the list to authorise – it was about £1,500 so Woldmarsh refused to order it and waited for the Chief Executive or Finance Manager to authorise it. The Chief Executive added that this morning they have received confirmation of six orders from Woldmarsh varying from aggregates, timbers, rails, posts, various pipe work, diesel fuel. The process of using Woldmarsh and obtaining three or more quotations, within the guidelines of the Procurement Policy, removes time and effort from the Boards staff. We still periodically check the Woldmarsh prices but it is an unbelievably efficient process which Woldmarsh offer.

The Chief Executive does not think he has ever been able to find a price more competitive than Woldmarsh when asked to compare like for like price.

Mr Leggott asked should you try and ring around for alternative quotes? The Finance Manager responded that Woldmarsh are ringing around for us, they go out for the quotes as ref the Boards Policy, so they have the deals with suppliers and because they are buying it for 200 people they are getting much better rates than the Board on its own. Mr Barker added that they get the prices in daily from 7/8 suppliers in different regions as the orders come in they don't need to ring around because they already have the prices in. The Chief Executive agreed it is a good service.

The Committee RESOLVED to recommend that the Procurement Policy should be approved at the next Board meeting.

(d) Health & Safety Policy for Display Screen Equipment

The Finance Manager presented an updated policy stating he has re-written the introduction because it previously referred to the legislation being introduced in the old policy; therefore, he has updated the instructions on that point of view. All taken from the Health & Safety Executives website the most important aspects for the Board are at 2.4 and 2.5, which directly impact the Board.

- Section 2.4 – used to say that if the user requested an eye test, we would refund them. The Finance Manager has expanded on this in that the Board should be providing eye tests to display screen equipment (DSE) users. Therefore, he has amended it to say “DSE users should have an eye and eyesight test every two years” and the costs will be reimbursed.
- Section 2.5 – used to say “those prescribed normal corrective appliances to undertake DSE work a contribution of £150 will be reimbursed and special corrective appliances only used for DSE will be provided by the Boards appointed optometrist”. He is putting forward the proposal to increase the contribution from £150 to £200 and include a caveat of within a two year period.

The Committee RESOLVED to recommend that the Health & Safety Policy for Display Screen Equipment should be approved at the next Board meeting.

(e) Lone Worker Policy

The Finance Manager stated that this policy's review was delayed last year on the basis that we wanted to get the new lone worker devices in place in order to write about how they work and how we respond to any alerts we get in the system. He stated that the 'Introduction' has been re-written with an overview of the situation and then Section 3 is how the system works, which is on all Employees Board provided phones, and also details how the Board ensures that the lone workers are safeguarded as much as possible.

Mr Barker asked can you qualify is it all Board employees? The Finance Manager responded all employees that lone work. Mr Barker stated he saw a maintenance employee with a strimmer earlier this week standing on a deep slope with a vertical drop beneath him – has he got one of these phones?

The Finance Manager responded yes he has. Mr Barker then stated that he did not have an inflatable life jacket - he would not just slip down a bank he was straight over the tunnel that takes the water into the Forty Foot. The Chief Executive responded this is a different issue this is part of his PPE training, he has an inflatable and he should be wearing it – he will pick this up with him and others.

The Chief Executive stated that the devices do work and the workforce clearly are using them as they should do, we do regularly receive alert calls by the Peoplesafe reception centre – this is caused when in ‘amber’ and someone falls, the movement processes the interaction from that call centre.

The Chairman asked if Members were happy with these amendments, all AGREED.

The Committee RESOLVED to recommend that the Lone Worker Policy should be approved at the next Board meeting.

(f) Data Protection Policy (New for GDPR)

The Finance Manager informed the Committee that National ADA Policy & Finance are going to do some work on producing a policy and privacy notice for GDPR. He added that before he started to write this policy he called Ian Moodie at ADA and asked how they were getting on, the response was that they have not started and they have a meeting with Defra on 30th April 2018. He then started to write this policy from the ICO Booklets. Some more information from ADA was received on the 17th April 2018:

Email – GDPR comes into force on the 25th May 2018 ADA has been providing reminders and the twelve step guide produced by the Commissioner’s Office in the ADA Gazette, they have the detail from Defra and they confirm the Defra working on guidance and model agreements across the Defra group to be released in the next few weeks the model documents to be enclosed; privacy notice, data protection impact assessments and data sharing agreements. Guidance and model documents will be useful when released by Defra especially the model privacy notice which should provided or linked to whenever taking data about or relating to an individual. Before sharing widely with IDBs we would like to work with a small working group of senior IDBs staff to tailor Defra model privacy notice to the needs of IDBs, please let me know if you or a colleague will be interested in assisting.

Email: from the Finance Manager basically saying it is a bit too late, these have to be approved by the Board and in place by the 25th May 2018 and if it is not in place the information risk the Commissioner’s Office will be issuing fines.

The Finance Manager stated he has written a policy; he is not an expert in Data Protection or the General Data Protection Regulations other than the fact he has gone through all the information the Commissioner’s office guidelines. He directed members to the Policy on pages 66 – 72.

Cllr Russell stated we are discussing the possibility of liability of the Board as an entirety and Board Members or employees, surely if this Board associated business they would be covered under the Board. The Finance Manager responded that for insurance purposes you are covered but a fine could be to the Board or to an individual.

If the individual was following the Boards procedures then the fault would be the Board, if the individual was not following Board procedures then the individual will be liable themselves. Cllr Russell added if they did something with malicious intent basically the Board and any individuals I must introduce this element i.e. on the Council we would be covered by the Council unless we took data back to a private address. The Finance Manager responded if you were to store, process or transfer personal or sensitive personal information then you are into GDPR if you're not then, no. Cllr Russell added that because you don't hold and process personal information, if he did then it would be entirely on request of South Kesteven District Council and he believes he is covered as far as that is concerned, as long as he follows their procedures. The Finance Manager responded the Board does not give Cllr Russell personal information. The Chairman added so if you receive something from one of your constituents with personal information Cllr Russell if someone came to him with a problem to be raised with the Council or the Board then he would pass that onto the Board and immediately delete any reference he had and say respond to the individual and confirm that it has been attended to, therefore he is not holding any data even on something that is coming in or out. The Finance Manager responded that you can process that data under article 6.1(e) which is public task because you are fulfilling the public task but only for the time it is required.

Cllr Austin referred to a recent scenario whereby a round robin email was received which clearly showed everyone's email addresses. Due to the subject of the email he felt he needed to respond and reply to everybody. With the benefit of hindsight, he replied to everyone but was also circulating individual data in the form of email addresses. Is this something we should be careful about in future? The Finance Manager responded that this will come under article 6, and it would depend how you got those email address as to how you could use them. If you have explicit consent to use them as a round robin email then there would be no problem, but where have you got those emails from in order to process them? Cllr Austin responded that they were sent to him by a third party. The Finance Manager responded that you would be breaching article 6.

The Finance Manager stated that this is European legislation, we are given guidance from the ICO who will be responsible for enforcing it going forward from the 25th May 2018. No levels have been set for fines because it is for each individual state to set those levels. The European view of everything, the ICO, are currently sending out guidance on how to interpret the European Law but until we actually get into a situation where they take cases to court and start setting fines we won't know the levels.

The Finance Manager added that under Data Protection 1998 regulations there have been some very hefty fines – there was a case where customer's data had been lost on a usb flash drive and the company was fined £300,000 because of the unencrypted data that was lost.

The Internal Auditor added that there is news coming through that the fines linked to GDPR will be significantly greater than they have been in the past.

The Chief Executive pointed out that the Finance Manager had stated he was not an expert, he agreed that perhaps the Finance Manager is not an expert but having used the ICO guidance and put it into a nine-page policy he has been able to answer those questions with a lot more expertise than himself or

anyone else around the table. He felt he has a higher level of expertise and suggested that the Finance Manager be given the role of Data Protection Officer.

The Finance Manager suggested that this GDPR Policy be used as a starting point and then when the ADA model templates are received re-look at it. He suspects, as he has provided this document to ADA, that they are going to look very similar.

The Chairman asked if there was going to be GDPR training to the staff? The Finance Manager responded we shall do more but part of the Sophos training was the GDPR.

The Finance Manager continued the areas and the register which is dependent on, that we hold or process transfer personal data and then the lawful basis for holding it. Everything is covered by what we already have and there is no additional work. Due to the fact we were complying with the Data Protection Act 1998 the extra work is in producing the policy and the privacy notice. Any future projects the Board does we need to do a data impact assessment. We don't do big marketing campaigns like that which is the sort of stuff they are talking about.

The Finance Manager stated that internally within Black Sluice IDB we won't hold any less data, we are just showing the lawful basis as to why we can hold that data. It is to undertake the tasks performed under the Land Drainage Act 1991, therefore it's a public task so we have a legal basis to hold that data. Externally and working with the other Councils the Finance Manager is in the process of putting together a public data sharing agreement with Boston Borough Council which we will suggest sharing with the other three Councils. Therefore, when we are having discussions about who is the owner / occupier of a particular piece of land we can acquire the information. It's not explicitly under the Land Drainage Act, we will have a data sharing agreement between local public authorities that states we can share that information with each other. This is something that the Boards solicitor is working on at the moment, data information being transferred in both directions. We are working on what we do with external public organisations. We have powers under the Land Drainage Act to enquire for information from occupiers and owners of land we are not losing that either, we could use that if necessary.

The Finance Manager stated the formal thing we need to do as a Public Authority is to appoint a Data Protection Officer - page 70 at section 4.5. The Chief Executive has put the Finance Manager forward. The Chairman and the Committee Members recommended that the Finance Manager be given the role of the Data Protection Officer. The Chairman thanked the Finance Manager for his work in putting this policy together.

The Finance Manager proposed that the policy is enacted immediately to be ratified by the Board so that it is in place by the 25th May 2018. All AGREED.

The Committee RESOLVED to recommend that the Data Protection Policy should be compared with the ADA model when it is received and should be ratified at the next Board meeting.

1266 TO REVIEW THE PERIOD 11 BOARDS MANAGEMENT ACCOUNTS - Agenda Item 7

The Finance Manager referred Members to pages 76 – 80 stating this is something we have on an annual basis to review. This is a summary of the management accounts that go to the Executive Committee, the Officers have a much more detailed breakdown of these. There have not been any changes to the spreadsheet detailed on page 76. The Drainage Rate report, on page 77, which was referred to earlier from the Internal Auditors recommendation shows the payments have been posted 99.99%, that is now 100% at the year end and the Board was in credit by 36p. This is the format and asked the Members if they had any additions or amendments.

