



King's Lynn
Drainage Board

**NOTICE OF COMPLETION OF THE AUDIT OF ACCOUNTS FOR 2019/20, 2020/21 and
2021/22**

NOTICE OF PUBLIC RIGHTS

Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015 No 234)

Date of Notice: 13 December 2024

Notice

Notice is hereby given, in accordance with Regulation 16 of the Accounts and Audit Regulations 2015, that the Statutory Audits of King's Lynn Internal Drainage Board accounts for the years ending 31st March 2020, 31st March 2021 and 31st March 2022 have now been completed.

These audits have been concluded in accordance with the Local Audit and Accountability Act 2014.

Rights

The rights conferred on local government electors by Section 25 of the Local Audit and Accountability Act 2014 (LAAA 2014) are to:

- a) inspect and make copies of the statement of accounts prepared by the authority;
- b) inspect and make copies of any report, other than an immediate report, made to the body by the auditors;
- c) require copies of any such statement or report to be supplied to any person on payment of a reasonable sum for each copy;
- d) inspect any document prepared by the authority or available to it as set out in subsection 1 Section 25 of the LAAA 2014 at all reasonable times.

These statements of accounts are available for inspection by any person or local government elector at Pierpoint House, 28 Horsley's Fields, Kings Lynn, Norfolk PE30 5DD between the hours of 9.00 am and 4.00 pm Monday to Friday

Sallyanne Jeffrey
Chief Financial Officer/RFO

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12 December 2024

Dear Sallyann

King's Lynn Internal Drainage Board : Auditor's report and closure of the audit for 2019/20, 2020/21 and 2021/22

We are pleased to be able to advise you that we have completed our audit of the Internal Drainage Board's (IDB) financial statements for the year ending 31 March 2020, 2021 and 2022. and our work on your arrangements for securing economy, efficiency and effectiveness in your use of resources, together with all other work we are required to complete under the Code of Audit Practice.

We have issued a disclaimer of opinion due to the backstop on the financial statements and have not reported any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources as required by the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and supporting guidance.

A copy of our auditor's report is attached, which includes our certificate of completion of the audit for the years ended 31 March 2020, 2021 and 2022. Please include this auditor's report in your statement of accounts before publishing it on your website. Please ensure that you do not reproduce the signature of the auditor in any electronic format for any other purpose.

Please note that Regulation 16(1) of the Accounts and Audit Regulations 2015 requires the IDB to publish (which must include publication on its website) a statement:

- that the audit has been concluded
- that the statement of accounts has been published
- of the rights of inspection conferred in local government electors by section 25 of the Local Audit and Accountability Act 2014 and the address at which, and the hours during which, those rights may be exercised.

This statement should be published as soon as reasonably practicable.

Please accept our thanks to everybody at the IDB for your help and support during this year's audit. We have set out below further details regarding the finalisation and publication of the IDB's statement of accounts, which includes the audited financial statements.

Auditor's reports on the financial statements

We have noted your wish to publish and distribute the statement of accounts, which includes the financial statements, in electronic format. Please note that:

- the examination of the controls over the electronic publication of audited financial statements is beyond the scope of the audit of the financial statements and the auditor cannot be held responsible for changes made to audited information after the initial publication of the financial statements and auditor's report;
- where you wish to publish or distribute the financial statements electronically (separately or within the statement of accounts), you are responsible for ensuring that the publication accurately presents the financial statements and auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods; and
- the auditor's report on the financial statements should not be reproduced or referred to electronically without our written consent.

Please ensure that:

- you publish the financial statements and the auditor's report on those statements together in the statement of accounts;
- you only publish the financial statements accompanied by the "other information" provided to us before we issued our audit report and specifically referred to in our audit report; and
- you do not publish the financial statements accompanied by any other information not provided to us prior to issuing our auditor's report.

Please feel free to contact me if you would like clarification on any point.

Yours sincerely

Paul Dossett

Paul Dossett

Key Audit Partner

For Grant Thornton UK LLP

Independent auditor's report to the members of King's Lynn Internal Drainage Board

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of King's Lynn Internal Drainage Board (the 'Authority') for the year ended 31 March 2020, which comprise the Movement in Reserves Statement, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20..