The Finance Manager referred to page 78 which is the report that this Committee suggested should be included at April 2017 because of the size of the project regarding the South Forty Foot Drain cleansing scheme and it has proven that there is £885,000 invoiced for this job and it was justifiable that we monitor the costs closely and produced this on a monthly basis.

The Finance Manager referred to page 79 & 80 which is a spreadsheet as it was previously, and he cannot think of any more information that the Executive Committee would require.

The Chairman confirmed with Members that they are happy with these presentations.

1267 TO REVIEW THE RISK REGISTER - Agenda Item 8

The Finance Manager stated that the Risk Register will need to be updated with the adjustments discussed earlier in the Risk Strategy Policy.

The Chairman referred to the register to see if there were any scores over four, the Finance Manager added that there is going to be a score of 6 which will have to be detailed to the Board.

1268 TO REVIEW THE BOARD'S CATALOGUE OF POLICIES - Agenda Item 9

The Chairman reviewed the Boards Catalogue of Policies, thinking about what we should be looking at in the September 2018 meeting. The Finance Manager stated we have had from ADA/Defra a new suggested policy statement template. It came after the agenda papers for this meeting were posted out so he has agreed with the Chairman of the Board it will be taken to the Board directly at the end of May 2018 so that it is implemented. The only place that this policy statement is actually published is on the Boards website, we don't have it on this catalogue of policies, it will be added to this spreadsheet.

(a) Development Fees

The Finance Manager stated that currently the Board charges development fees, providing funds for upgrading the Boards systems to cater for their water, at the time or in the future i.e. the Q1 Development.

We have just spent £86,000 upgrading the system so that takes their water away and they have made their contribution to the Board. The Board does not currently have a policy detailing how the Development rates will be set or how and when they will apply other than within the Board's Byelaw guidance documents.

The Finance Manager stated that we are going to develop a Development Fees Policy, South Holland IDB are currently doing this. We do it on a one decimal place on a percentage basis the flow above the green field rate. South Holland IDB are suggesting that they have bands rather than a 100 different rates but that is not going to their Board on 29th May 2018. The Black Sluice IDB Board meeting is on the 30th May 2018, we are going to carry on as we are for now and then we will bring this development fees proposed policy to the Audit & Risk Committee in September 2018. The Chairman added that we are trying to get uniformity across the Boards nationally and locally if it's possible.

(b) Emergency Flood Response Plan

The Chief Executive asked the Committee if he could bring the Emergency Flood Response Plan to the September 2018 meeting for review because of the decommissioning of the Black Sluice (Boston) Pumping Station and the operation of the navigation lock which is the fluvial device.

1269 ANY OTHER BUSINESS - Agenda Item 10

Mr Leggott asked if we still had the residential property belonging to the Board which is rented? The Finance Manager responded yes. He added that were we aware of new regulations which came in April 2018 regarding EPC levels because unless you can get out of 'F' and 'G' and get into 'E' you could have problems letting these properties. There are all sorts of problems which is part of a scheme the government put forward with funding grants, then they cancelled the grants but a lot of the regulations are still are on the books.

There being no further business the meeting ended at 4:22pm.

BLACK SLUICE INTERNAL DRAINAGE BOARD
AUDIT & RISK COMMITTEE - 17TH OCTOBER 2018

AGENDA ITEM No 6
INSURANCE REPORT

Black Sluice IDB

Insurance renewal 30th September 2018

		Towergate 2017/18	Towergate 2018/19	Increase in Premium	Premium Increase %
Motor Fleet	Equity Red Star	£ 12,790.40	£ 12,756.80	-£ 33.60	-0.26%
Motor Legal Expenses	ARAG	£ 203.09	£ 191.15	-£ 11.94	-5.88%
Commercial Combined	AXA	£ 19,914.55	£ 20,642.99	-£ 1,262.98	-6.34%
Low Claims Rebate	AXA		-£ 995.72		
New 3 Year LTA	AXA		-£ 995.70		
Customer Service Charge	Towergate	£ 292.50	£ 300.00	£ 7.50	2.56%
Personal Accident	Aviva	£ 297.26	£ 297.26	£ -	0.00%
Engineering Inspection (New 3 Year LTA)	Allianz	£ 10,380.00	£ 9,903.00	-£ 477.00	-4.60%
Engineering Insurance	Allianz	£ 3,309.35	£ 2,341.81	-£ 967.54	-29.24%
Professional Indemnity	Dual	£ 1,680.00	£ 1,680.00	£ -	0.00%
Directors & Officers and Crime	Dual	£ 1,488.48	£ 1,488.48	£ -	0.00%
Legal Expenses	DAS	£ 112.00	£ 112.00	£ -	0.00%
TOTAL PREMIUM		£ 50,467.63	£ 47,722.07	-£ 2,745.56	-5.44%

Black Sluice Internal Drainage Board

Risk Register

**Presented By
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IMPORTANT INFORMATION

This Report

Insured Policy Title:

Black Sluice Internal Drainage Board

Your Business

**Internal land drainage and water level authority, implementing land drainage legislation.
The creation, construction and management of internal land drainage and flood defence systems,
including environmental and ecological project designers and managers.
Civil engineers, drainage engineers, drainage contractors and property owners.**

Locations :

Main Offices And Depot:

**Station Road
Swineshead,
Boston
PE20 3PW**

- | | | | |
|-----------|---|-----------|---|
| 1 | Station Road, Swineshead, PE20 3PW | 2 | Donnington Mallard PS PE11 4XF |
| 3 | Donnington North Ings PS PE11 4XB | 4 | Wyberton Marsh PS PE20 1BD |
| 5 | Kirton Marsh PS PE20 2LT | 6 | Heckington Pump Station NG34 9NA |
| 7 | Holland Fen PS PE20 3RQ | 8 | Cooks Lock PS PE21 7PN |
| 9 | Trinity College PS PE20 3RG | 10 | Helpringham PS NG34 0BP |
| 11 | Swaton PS NG34 0JT | 12 | Dowsby Fen PS PE10 0TH |
| 13 | Gosberton PS PE10 0TH | 14 | Dowsby Lodge PS PE10 0TU |
| 15 | Rippingale PS PE10 0TG | 16 | Dunsby Fen PS PE10 0UH |
| 17 | Pinchbeck PS PE11 3TD | 18 | Hacconby PS PE10 0UN |
| 19 | Black Hole Drove PS PE11 3QL | 20 | Twenty PS PE10 0AZ |
| 21 | Quadring Low Fen PS PE10 0AZ | 22 | Bicker Eau PS PE20 3DN |
| 23 | Donnington Wykes PS PE11 4SD | 24 | Allan Houses PS PE21 8EQ |
| 25 | Bicker Fen PS PE20 3BW | 26 | Ewerby PS NG34 9PR |
| 27 | Great Hale PS PE20 3PZ | 28 | Damford PS LN14 4AT |
| 29 | Horbling PS NG34 3NN | 30 | Swineshead PS PE20 3PH |
| 31 | Chain Bridge PS PE21 7NH | 32 | South Kyme PS LN4 4AB |
| 33 | Billingborough PS NG34 0NJ | 34 | Sempringham PS NG34 0NH |
| 35 | Dyke Fen PS PE10 0BL | 36 | The Bungalow 54 Hessle PE21 8BZ |
| 37 | Land & Lakes as lodged with insurers | | |

11.11.15

Commercial Combined Insurance

Insurer: AXA Insurance

Policy Number: BM CMC 6975616

Renewal Date: 30th September 2018

Material Damage

The following pages show the material damage sums insured calculated on a Reinstatement Basis and should include:

Cover : Physical loss of or damage to the Insured Property arising as a result of Perils Covered:

All Risks, including Fire, Aircraft, Explosion, Lightning, Earthquake, Riot, Civil Commotion, Malicious Damage, Storm, Flood, Burst Pipes, Accidental Damage and Glass	Yes
Subsidence	Yes
Theft involving Forcible & violent entry or exit	No
Full Theft	Yes
Terrorism	No
Sprinkler Leakage	No
Including Cover for property in the open, including stock and equipment designed to be used in the open	Yes

****Refer to separate spreadsheet for split in Sums Insured****

Excess : £350 each and every claim Increasing to £1000 for Subsidence

Main Exclusions: Refer to Policy Wording

Note :

**Black Sluice Internal Drainage Board
Schedule of Sums Insured**

Premises	General Buildings and Buildings &/or Caninets of Pump Station, incl SUBSTRUCTURES , Weed Screen Cleaners & Telemetry owned by the Board or for which they are responsible incl. Site clearance & all add. Costs	General Buildings	Fixed Pumping and Electrical Equipment incl wiring & fitting	General Equipment & All Other Contents	Fuel Tank & Contents	Stock and Goods in Trust	Computers	Any other Sum Insured - Specify
Station Road, Swineshead PE20 3PW (Offices and Depot including fitted solar panels)	0	832700						
54 Hessel Drive, PE21 8BZ - Bungalow	0	126500						
Pump Stations:	0							
Donnington Mallard Hurn P S PE114XF	595545.2		694562.88					
Donnington North Ings PS PE11 4XB	1030519		1465030.7					
Wyberton Marsh PS PE20 1BD	849925.83		1307381.2					
Kirton Marsh PS PE20 2LT	1102723.3		852696.24					
Heckington Pump Station NG34 9NA	866000.73		1089470					
Holland Fen PS PE20 3RQ	535126.75		1106686.28					
Cooks Lock PS PE21 7PN	762616.79		1053337					
Trinity College PS PE20 3RG	1439445.2		815241.09					
Helpingham PS NG34 0BP	900385.05		744480.13					
Swaton PS NG34 0JT	917635.06		741017.68					
Dowsby Fen PS PE10 0TH	809098		635702.97					
Gosberton PS PE10 0TH	350060.58		1059348.7					
Dowsby Lode PS PE10 0TU	1186175.1		767980					
Rippingale PS PE10 0TG	901,092.49		744480.13					
Dunsby Fen PS PE10 0UH	921146.48		712691					
Pinchbeck PS PE11 3TD	732271		712691					
Hacconby PS PE10 0UN	962354.2		721985.92					
Black Hole Drove PS PE11 3QL	753586.8		1301382.2					
Twenty PS PE10 0AZ	666991.1		691,102.02					
Quadring Low Fen PS PE10 0AZ	736281.34		712549.62					
Bicker Eau PS PE20 3DN	208325.63		247,812.15					
Donnington Wykes PS PE11 4SD	238205.84		247812.15					
Allan Houses PS PE21 8EQ	238205.84		247812.15					
Bicker Fen PS PE20 3BW	744416.36		744480.13					
Ewerby PS NG34 9PR	791708.03		1178525.5					
Great Hale PS PE20 3PZ	898711.76		1178525.5					
Damford PS LN14 4AT	1384956.9		740372.01					
Horbling PS NG34 3NN	968562.76		738582.44					
Swineshead PS PE20 3PH	1192025.3		1465030.7					Solar Panels - 6000
Chain Bridge PS PE21 7NH	486574.47		1059348.7					
South Kyme PS LN4 4AB	1169890.5		778736.14					
Billingborough PS NG34 0NJ	896268.44		716560.05					
Sempingham PS NG34 0NH	948490.8		744480.13					
Dyke Fen PS PE10 0BL	1374514.8		650006.29					
Floating - Station Road & Pump Stations	0			50000	16000	30000	30000	Laptops - 10000
Floating - Pumps Stations	0							Solar Panels - 112000
	0							
	0							
	0							
Totals	29519037 0	959200	28667901	50000	16000	30000	30000	129,865

Business Interruption

Cover : Increased Cost of Working necessarily and reasonably incurred as a result of an insured risk.

Perils Covered : In accordance with Cover Insured under the Material Damage Section unless stated below

Locations : All locations as stated under Material Damage Cover

Sums Insured:

Item	Sum Insured	Indemnity Period
Increased Cost of Working	£100,000	12 Months
Loss of Rental Income from the Bungalow and Phone Mast at Swineshead	£6,665	12 months

Goods in Transit

Cover : Accidental Loss, destruction of or damage to stock an goods owned by you or for which you are responsible whilst in transit by means of conveyance specified below.

Territorial Limits : Great Britain, Northern Ireland, Channel Islands and Isle of Man.

Limits : Own Vehicles x 6 - Any One Consignment £5,000
Any One Vehicle £5,000

Excess : £100 each and every claim

Main Exclusions : **Cover Exclusion 9**
Loss or damage due to theft of Goods from any open sided, curtain sided, open top or soft top vehicle or from any trailer or similar demountable vehicle unless such trailer or demountable vehicles is stolen at the same time.

Contractors Plant

Cover : Loss of or damage to the Contractors Plant anywhere in the United Kingdom occurring during the Period of Insurance, including, whilst in transit to or from the contract site

Sums Insured:	1) Contractors Plant	Total Sum Insured	
	2) Temporary Buildings	£125,000	
	3) Plant Hired In	£25,000	
		Annual Fees Paid	£50,000
		Limit of Liability any one item	£250,000
		Number of Days	90
	4) Employees Tools	Amount per day	£250 Per Day
		Limit of Liability	£75,000
			£2,500 per employee
	5) Off-Site storage	Non-Ferrous metals	£5,000
		All Other Materials	£100,000

Excess £750 in respect of Theft or Malicious Damage
£500 in respect of All Other Losses & Flood
£50 Employees Tools

Money

Limits :	Crossed cheques and non-negotiable items	£250,000
	Unauthorised use of Credit Cards	£1,000
	In transit and on the Premises during Business Hours or in bank night safe	£5,000
	Contained in securely locked safe(s) and/or strong room(s) on the Premises out of Business Hours: Unspecified Safe:	£1,000
	Not secured in a safe or strongroom on the Premises out of Business Hours	£500
	In the private dwelling house of the Insured or of any if the Insured's authorised employees out of Business Hours	£500

Include PA Assault Benefits

Death	£10,000
Loss of Limbs sight and hearing	£10,000
Permanent Total Disablement	£10,000
TTD	£100 per week
TPD	£50 per week

Fidelity Guarantee

Cover :	Cover in respect of loss of money or property belonging to the Insured or for which you responsible as a direct result of an act of fraud or dishonesty by any employee or board member
Persons Insured:	All board members, officers and employees of the board
Limits :	£1,000,000 Any One Claim and in the aggregate any one period of Insurance
Excess :	£500
Territorial Limits:	Great Britain, Northern Ireland, the Channel Islands and the Isle of Man
Main Extensions :	Auditors fees incurred with insurers permission to substantiate the amount of the loss. Costs to amend computer programmes and security codes
Main Warranties :	Reference Condition
Security codes and passwords	If an employee leaves or has services terminated, you must change all passwords and other security codes that the employee may have had knowledge of for alarm or security devices, and computers or other systems.
Main Exclusions :	Loss of interest, loss of profits or consequential loss Losses discovered 24 months following cancellation

Employers Liability

Limit of Indemnity: £15,000,000 any one event, unlimited in the Aggregate
£ 5,000,000 in respect of Terrorism

Territorial Limits : United Kingdom but Worldwide for Employees acting in a non-manual capacity,
excluding offshore risks

Policy Estimates:

Clerical	£315,000
Manual	£400,000
Labour only	
Sub Contractors	£1,000
And Agency	

Including employees aged over 65 where continuing work is not contrary to doctor's advices.

Public and Products Liability

Limit of Liability :	Public Liability	£10,000,000 Any one incident
	Products Liability	£10,000,000 Any one incident and in the Aggregate
	Terrorism	£2,000,000 Any one incident and in the Aggregate
	Contamination/Pollution	£1,000,000 in any one period of insurance
Territorial Limits :	United Kingdom but Worldwide for Employees acting in a non-manual capacity. Excluding offshore risks. Cover is subject to UK Jurisdiction.	
Policy Estimates :	Board Income	£3,087,982
	Payments to Bona Fides Sub Contractors	£500,000
Excess :	£500 Third Party Property Damage	
	£500 Heat Work Away	
	£500 All Other Losses	
Main Warranties :	Bona Fide Subcontractors	
	Fire Precautions Condition	
	Underground Services Condition	
	Asbestos Extension	
Including :	Radio Mast located in rear yard	

Notes:

- Environmental Cover in respect of clean up costs incurred for water ways and third party property
- Land owned by the Board which largely coincides with the specified locations under the Combined policy. There are some in addition or adjacent to specified locations. PL cover attaches.
- The client also have several lakes and water conservation areas that are utilised to retain water in their district to fulfil the functions of 'Water Level Management' in its more updated format and they cut and manage these areas as necessary.
- The client have confirmed that they have approximately 3,500 culverts in the area, mostly that allow access to farms, pump stations and other buildings. They have an ongoing process of inspecting these culverts to prevent disrepair. There are also a number of minor bridges over water ways that also allow farm and track access. The client confirmed that any waterways under larger bridges fall under the auspices of the Highways Agency.

Group Personal Accident & Business Travel

Insurer :	Aviva Insurance
Policy Number :	86405786ECA
Renewal Date :	29 September 2018

Cover :	Compensation in respect of Accidental Bodily Injury giving rise to Death, Loss of Limb(s), Sight or Hearing and Temporary or Permanent Disablement from usual occupation				
Insured Persons :	All Committee members of the Policyholder & All Employees of the Policyholder excluding Directors – Group Personal Accident				
Operative Period :	Accidents arising out of your Occupation Only (including Commuting)				
Benefits and Sums Insured :	Please refer to policy schedule for full details				
Excess	7 Days for Temporary Total Disablement and Temporary Partial Disablement benefits				
Age Limits :	Age Limit applicable to this policy is 16 to 85 years If the Insured Person is over the age of 80 at the date of the Accident giving rise to a claim the benefit will be limited to 10% of the Sum Insured or £50,000 whichever is the lesser				
Estimates :	<table> <tr> <td>Number of Board Members</td> <td>32</td> </tr> <tr> <td>Number of Employees</td> <td>30</td> </tr> </table>	Number of Board Members	32	Number of Employees	30
Number of Board Members	32				
Number of Employees	30				
Terms:	Premium is Non-Adjustable Subject to the Standard Terms, Exceptions and Conditions of the Insurers Policy				

Professional Indemnity Insurance

Insurer: Liberty Mutual Insurance Europe Limited - 70%

Everest Syndicate 2786 - 20%

Hardy Syndicate 382 - 10% via Dual Corporate

Policy Number: PC-23678616H0

Renewal Date: 30th September 2018

Cover:	Provides legal liability cover, including defence costs and awards, arising out of breach of professional duty by you or your employees, in the course of its Professional Business.
Limit(s) of Indemnity :	£2,000,000 any one claim and in the aggregate in any one period of insurance (costs included), in respect of all covers and persons entitled to indemnity.
Excess(es) :	£5,000 Each and Every Claim applicable to Costs
Including:	Loss of Documents - £250,000 in the aggregate (£1,000 excess each and every claim) Fidelity Unintentional infringement of copyright Cover for employed consultants and self employed persons Libel and slander
Important :	Please note that the basis of Cover is on a "Claims Made Basis". You are required to notify Insurers of all circumstances that may give rise to a claim immediately. Failure to do so will prejudice your position with Underwriters. This policy only protects against Claims that are first notified to you and Insurers during the current Period of Insurance. It is essential that as soon as you become aware of any circumstances that could lead to a Claim you advise us immediately to ensure that action may be taken to protect your interest.
Geographical Limits:	Worldwide
Retroactive Date:	01.05.09
Law & Jurisdiction :	Subject to the Laws of England and Wales
Endorsements:	As per Wording, plus Premium Payment Clause Sanctions Clause Self-Employed Persons Extension Pollution Exclusion Legal Advice Exclusion – this clarifies that legal advice to third parties will not be covered under the policy

Some Main Exclusions :

Claims arising from circumstances known to you, or that should have been known to you, occurring prior to inception or renewal of this policy.

Liability emanating from an associate or subsidiary or other connected business unless emanating from an independent third party.

Bodily injury, disease, sickness or death of any Employee, or any other person or loss of or damage to their property.

Pollution and Contamination

Asbestos Risks

Liability arising due to errors in calculating construction costs estimates

Financial losses, Loss of Investments or fluctuations in financial markets.

Additional liability assumed under Contract and/or Guarantees

Liability assumed under express warranty, agreement, indemnity or waiver, contractual penalty or liquidated damages.

Dishonesty or malicious, criminal or deliberate illegal act by the Board.

Any claim where you manufacture, construct or install, repair products Sold or supplied by you

Claims resulting from the Board acting in a capacity as pension fund trustees or administrators.

Computer Network failure and Data Corruption and the loss distortion, or erasure of computer records.

War terrorism or similar risks

Notes :

Dennis Bambridge (Solicitor) is noted as an employee (details lodged with Dual on 16th and 17th February 2017).

This is a very brief summary of the policy. Please refer to your policy document for full policy details.

Board Members and Officers Liability Insurance

Insurer: Liberty Mutual Insurance Europe Limited - 70%

Everest Syndicate 2786 - 20%

Hardy Syndicate 382 - 10% via Dual Corporate

Policy Number: DC-2312921610

Renewal Date: 30th September 2018

- Cover:** Provides legal liability cover, including defence costs and awards, arising out of insured wrongful act or omission committed by a member of the Board or its Officials where the Board is not providing an Indemnity. Also including cover for the Board where it has indemnified its Members and Officials for insured wrongful act or omission.
- Limit of Indemnity :**
- Management Liability £3,000,000
 - Corporate Liability £3,000,000
 - Employment Practices Liability £1,000,000
 - Fraud Losses £250,000
- All limits shown above are in respect of "any one claim and in the aggregate (costs inclusive) in any one period of insurance in respect of all covers and persons entitled to indemnity,"
- Excess**
- £2,500 Employment Practices Liability
 - £2,500 Fraud Losses
- Important :** Please note that the basis of Cover is on a "Claims Made Basis". You are required to notify Insurers of all circumstances that may give rise to a claim immediately. Failure to do so will prejudice your position with Underwriters. This policy only protects against Claims that are first notified to you and Insurers during the current Period of Insurance. It is essential that as soon as you become aware of any circumstances that could lead to a Claim you advise us immediately to ensure that action may be taken to protect your interest.
- Geographical Limits:** The laws of the United Kingdom
- Jurisdiction :** United Kingdom
- Endorsements :** Sanctions Clause
Absolute Professional Services Exclusion
- Extensions :** Marital Estate and joint property ownership extension.
Insured versus Insured disputes and including board member/official versus board member/official disputes
Including indemnity for retired board members and officials.

Main Exclusions : Dishonesty, fraud or malicious conduct by an Insured person (other than for defence costs in successfully defending an action)
Fines, penalties, punitive and exemplary damages
Loss or defence costs arising from:
Breach of professional duty toward a customer, client or third party.
An insured person gaining profit or advantage to which they are not entitled
Bodily injury, mental stress, illness, disease or damage to property.
Pension Fund Trustee Liability or any pension or superannuation scheme.
Any incidents or claims arising before inception of the policy, that were known to you or that should have been known to you.
Any claim made against you originating from, or in any connection with United States of America or Canada.
The failure of any system, or failure to act to prevent such system failure

This is a very brief summary of the policy. Please refer to your policy document for full policy details.

Engineering Inspection and Insurance

Insurer: Allianz
Inspection Policy Number: NZ/25205597
Insurance Policy Number: NW/25205605
Renewal Date: 30th September 2018

Engineering Inspection

Cover / Inspection Frequency : Inspection Services are provided in respect of the plant, at intervals in accordance with statutory requirements.

The Plant : As specified by insurers in their schedule

Engineering Insurance

Cover : Sudden and Unforeseen Damage (inc Breakdown)
Damage to Own Surrounding Property
Explosion and Collapse

The Plant All Electrical, Mechanical and Control equipment and machinery used by the Insured for the purposes of its Business including Lifting and Air Pressure equipment

Indemnity Limit : £150,000 limit of liability

Declared Value of Insured Property: £2,000,000

Location of the Plant: Any premises belonging to, or occupied by, the Insured

Excess(es) Loss or Damage to Submersible Pumps - £500 each and every claim.
Each and every other loss - £250 each and every claim

Other Information to be Noted : Insurers will expect proactive routine maintenance to be carried out on submersible pumping equipment to ensure good reliability and for submersible pumps to be lifted and maintained on a regular basis.

DAS Commercial Legal Protection Insurance

Insurer :	DAS
Renewal Date :	30 September 2018
Master Certificate No:	TBC
Limit of Indemnity :	£100,000 any one event

The premium has been based on the following :

Declared Wage Roll: £501,000 to £1,000,000

Employment Disputes and Compensation Awards

Employment Disputes

Insurers will defend the Policyholder's Legal Rights:

- 1) prior to the issue of Legal Proceedings in a Court or Tribunal following the dismissal of an Employee; or
- 2) in the resolution of Unfair Dismissal Disputes under the ACAS Arbitration Scheme; or
- 3) in Legal Proceedings in respect of any Dispute with
 - a) an Employee or ex-Employee or a Trade Union acting on behalf of an Employee or ex-Employee which arises out of, or relates to, a Contract of Employment with the Policyholder; or
 - b) an Employee, prospective Employee or ex-Employee arising from an alleged Breach of their Statutory Rights under Employment Legislation.

Compensation Awards

Insurers will pay:

- 1) any Basic and Compensatory Award; and/or
 - 2) an Order for Compensation following a Breach of the Policyholder's Statutory Duties under Employment Legislation
- In respect of a Claim, Insurers have accepted under Insured Incident 1(a) (see full Policy Wording)

Service Occupancy

Insurer's will negotiate for the Policyholder's Legal Rights against an Employee or ex-Employee to recover possession of premises owned by, or for which the Policyholder is responsible.

Legal Defence:

At the Policyholder's request

- 1) Insurers will defend the Insured Person's Legal Rights:
 - a) Prior to the issue of Legal Proceedings when deal with the
 - Police
 - Health and Safety Executive and/or Local Authority Health and Safety Enforcement Officer, where it is alleged that the Insured Person has or may have committed a Criminal Offence; or
 - b) Following an event which leads to the Insured Person being prosecuted in a Court of a Criminal Jurisdiction; or
 - c) If Civil Action is taken against the Insured Person for Compensation under Section 13 of the Data Protection Act 1998. Insurers will also pay any Compensation Award made against the Insured Person under Section 13 of the Data Protection Act 1998.
- 2) Insurers will defend the Policyholder's Legal Rights following Civil Action taken against the Policyholder for wrongful arrest in respect of an accusation of Theft alleged to have been carried out during the Period of Insurance.

Legal Defence Continued:

- 3) Insurers will defend the Insured Person's (other than the Policyholder) Legal Rights if:
 - a) an event arising from their work as an Employee leads to Civil Action being taken against them under Legislation for Unlawful Discrimination on the grounds of Sex, Sexual Orientation, Race, Disability, Age, Religious Belief or Political Opinion; or
 - b) Civil Action is taken against them as a Trustee of a Pension Fund set up for the benefit of the Policyholder's Employees.
- 4) Insurers will represent the Insured Person in appealing against the imposition or Terms of any Statutory Notice issued under Legislation affecting the Policyholder's business.
- 5) Insurers will represent the Policyholder in appealing against the refusal of the Information Commissioner to register the Policyholder's application for Registration.
- 6) Insurers will pay the Attendance Expenses of an Insured Person for Jury Service.

Contract Disputes :

Amounts in Dispute £250 to £5,000
Insurers will negotiate for the Policyholder's Legal Rights in a Contractual Dispute arising from that Agreement or that alleged Agreement, which has been entered into by or on behalf of the Policyholder for the purchase, hire, sale or provision of goods or for services.

Property Protection and Bodily Injury :

Property Protection
Insurers will negotiate for the Policyholder's Legal Rights in any Civil Action relating to material property which is owned by, or the responsibility of the Policyholder, following:

- 1) any event which causes or could cause physical damage to such material property; or
- 2) any nuisance or trespass

Bodily Injury

At the policyholder's request, Insurers will negotiate for an Insured Person's and their Family Member's Legal Rights following an event, which causes the death of, or bodily injury to them.

Tax Protection :

Full or Aspect Enquiries

Insurers will negotiate on behalf of the Policyholder and represent them in any Appeal Proceedings in respect of a Full Enquiry and/or Aspect Enquiry.

Employer's Compliance

Insurers will negotiate on behalf of the Policyholder and represent them in any Appeal Proceedings in respect of a dispute concerning the Policyholder's compliance with Pay As You Earn or Social Security Regulations following a review by the Inland Revenue or the Department of Social Security Contributions.

VAT Disputes

Insurers will negotiate on behalf of the Policyholder and represent them in any Appeal Proceedings following an Assessment issued by H M Customs and Excise in respect of Value Added Tax due.

Helpline Services :

Euro Law Commercial Legal Advice, Tax Advice and Business Assistance: Telephone No 0117 934 0551 (Quoting the Policy Number)

Counselling : Telephone No 0117 934 2121

Please refer to the Policy Booklet for Full Terms, Conditions and Exceptions that apply to this Policy.

Motor Fleet Insurance

Insurer: Equity Red Star

Policy Number: 50016975

Renewal Date: 30th September 2018

Vehicle	Registration Number	Market Value
Nissan Navarra Visa	FX15 TUH	£7,500
Nissan Navarra Acenta	FY15 RBU	£8,500
Vauxhall Vivaro	LN12 YPY	£3,000
Vauxhall Movano Tipper Truck	VN12 GUH	£12,000
Nissan Navarra Visa	FX15 TUA	£7,500
Mercedes Unimogn (Inlcuidng Fuel Tank)	AJ58 VDN	£50,000
Trailer Flatbed		£2,000
Trailer Tipping		£3,000
Trailer Low Loader Chieftain		£12,000
Trailer 19 Ton Dump Chieftain1		£5,000
Bowser 1 500ltr (green)		£750
Bowser 2 500ltr (blue)		£750
Bowser 3 1000 ltr (yellow)		£1,250
Trailer Anssen box		£700
JCB JS160 Excavator	YN60 EER	£24,000
JCB JS145 Excavator	YR63 THX	£55,000
JCB 531-70 Teleporter	YN12 DXD	£18,000
Manitou Forklift Truck	EFE 964X	£3,000
JCB JS130 Excavator	YN09 EJU	£18,000
Spearhead Twiga SPV 2 2970XT Mower	VX17 HWF	£173,000
JCB JS130 Excavator	YS14 WBO	£55,000
Spearhead Twiga SPV2	WA15 LFG	£120,000
Spearhead Twiga SPV2	VO16 BOF	£155,000
Hitachi ZX210LC-5B	AE16 CXF	£110,000
AEBI TT211	AE66 LVZ	£50,000

Cover:
Comprehensive Cover

Drivers:
Any Authorised Driver (wef 30.09.16)
Thomas Wilson (DOB 20.03.95) - Drive VN12 GUH
Ryan Banham (DOB 31.07.92) - Drive VN12 GUH

Excesses:
£250 Damage, Fire and Theft (All Vehicles) Excess
£125 Windscreen Excess (use of non-approved ERS supplier) £75 (replacement by ERS approved supplier)
£10 (repair by ERS approved supplier)
£50 Windscreen Excess applies to Agricultural Vehicles regardless of which company carries out the repair or replacement

Additional Excesses:
*Drivers Under 21 - Additional £300 Excess
*Drivers Aged 21 to 24 - Additional £200 Excess
*Drivers 25 or over who has provisional driving licence or has not held, for 12 months or more, a full driving licence issued by any country which is a member of the European Union
*These amounts do not apply if the loss or damage is caused by Fire and Theft.

Use:
The use of the vehicle(s) allowed by the Policy is as follows.
Social, Domestic and Pleasure purposes.

For the Business of the Insured.
Excludes Carriage of passengers for Hire or Reward, or use of vehicles for Racing, Trials, Rallies (other than road safety rallies or Treasure Hunts) or speed testing.

Main Extensions:
The following extensions apply to your cover. Please refer to your Policy for full details.

Trailers attached and detached
Third party working risks

Motor Legal arranged by Arag plc – Policy Number 513051

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual Governance and Accountability Return 2017/18 Part 3

To be completed by:

- all smaller authorities* where either the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; and
- any other smaller authorities that either:
 - are unable to certify themselves as exempt; or
 - have requested a limited assurance review.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
 - The annual internal audit report is completed by the authority's internal auditor.
 - Sections 1 and 2 are to be completed and approved by the authority.
 - Section 3 is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved **before 2 July 2018**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or requesting a limited assurance review, **must** send to the external auditor:
 - the Annual Governance and Accountability Return Sections 1, 2 and 3, together with
 - a bank reconciliation as at 31 March 2018
 - an explanation of any significant year on year variances in the accounting statements
 - your notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2017/18

Unless requested, do not send any original records to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability Return including **Section 3 – External Auditor Report and Certificate** will be returned to the authority.

Publication Requirements

Smaller authorities with either income or expenditure exceeding £25,000 **must** publish on a public website, under the Accounts and Audit Regulations 2015, the Annual Governance and Accountability Return:

- **Section 1 – Annual Governance Statement 2017/18**, page 4
- **Section 2 – Accounting Statements 2017/18**, page 5
- **Section 3 – The External Auditor Report and Certificate 2017/18**, page 6
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014.*

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed Annual Governance and Accountability Return. Any amendments must be approved by the authority, properly initialled and accompanied by an explanation. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before sending it to the external auditor.
- Do not send the external auditor any information not specifically requested. However, you **must** inform your external auditor about any change of Clerk, Responsible Finance Officer or Chairman, and provide relevant email addresses and telephone numbers.
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the explanation.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs will be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2017) equals the balance brought forward in the current year (Box 1 of 2018).
- Please enter the authority's name **only** in Section 3 on Page 6. **Do not complete the remainder of that section**, which is reserved for the external auditor.
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes have been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', is an explanation provided?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been provided?		
	The bank reconciliation as at 31 March 2018 is agreed to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority is a sole managing trustee? NB: do not send trust accounting statements unless requested or instructed.		

*More guidance on completing this annual return is available in *Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, which can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

Annual Internal Audit Report 2017/18

Black Sluice Internal Drainage Board

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

15/02/18

Name of person who carried out the internal audit

CHRISTOPHER R. HARRIS

Signature of person who carried out the internal audit

CR Harris

Date

25/04/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

Black Sluice Internal Drainage Board

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2018, that:

	Agreed			'Yes' means that this authority:
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓			prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓			made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓			has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓			during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓			arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓			responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓			disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
			✓	

*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

1300

dated 30/05/2018

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman



Clerk



Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

www.blacksluiceidb.gov.uk

Section 2 – Accounting Statements 2017/18 for

Black Sluice Internal Drainage Board

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	1,129,413 1,210,413 06/09/18	984,012	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	2,058,353	2,073,657	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	424,984	1,014,324	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	1,048,536	1,100,770	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	1,580,202	1,755,932	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	984,012	1,215,291 1,755,932 31/05/18	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	1,283,286	1,321,676	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	5,450,042	5,493,707	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

D. W. [Signature]

Date

26/05/18

I confirm that these Accounting Statements were approved by this authority on this date:

30/05/18

and recorded as minute reference:

1302

Signed by Chairman of the meeting where approval of the Accounting Statements is given

[Signature]

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

Black Sluice Internal Drainage Board DB0010

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2017/18

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

The AGAR was not accurately completed before submission for review:

- The figure in Section 2, Box 1 of the prior year comparative column does not agree to the prior year final signed Annual Return due to a transposition error. The correct figure is £1,129,413

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

None

3 External auditor certificate 2017/18

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

30/08/2018

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

BLACK SLUICE INTERNAL DRAINAGE BOARD
AUDIT & RISK COMMITTEE - 17TH OCTOBER 2018

AGENDA ITEM No 8
AUDIT PROGRAMME 2018/19

- 1) Follow up of all and any recommendations from previous audit work.
- 2) To pay particular attention to payroll and the treatment of any adjustments.
- 3) To apply a lighter touch to Governance items that were specifically reviewed during the 2017/18 audit. (For new drainage Boards being audited this year a detailed review of governance matters will be undertaken.)
- 4) To continue the discussion on risk management to enable Boards to focus on what are truly important risks for them to manage.
- 5) To verify (if time permits) the actual existence of a sample of assets held.
- 6) To undertake sufficient audit assessment to enable the small authorities returns to be completed as detailed below.

Directed Risks

Governance

- 1) Review Constitution, Standing Orders, Financial Regulations, Award of Contracts and other procedures
- 2) Review Board agendas and minutes for the year
- 3) Review any Committee agendas and minutes for the year

Risk Management

- 1) Review risk management policy and procedures
- 2) Review risk register
- 3) Review process and procedures for how risk is managed on a day by day basis
- 4) Review key objectives for the IDB and the risks associated with achieving these objectives
- 5) Review the controls in place to mitigate these risks and see how effective they are

Operational Risks

Accounting Records

- 1) Review the accounting records for the IDB
- 2) Are these up to date and in balance?

Expenditure

- 1) Review accounts payable (creditors)
- 2) Test a sample of payments made to verify they have been correctly paid. Check, if possible, the receipt of the goods. Check accuracy, procedures (purchase order system) and approval process – was this in accordance with Financial Regulations?
- 3) Check treatment of VAT

Budget

- 1) Review the budgetary arrangements
- 2) Review the precept of rates
- 3) Review how the budget is monitored
- 4) Review reserves and the policy for these

Income

- 1) Review accounts receivable (debtors)
- 2) Review debt collection procedures
- 3) Review any write off arrangements
- 4) Review recording and banking of income
- 5) Test a sample of payments received to verify they have been correctly dealt with. Check accuracy and procedures – was this in accordance with Financial Regulations?
- 6) Check treatment of VAT

Petty Cash

- 1) Check the Petty Cash arrangements where held
- 2) Verify Petty cash is in balance, test a sample of transactions for relevance and accuracy and that a valid receipt is present.
- 3) Check treatment of VAT

Payroll

- 1) Review the payroll system
- 2) Test a sample of employees for accuracy of pay and **treatment of variations** including Tax and NI
- 3) Verify PAYE and NI requirements have been met

Asset Register

- 1) Verify the asset register is complete and up to date.
- 2) Verify, where possible, the asset and investment exists.

Bank

- 1) Verify and confirm bank reconciliations have been regularly undertaken.
- 2) Confirm end of year bank reconciliation

Accounting Statements

- 1) Verify accounting statements have been undertaken and reconciled to the cash book
- 2) Review and verify the audit trail of sums feeding into the accounting statements

Black Sluice Internal Drainage Board

Policy No: 27

Policy for the Control of Ragwort

Review	Audit & Risk Committee on 17 th October 2018
Board Approved	Board on 2 nd November 2016
Reviewed	Within 5 years

Introduction

The DEFRA “Code of Practice on How to Prevent the Spread of Ragwort” expects that larger organisations will have written policies for the control of ragwort on land under their control. This Policy was adopted by the Board on 7th July 2004.

Common ragwort is a specified weed under the Ragwort Control Act 2003 and the Code of Practice recommends it should be controlled, if practical wherever it presents a medium to high risk to animal welfare;

- High Risk** - Within 50 metres of land used for grazing horses or other animals or forage production.
- Medium Risk** - Within 100 metres of land used for grazing horses or other animals or forage production.
- Low Risk** - Greater than 100 metres from land used for grazing horses or other animals or forage production.

Section 9 of the Code of Practice states:

“When seeking to prevent the spread of ragwort it is expected that all landowners, occupiers and managers will co-operate and, where necessary, take collective responsibility for ensuring that effective control of the spread of ragwort is achieved”.

The Board therefore will only undertake Ragwort control if:

- (a) All other parties in the area have agreed to collectively carry out control.
- (b) There is sufficient resource to undertake the work.

The Board’s policy is only to carry out control of ragwort in exceptional circumstances.

Biology

Common ragwort is normally a biennial. In the first year it forms a set of basal leaves and overwinters; in the second year it sends up a single leafy stem with flower heads at the top. It flowers June – October and then dies. However if damaged, such as by pulling, it will act as a perennial flowering every year.

Methods of Control

- Cutting:** Method of last resort. It is used to reduce seed production and dispersal. Cutting will stimulate growth the following year.
- Pulling:** If root fragments are not removed, weak re-growth follows. Best done when ground is damp. A special fork is marketed.

Spraying: Can only use chemicals approved for use near or in water, they are 2,4-D and Glyphosate (Roundup). The Environment Agency must be notified.

Biological: Canebar moth eggs and caterpillars are marketed.

The risk assessment carried out before control may dictate the method of control. In general pulling/digging will be tried first and monitored. Where this is not successful spraying will be considered. Other methods are not ruled out.

Health and Safety

Ragwort contains pyrrolizidine alkaloides (PAs) which are toxic to animals and man. Anecdotal evidence indicates that PAs can be absorbed through the skin and therefore protective gloves and trousers shall be worn when pulling or handling ragwort.

Disposal of Pulled Ragwort

Ragwort remains toxic when dead and becomes more palatable to livestock. Dead plants can still set seeds. Plants in flower should be placed in plastic bags and disposed of by landfill at an approved facility.

Black Sluice Internal Drainage Board

Policy No: 28

Policy on Land Drains discharging into Board Maintained Watercourses

Review	Audit & Risk Committee on 17 th October 2018
Board Approved	Board on 2 nd November 2016
Due for Review	Within 5 years

INTRODUCTION

All new land drain outfalls should be consented and approved by the Board.

The Conditions for land drains, specified on the application form, are as follows:

1. Where a land drain outfall enters a Board maintained watercourse it shall consist of a single three metre length of pitch fibre or rigid plastic pipe; the end of the pipe shall be laid flush with the existing batter with no protrusion, in order to facilitate mechanical flailing or mowing.
2. The land drain outfall should be fitted with a suitably approved Kwik Fit Type GRC outfall tray, manufactured by J.K.H Drainage Units Ltd of Mildenhall, Suffolk or similar approved, in order to protect the watercourse bank against scour or slips.
3. The Board to be absolved from any liability for any interruption to drainage by means of the land drains or any damage resulting there from.
4. The applicant and his successors in title to make good any damage or slips in the Board's maintained banks which may result from the operation or presence of the land drains.
5. The Board to be absolved from any suits, costs or claims arising out of the laying or operation or presence of the land drains into the Board's maintained watercourse.

If the Board carry out improvement works which involve the cutting back of the side of a watercourse which displaces the land drains and/or outfall trays, then the Board will, following the completion of the works, replace the outfall trays/land drains, or if the outfall trays have been damaged during the work, replace these with new outfall trays.

However, if there are no outfall trays fitted to the land drains, the landowner will be required to pay for the cost of the outfall trays that are required to be fitted to the land drains, and the Board will fit these free of charge.

Black Sluice Internal Drainage Board

Policy No: 29

Policy for the Control of Rabbits, Rats and other Rodents in Board Maintained Watercourses

Review	Audit & Risk Committee on 17 th October 2018
Board Approved	Board on 2 nd November 2016
Due for Review	Within 5 years

Introduction

The Board has in the past responded to any request to control rabbits and rats in Board's maintained watercourses.

The response has been to send workmen from the roding gang to investigate the situation, and they were expected to place phostoxin tablets into the holes dug by the rodents, a process known as "gassing".

Some Workmen have been trained to handle and place the phostoxin pellets in a safe manner. However, there is a question whether workmen have the environmental knowledge to correctly differentiate between say rat and water vole habitat.

There is also a question about whether the Board has adequate resources to be able to respond to every request to control rabbits and rats.

Proposed Policy

If a request is received from a ratepayer or a member of the public to control vermin, this should be passed to the **Works Manager**. The person taking the enquiry should tell the applicant that the Board does not automatically carry out control of vermin, but the **Works Manager** will visit site to assess the situation before taking any action.

Methods of Control

The **Works Manager** when he visits the site should make the following assessments:

- (a) Is damage being caused to the bank of the **watercourse**?
- (b) Is it clearly vermin that are causing damage?
- (c) Is the problem only in the watercourse, or is it associated with an adjoining site.
- (d) Can control be safely carried out?

If the **Works Manager** considers the damage to be such that if uncontrolled extra maintenance will be required to the bank, then control of vermin can be considered.

Control can also be considered if the landowner(s) concerned are prepared to also carry out control on adjoining land/properties.

If the **Works Manager** is unsure of how to proceed he should seek a second opinion from the Operations Manager.

The Board reserves the right to implement Byelaw 12 (Control of Vermin) and / or Byelaw 13 (Damage by animals to bank).

Black Sluice Internal Drainage Board

Policy No: 31

Publication Scheme

Review Dates:

Original Issue	16 th January 2013
Board Approved	15 th June 2016
Reviewed	Audit & Risk Committee 17 th October 2018

INTRODUCTION

What is and why does, the Black Sluice IDB use a Publication Scheme?

The Freedom of Information Act 2000 (“the Act”) gives a general right of access to recorded information held by public authorities and sets out exemptions from that right and places a number of obligations on public authorities. The Black Sluice Internal Drainage Board is deemed to be a non-departmental public body for the purposes of the Act. Further information about the Act can be obtained from The Information Commissioner (<https://ico.org.uk/>).

The Board is required to adopt and maintain a publication scheme setting out the classes of information it holds, the manner in which it intends to publish the information, and whether a charge will be made for the information. The purpose of a scheme is to ensure a significant amount of information is available, without the need for a specific request. Schemes are intended to encourage organisations to publish more information proactively and to develop a greater culture of openness.

What information is routinely available?

The IDB information is grouped into seven classes.

- 1. Who we are and what we do**
Organisational information, structures, locations and contacts.
- 2. What we spend and how we spend it**
Financial information relating to projected and actual income and expenditure, procurement, contracts and audited accounts.
- 3. What our priorities are and how we are doing**
Strategies and plans, value for money indicators, audits, inspections and reviews.
- 4. How we make decisions**
Decision making processes and records of decisions.
- 5. Our policies and procedures**
Current written protocols, policies and procedures for delivering our services and responsibilities.
- 6. List and registers**
All statutory and non-statutory registers.

7. The services we offer

Information about the services we currently provide including leaflets, guidance and newsletters produced.

How to access the information?

The information contained in each class may be accessed through a variety of means and in a number of formats where available. All information is available for inspection on request and by prior appointment, where appropriate copies can be made available. A charge may be applied to the information supplied; each case is considered individually. Information will be provided within 28 days, if the request is reasonable.

1. On the Black Sluice IDB web-site

Some information will be available on the web-site. This information is non-chargeable.

2. By e-mail

E-mail mailbox@blacksluiceidb.gov.uk with 'Freedom of Information Request' in the subject line.

3. By post To obtain paper copies of the information please contact:

Mr I Warsap,
Chief Executive
Black Sluice IDB
Station Road
Swineshead
Boston
Lincs
PE20 3PW

Tel: (01205) 821440 <https://www.blacksluiceidb.gov.uk>

Please note that where hard copies of information will normally be supplied upon request, multiple copies cannot normally be provided.

4. In person

Please contact the office to arrange an appointment.

Charges and Exempt Information

Charges may be imposed for the provision of some of the information within this publication scheme. Where a class contains information which may levy a charge this is made clear with a £ symbol shown below. In adopting this scheme there has been an effort to be as open as possible but there are instances where, for legitimate reasons, certain information is not available. Where this is the case the reasons behind the decision to exclude certain information is clearly stated. Justification for excluding information is made in consideration of the general exemptions contained in the Act, the Environmental Information Regulations, the Data Protection Act or where it may be of a confidential or commercially sensitive nature.

All copyright is reserved by the Board.

The Information Available:

- 1. Who we are and what we do**
 - Constitution of the Board, including their structure & membership
 - Staffing Structure
 - Geographical area covered
 - Outline of responsibilities
 - Location of offices and contact details

- 2. What we spend and how we spend it (£)**
 - Annual accounts
 - Audit of accounts
 - Revenue and capital spending plans
 - Procurement Regulations
 - Funding; details of drainage rates, special levies, grants and other financial contributions
 - Staff and Board members allowances and expenses
 - Contracts awarded and their value

- 3. What our priorities are and how we are doing (£)**
 - Aims, objectives and plans
 - Performance against aims and plans
 - Programme of works

- 4. How we make decisions**
 - Board meeting and sub-committee minutes
 - Public consultations
 - Reports of advisory groups
 - Environmental Impact Assessments
 - Assessment of flooding risks
 - Other publicly available reports

- 5. Our policies and procedures**
 - Policies and procedures for the conduct of the Boards business
 - Policies and procedures about the provision of services
 - Policies and procedures about employment matters
 - Whistle blowing policy
 - Anti-fraud & corruption policy
 - Data protection policy
 - Freedom of Information Publication Scheme
 - Customer complaints procedure
 - Charging regimes and policies

- 6. List and registers (£)**
 - Register of Drainage Infrastructure
 - Nuisance Register
 - Complaints Register
 - Rate Book
 - Electoral Register (for the purposes of an Election of IDB Members)
 - Register of Members' Interests
 - Register of Gifts and Hospitality
 - Members Attendance Register
 - Freedom of Information Act disclosure log

7. The services we offer (£)

Regulatory role

Byelaws

Information for landowners, developments and operations

Notices, leaflets and guidance

Media releases

Details of the services for which the Board is entitled to recover a fee together with those fees

Feedback

Feedback, comments or complaints about this publication scheme should be directed to the Chief Executive or the Chairman of the Board, forwarded to the address stated in section 3 above; How to Access Information - 3. By Post. If you are not satisfied that information is being published in accordance with this scheme you can refer your complaint to the Information Commissioner:

The Case Reception Unit
Customer Services Team
Information Commissioners Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

www.ico.gov.uk/complaints/freedom_of_information.aspx

Approved by the Board on 15th June 2016

Black Sluice Internal Drainage Board

Policy No: 34

Gifts and Hospitality Policy

Reviewed	Audit & Risk Committee 17 th October 2018
Board Approved	Board on 2 nd November 2016
Due for Review	Within 5 years

INTRODUCTION

The following paragraphs are given as guidance to members and employees who may be offered gifts or hospitality. Boards are required to have in place a policy on the acceptance of gifts and hospitality, and as a public sector organisation, the Board has a duty to ensure that its resources are utilised effectively. The arrangements outlined within this policy apply to all members and staff employed by the Board and for those carrying out work on behalf of or at the request of the Board.

The purpose of this policy is to provide guidance to members and staff on the action that can, or should, be taken in the event that they are offered gifts and/or hospitality. There is a limited set of exceptions and this policy sets out the standards and procedures that member's and staff should follow to protect both themselves and the Board. In any case of doubt or uncertainty they should consult the Chief Executive.

1. Employees and members should treat with extreme caution any offer of a gift in excess of £25, favour or hospitality that is made to them personally. The person or organisation making the offer may be doing or seeking to do business with the Board or may be applying to the Board for some decision to be taken in his favour or someone with whom he is connected.
2. There are no hard and fast rules about the acceptance or refusal of hospitality or tokens of goodwill. For example, working lunches may be an appropriate way of doing business provided they are approved by the Chief Executive and provided no extravagance is involved. In the same way it may be reasonable for staff to represent the Board at a social function or sporting event organised by outside persons or bodies. Persons attending such functions or events as part of an official Board delegation are exempt from the above registration requirement, providing their attendance has been approved by the Chief Executive.
3. Each member or employee is personally responsible for all decisions connected with the acceptance or offer of gifts or hospitality and for avoiding risk of damage to public confidence. The receipt and detail of gifts and hospitality should always be reported to the Chief Executive.
4. When hospitality has to be declined, those making the offer should be courteously but firmly informed of the procedures and standards operated by the Board and told why hospitality cannot be accepted.
5. Members and employees should not accept significant personal gifts in excess of £25 from contractors and outside suppliers, although the Board will allow members and employees to keep insignificant items or token value such as pens, calendars and diaries. These insignificant items do not require recording in the Gifts and Hospitality Register.
6. Acceptance by members and employees of hospitality through attendance at relevant conferences, courses, equipment/plant inspections, suppliers or services is acceptable where it is clear the hospitality is corporate rather than personal and where the member or employee is satisfied that any purchasing decisions will not be compromised or jeopardise the integrity of any subsequent purchasing decisions.

Black Sluice Internal Drainage Board

Policy No: 44

Development Control Charges & Fees

Review Dates:

Reviewed	Audit & Risk Committee 17 th October 2018
Board Approved	
Due for Review	Within 5 years

Table 1: Listing of applicable Charges and Fees

Description	Reason for the charge being levied	Fee Due ¹
Application to alter a watercourse	Application under Section 23 of the Land Drainage Act 1991 (and Board's Byelaws where the watercourse is Board-maintained)	£50.00
Application for relaxation of one of the Board's Byelaws (not Byelaw 3)	Application for a relaxation of Board's Byelaw (usually Byelaw 10)	£50.00
Application to install land tile outfalls ²	Application for a relaxation of Board's Byelaws	£50.00
Application to discharge surface water to a watercourse	Application for a relaxation of Byelaw 3 (and possibly other Byelaws)	£100.00
Application to discharge treated foul water to a watercourse ²	Application for a relaxation of Byelaw 3 (and possibly other Byelaws)	£100.00
Surface Water Development Contribution (SWDC)	To help fund the cost of improvements to the drainage network that are required to cater for increases in the rate and / or volume of surface water flows	See next page
Commutated Maintenance and Wayleave Fees (CMWF)	Paid where the Board will be responsible for the future maintenance of a culvert, outfall structure or other infrastructure, and / or if the Board owns the watercourse or land where the construction will take place.	See next page

Please note: Where an application form is submitted without payment of the relevant fee due, the application is not deemed valid and may not be considered by the Board.

¹ VAT is not payable on applications to the Board (beyond the scope).

² An application is normally only required where the outfall(s) will be into a Board-maintained drain(s) (the fee is charged per affected watercourse).

The Board also passes on its costs for preparing legal agreements relating to granted consents, including any legal fees and Land Registry costs incurred. A charge may also be levied for the provision of information regarding flood risk and drainage infrastructure, at the discretion of the Board's Officers, or for work relating to hydrological models of watercourses, depending on the type and amount of information required. VAT may be chargeable on fees relating to legal agreements, flood risk / drainage data and hydrological models.

Surface Water Development Contribution (SWDC) Rates

Prior written consent is required from the Board where a development will result in an increase in the rate or volume of flows in any watercourse, and one of the conditions imposed as part of any such approval is the payment of a development contribution to the Board. Where the discharge rate is unrestricted, the contribution due is calculated by multiplying the increase in the site's impermeable area by the Board's standard charging rate per impermeable hectare.

The rate currently applicable is £77,800 per impermeable hectare however this is subject to review and change at the Board's discretion.

Where there is an attenuated discharge from a site to a watercourse, a development contribution will still be due to the Board, but in these circumstances, the contribution due will be calculated based on one of five 'bands', as shown in the table below (each run-off band includes the upper and lower figures listed):

Table 2: Surface Water Development Contribution Rate Bandings

Band No.	Equivalent Run-Off Rate (litres per second per hectare)	SWDC Rate
1	1.41 to 25	20%
2	25.01 to 50	40%
3	50.01 to 75	60%
4	75.01 to 100	80%
5	100.01 to un-attenuated	100%

Surface Water Development Contributions are payable at the time and rate applicable when consent is granted by the Board for the discharge.

Commutated Maintenance and Wayleave Fees (CMWF)

A CMWF is a one-off charge payable where the Board become involved with various designs and differing complexities of drainage systems and drainage infrastructure, this could involve legal agreements. The CMWF is paid by the applicant in addition to the costs of any construction, maintenance and / or wayleave payments which will also be due to the Board to reflect the costs involved.

The CMWF will be calculated on a case-by-case basis.

Black Sluice Internal Drainage Board

Unaudited Financial Statements

For The Year Ended 31st March 2018



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Black Sluice Internal Drainage Board - Members

Elected Members		Electoral District
Mr K C Casswell	Chairman - Board	E
	Chairman - Executive Committee	
Mr P Holmes	Vice Chairman - Board	G
	Chairman - Northern Works	
	Chairman - Environment Committee	
Mr M Rollinson	Chairman - Southern Works	F
Mr J Fowler	Chairman - Bridges & Culverts	G
Mr W Ash		D
Mr J F Atkinson		D
Mr V A Barker		C
Mr R Leggott		A
Mr P Robinson		B
Mr N Scott		B
Mr J R Wray		E

Members Appointed by District Councils

Boston Borough Council	
Mr M Brookes	Chairman - Audit & Risk Committee
Mr R Austin	
Mr P Bedford	
Mr C Brotherton	
Mr M Cooper	
Mrs C Rylott	
Mr P Skinner	

South Holland District Council	
Vacant	

South Kesteven District Council	
Mr R Russell	

North Kesteven District Council	
Mrs Susan Waring	

Senior Officers	
Mr Ian Warsap Bsc. C Eng	Chief Executive Officer
Mr Daniel Withnall MCGI MInstLM FMAAT	Finance Manager

ANNUAL REPORT

Introduction

The Black Sluice Internal Drainage Board is an independent body created under land drainage statutes responsible for flood risk, land drainage and water level management works, other than on main rivers, in the Black Sluice IDB area. Board Members are either elected by and represent the occupiers of land in the area or are nominated by the District Councils in the Board's area. The Board consists of 11 elected members and 10 nominated members. Further details are on page 3.

The Board secures income mainly from drainage levies on farmers and other occupiers and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers that protect the drainage district.

This document is the statement of Accounts of Black Sluice IDB for the financial year ending 31st March 2018, set out on pages 6 to 14. The accounts consist of:

The Annual Governance Statement

The system of internal control is designed to manage the risk to a reasonable level, the IDB's statement details how this is achieved.

The Statement of Responsibilities

This statement identifies the officer who is responsible for the proper administration of the Board's financial affairs.

The Statement of Accounting Policies

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

The Income and Expenditure Account

This statement summarises the resources that have been generated and consumed in providing services and managing the IDB during the last year.

The Balance Sheet

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held. The statement also includes assets and liabilities of the Board.

Notes to the Accounts

The notes relating to the statements above are detailed after the core statements.


THE ANNUAL GOVERNANCE STATEMENT

We acknowledge as the Members of the Black Sluice Internal Drainage Board our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31st March 2018, that:


	Agreed - Yes or No	Yes' means that the board:
1 We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	Yes	prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	Yes	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	Yes	has only done things that it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for exercise of electors rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes	during the year has given all persons interested the opportunity to inspect and ask questions about the authority's accounts.
5 We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes	considered and documented the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	Yes	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7 We took appropriate action on all matters raised in the reports from internal and external audit.	Yes	responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after year-end, have a financial impact on this authority and, where appropriate have included them in the accounting statements.	Yes	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference dated 30th May 2018.

Signed on behalf of Black Sluice Internal Drainage Board.



 Mr Keith Casswell
 Chairman
 30th May 2018



 Mr Daniel Withnall
 Finance Manager
 30th May 2018

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Board is required:

- a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Finance Manager.
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Finance Manager's Responsibilities

The Finance Manager is responsible for the preparation of the Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31st March 2018.

In preparing this statement of accounts, the Finance Manager has:-

- a) selected suitable accounting policies and then applied them consistently,
- b) made judgement and estimates that were reasonable and prudent,
- c) compiled the accounts in accordance with UK Generally Accepted Accounting Practices,
- d) applied the accounting concept of a 'going concern' by assuming that the IDB will continue to operate for the foreseeable future.

The Finance Manager has also:-

- a) kept proper accounting records which were up to date;
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Finance Manager

These Financial Statements present a true and fair view of the financial position of the Board at 31st March 2018 and its income and expenditure for the year then ended.



.....
Mr Daniel Withnall
30th May 2018

Certificate of the Chairman of the Board

I confirm that these accounts have been approved by the Black Sluice Internal Drainage Board at a meeting held on the 30th May 2018.



.....
Mr Keith Casswell
30th May 2018

STATEMENT OF ACCOUNTING POLICIES

1. General

These accounts have been prepared in accordance with the following accounting concepts:- Accruals, Relevance, Consistency, Reliability, Comparability, Understandability, Materiality and Going Concern.

2. Fixed Assets

Fixed assets are recognised as expenditure on acquisition, creation or enhancements with a value in excess of £5,000 and a useful life in excess of one year.

Fixed assets are valued on the following basis:-

- a) Land is included at historic cost.
- b) Operational Buildings are included in the balance sheet at valuation. The Offices and Depot were valued on 31st March 2016 by Mr Robert J Hurst FRICS FAAV, Chartered Surveyor, at market value. It is the Boards intention to value Operational Buildings at an open market value every five years and not depreciate in the intervening years.
- c) Pumping Stations were valued on 31st March 2009 by Mr JW Castley FRICS FAAV, Chartered Surveyor, at open market valuation. It is the Boards intention to value Pumping Stations at an open market value every ten years and not depreciate in the intervening years.
- d) Non - Operational Property is included in the balance sheet at market value. It was valued on 31st March 2016 by Mr Robert J Hurst FRICS FAAV, Chartered Surveyor, at market value. It is the Boards intention to value non-operational property at an open market value every five years and not depreciate in the intervening years.
- e) Vehicles, Plant & Equipment are included at cost less depreciation.

Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to the appropriate reserve.

Depreciation has been provided on a straight line basis, on motor vehicles and equipment, excavators and plant, computers, office equipment with a purchase cost in excess of £5,000.

Plant & Vehicles	7 Years
Equipment	4 Years

3. Income

Income includes drainage rates on local agricultural land and buildings, special levies on district/borough councils, recharged works, government grants, rental income and interest on investments. Where applicable, this is net of Value Added Tax and is recognised when the Board has a right to receive the income.

4. Expenditure

Expenditure is included on an accruals basis.

5. Stock & Work in Progress

Stocks and work in progress are stated at the lower of cost or net realisable value.

6. Government Grants and Contributions

Government grants and contributions have been credited to the income and expenditure account on an accruals basis. Government grants used for the acquisition of fixed assets have been deducted from the purchase price of the asset.

7. Provisions

The Board sets aside provisions where there is a definite liability, but the amount and timing of settlement is not known. Details are given as notes to the accounting statements.

8. Pensions

The Board paid an employers contribution of £199,418 on employees pensionable pay into the Lincolnshire County Council pension fund

9. Discontinued Operations

The Board had no material operations which it acquired or which were discontinued in the year and therefore no separate disclosure is required in respect of the Income and Expenditure account and balance sheet accounts.

10. Internal Interest

Interest is allocated to the Income and Expenditure Account, Development Fund, Plant Fund and Wages Oncost Fund based on the average level of their balances.

**Black Sluice Internal Drainage Board
Income and Expenditure Account
For Year Ended 31st March 2018**

	Note	2017/18	2016/17
Income		£	£
Drainage Rates		1,055,763	1,059,300
Special Levies on Councils	1	1,017,894	999,053
DEFRA Grants	2	37,012	12,822
Income from Rechargeable Works		853,807	362,989
Development Reserve Contribution		88,830	5,000
Sundry Income	3	25,518	29,231
Rental Income		7,366	10,029
Interest		1,792	4,913
		3,087,982	2,483,337
Expenditure			
Drain Maintenance		673,851	696,522
Asset Refurbishments	4	237,013	308,438
Administration Costs		352,790	349,919
Pumping Stations		341,563	340,495
Environment Agency Precept		276,552	276,552
Cost of Rechargeable Works		795,625	351,708
Establishment Charges		60,673	54,772
Depot Costs		45,016	39,254
Environmental Schemes		16,492	11,926
Miscellaneous Charges		31,785	23,599
		2,831,360	2,453,185
Surplus / (Deficit)		256,622	30,152

Black Sluice Internal Drainage Board Balance Sheet as at 31st March 2018

	Note	2017/18	2016/17
Fixed Assets			
Pumping Stations		3,861,354	3,861,354
Land & Buildings		739,350	739,350
Vehicles, Plant & Equipment		763,003	719,338
Non Operational Assets		130,000	130,000
	8	5,493,707	5,450,042
Current Assets			
Stock		31,916	26,217
Debtors & Prepayments	9	178,588	215,876
Cash at bank & in hand	10	1,321,676	1,283,286
		1,532,180	1,525,379
Current Liabilities			
Creditors	11	(316,889)	(541,367)
Net Current Assets		1,215,291	984,012
Liability related to defined pension scheme		(3,353,000)	(3,343,000)
Total Assets less Liabilities		3,355,998	3,091,054
Capital Reserve		5,493,709	5,450,042
Pension Reserve		(3,353,000)	(3,343,000)
		2,140,709	2,107,042
Revenue Reserve		1,166,812	910,190
Development Reserve		126,773	126,421
Plant Reserve		(118,399)	(87,474)
Wages Oncost Reserve		40,103	34,875
		1,215,289	984,012
	12	3,355,998	3,091,054



Mr K Casswell
Chairman
30th May 2018



Mr DJ Withnall
Finance Manager
30th May 2018

Black Sluice Internal Drainage Board

Notes to the Accounts

	2017/18	2016/17
	£	£
1 Special Levies		
Boston Borough Council	773,180	754,591
South Holland District Council	126,087	125,930
North Kesteven District Council	60,514	60,514
South Kesteven District Council	58,113	58,018
	1,017,894	999,053

	2017/18	2016/17
	£	£
2 Government Grants received from Defra		
Kirton Meeres Long Culvert	27,316	
NFF Revetment Works	3,111	4,410
Sempringham PS Weedscreen Cleaner	2,275	51
Helpringham PS Refurbishment	2,264	4,490
Damford PS Resilience	2,046	3,871
	37,012	12,822

	2017/18	2016/17
	£	£
3 Sundry Income		
Sundry Income	9,522	13,271
Solar Income	15,996	15,960
	25,518	29,231

	2017/18	2016/17
	£	£
4 Asset Refurbishments		
Drain Asset Improvements	145,366	164,541
Pumping Station Refurbishments	91,647	143,897
	237,013	308,438

5 Remuneration

The table below shows the number of employees whose remuneration was greater than £50,000:

	2017/18	2016/17
Band £		
70,000 to 79,999	1	1
	1	1

6 Audit Fees

	2017/18	2016/17
	£	£
Fees paid to the Board's External Auditor	2,800	2,400

7 Related Party Transactions

Some members of the Board pay Drainage Rates at the prevailing rate.

Black Sluice Internal Drainage Board Notes to the Accounts

8 Tangible Fixed Assets

	Land & Operational Buildings £	Pumping Stations £	Non Operational Property £	Vehicles, Plant & Equipment £	Total £
Cost					
Opening Balance	739,350	3,861,354	130,000	1,472,122	6,202,826
Additions	0	0	0	211,291	211,291
Disposals	0	0	0	(154,206)	(154,206)
Revaluation	0	0	0	0	0
As at 31st March 2018	739,350	3,861,354	130,000	1,529,207	6,259,911
Depreciation					
Opening Balance	0	0	0	(752,783)	(752,783)
Disposals	0	0	0	132,174	132,174
Charge for year	0	0	0	(145,595)	(145,595)
As at 31st March 2018	0	0	0	(766,204)	(766,204)
Net Book Value					
As at 31st March 2017	739,350	3,861,354	130,000	719,339	5,450,043
As at 31st March 2018	739,350	3,861,354	130,000	763,003	5,493,707

9 Debtors & Payment in Advance	2017/18	2016/17
	£	£
Trade Debtors	85,965	24,760
Prepayments	74,636	65,483
Officers Car Loans	25,672	13,706
Rechargeable Work in Progress	7,377	38,341
HM Revenue & Customs (VAT)	(15,062)	55,164
Grants Debtor	0	20,000
Drainage Rate Debtors	0	(1,578)
	178,588	215,876

10 Cash at Bank & in hand	2017/18	2016/17
	£	£
Bank Deposits	1,321,424	1,282,835
Petty Cash	252	451
	1,321,676	1,283,286

11 Creditors	2017/18	2016/17
	£	£
Trade Creditors	162,179	317,232
Accruals	154,710	193,178
PAYE & NI Control Account	0	16,637
Superannuation Control Account	0	14,221
Union Subs Control Account	0	99
	316,889	541,367

12 Reserves

	Balance 31/03/2017	Additions in Year	Withdrawals in year	Balance 31/03/2018
Capital Reserve	5,450,042	189,261	(145,594)	5,493,709
Pension Reserve	(3,343,000)		(10,000)	(3,353,000)
Revenue Reserve	910,190	256,622		1,166,812
Development Reserve	126,421	89,182	(88,830)	126,773
Plant Reserve	(87,474)	180,366	(211,291)	(118,399)
Wages Oncost Reserve	34,875	187,327	(182,099)	40,103
	3,091,054	902,758	(637,814)	3,355,998

Development Reserve- The Board makes a one off charge to developers to allow an increase in flow into the Board's drainage system. These charges are kept in the Development Fund and used to fund future improvements to the Board's drainage system to accommodate these additional flows.

Plant Reserve - The Plant Fund generates income internally throughout the year from all works carried out using the Board's plant. Offset against this income are all the expenses related to the plant and the fund is built up to replace the plant items when required. The depreciation is also charged to this account.

Wages Oncost Reserve - The Wages Oncost Fund generates income internally throughout the year from all work using the Board's Labour. Offset against this income are all the expenses related to employing the workforce.

**BLACK SLUICE INTERNAL DRAINAGE BOARD
RISK REGISTER**

Objectives	Ref	Risk	Potential Impact of Risk	Potential Likelihood of Risk	Risk Score	Gaps In control	Action Plan
To provide and maintain standards of sound needs based sustainable flood protection.	1.1	Being unable to prevent flooding to property or land (a) Coastal or Fluvial flooding from failure or overtopping of defences	High	Medium	6		
	1.1	(b) Flooding from failure of IDB pumping stations or excess rainfall	High	Low	3		
	1.1	(c) Flooding from sewers or riparian watercourses	Medium	Low	2		
	1.2	Loss of Electrical Supply	High	Low	3		
	1.3	Pumps failing to operate	High	Low	3		Maintenance
	1.4	Board Watercourses being unable to convey water	Medium	Low	2		Maintenance
	1.5	Operating machinery to maintain watercourses	Medium	Low	2		Training
	1.6	Claims from third parties for damage to property or injury	Medium	Low	2		
	1.7	Third Parties damage to Board maintained assets	Medium	Low	2		
	1.8	Loss of senior staff	Medium	Low	2		
	1.9	Insufficient finance to carry out works	Medium	Low	2		
To conserve and enhance the environment wherever practical and possible to ensure there is no net loss of biodiversity.	1.10	Reduction in staff performance	Medium	Low	2		
	1.11	Insufficient staff resources	Medium	Low	2		Review
	2.1	Prosecution for not adhering to environmental legislation	Medium	Low	2		BAP
	2.2	Non delivery of objectives	Low	Low	1		BAP
	3.1	Emergency Plan inadequate or not up to date	Low	Low	1		Review
To provide a 24 hour/365 day emergency response for the community	3.2	Insufficient resources (Staff and Equipment)	Medium	Low	2		Review
	3.3	Critical Incident loss of office	High	Low	3		None
	4.1	Injury to staff and subsequent claims and losses	Medium	Low	2		Training
To provide a safe and fulfilling working environment for staff.	4.2	Not complying with Health and Safety legislation	High	Low	3		Consultant
	5.1	Loss of cash	Low	Low	1		None
	5.2	Loss of money invested in building societies and banks	Medium	Low	2		None
	5.3	Fraud by senior officers	Low	Low	1		None
	5.4	Inadequacy of Internal Checks	Medium	Low	2		
To maintain financial records that are correct and comply with all recommended accounting practice.	5.5	Fraudulent use of credit cards	Low	Medium	2		
	6.1	Board Members in making decisions	Low	Low	1		
To ensure that all actions taken by the Board comply with all current UK and EU legislation	6.2	Not complying with all employment regulations and laws	Medium	Low	2		
	7.1	Collecting insufficient income to fund expenditure	Low	Low	1		Accounts
A cost efficient IDB that provides a Value for Money service.	7.2	IDB abolished or taken over	Low	Low	1		
	8.1	Loss of telemetry	Medium	Low	2		Maintenance
	8.2	Loss of telephone Communications	Low	Low	1		
	8.3	Loss of Internet Connection	Medium	Low	2		
	8.4	Network Failure	High	Low	3		
	8.5	Breach in Cyber Security	Medium	Low	2		
	8.6	Network Security Breach	Medium	Low	2		
	8.7	Virus being introduced to Network	Medium	Low	2		
	8.8	Loss of accounting records	Medium	Low	2		None
Information Technology and Communications	8.9	Loss of rating records	Medium	Low	2		None