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2020 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2020 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2020 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

The Finance and Rating Manager is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Finance and Rating Manager and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities for this Statement of Accounts, the Authority is required 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 authority, that officer is the Finance and Rating Manager. The Finance and Rating Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Finance and Rating Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance and Rating Manager is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Board is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2024, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2024, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of King's Lynn Internal Drainage Board for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *Paul Dossett*

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 12 December 2024

Independent auditor's report to the members of King's Lynn Internal Drainage Board

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of King's Lynn Internal Drainage Board (the 'Authority') for the year ended 31 March 2021, which comprise the Movement in Reserves Statement, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2021 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2021 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2021 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Finance and Rating Manager is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Finance and Rating Manager and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities for this Statement of Accounts, the Authority is required 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 authority, that officer is the Finance and Rating Manager. The Finance and Rating Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Finance and Rating Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance and Rating Manager is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Internal Drainage Board is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in respect of the above matter

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of King’s Lynn Internal Drainage Board for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent

permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *Paul Dossett*

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 12 December 2024

Independent auditor's report to the members of King's Lynn Internal Drainage Board

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of King's Lynn Internal Drainage Board (the 'Authority') for the year ended 31 March 2022, which comprise the Movement in Reserves Statement, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2022 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Finance and Rating Manager is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Finance and Rating Manager and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities for this Statement of Accounts, the Authority is required 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 authority, that officer is the Finance and Rating Manager. The Finance and Rating Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Finance and Rating Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance and Rating Manager is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Internal Drainage Board is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of King’s Lynn Internal Drainage Board for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *Paul Dossett*

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 12 December 2024

Final Auditor's Annual Report on King's Lynn Internal Drainage Board

2020/21 and 2021/22

December 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the King's Lynn internal drainage board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the King's Lynn internal drainage board arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether King's Lynn Internal Drainage Board has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report their commentary on King's Lynn Internal Drainage Board's arrangements under specified criteria. 2020/21 is the first year that we are reporting our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Kings Lynn Internal Drainage Board's arrangements for 2020/21 and 2021/22 because this will allow for our Value for Money assessments to be provided to King's Lynn Internal Drainage Board during 2023/24 which supports timely reporting. As part of our work, we considered whether there were any risks of significant weakness in King's Lynn Internal Drainage Board's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but four improvement recommendation made.	No significant weaknesses in arrangements identified, but four improvement recommendation made.	↔
Governance	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but six improvement recommendations made.	No significant weaknesses in arrangements identified, but seven improvement recommendations made.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but three improvement recommendation made.	No significant weaknesses in arrangements identified, but three improvement recommendation made.	↔

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

King's Lynn Internal Drainage Board (KLIDB) undertook and successfully completed two significant capital projects during the period 2018/19 to 2022/23. These projects attracted government funding, which provided the majority of capital financing, and has required KLIDB to produce financial statements in accordance with the CIPFA Code which is referenced further in the governance section of this report. KLIDB understands the financial risks it faces particularly in respect of its key income streams and has put in place appropriate measures to manage these risks to support financial sustainability. Our work has not identified any significant weaknesses in arrangements but has identified four improvement recommendations. Further details can be seen on pages 14 to 17 of this report.

Management have not agreed with all our recommendations. Whilst this is their prerogative - we would note for members that it is unusual for external audit recommendations to be rejected.



Governance

KLIDB had arrangements in place to support its control environment, during 2020/21 and 2021/22, as evidenced by the activities of Internal Audit and KLIDB's strategic approach to minimise fraud, bribery and corruption. Additionally, KLIDB reviewed its risk management arrangements by the introduction of a revised Risk Management Policy during 2021/22.

Our work has not identified any significant weaknesses in arrangements but has identified seven improvement recommendations. Further details can be seen on pages 23 to 29.

Management have not agreed with all our recommendations. Whilst this is their prerogative - we would note for members that it is unusual for external audit recommendations to be rejected.



Improving economy, efficiency and effectiveness

KLIDB has demonstrated an understanding of its role in securing economy, efficiency and effectiveness in its use of resources during 2020/21 and 2021/22. KLIDB's has in place an established regime of performance management supported by oversight. KLIDB demonstrated the importance it places on partnership activity during 2020/21 and 2021/22 through, the collaboration with six other internal drainage boards, to operate the Water Management Alliance with a principle aim to reduce cost.

Our work has not identified any significant weaknesses in arrangements but has identified three opportunities for improvement which are set out on pages 33 to 35.

Management have not agreed with all our recommendations. Whilst this is their prerogative - we would note for members that it is unusual for external audit recommendations to be rejected.



2020/21

We have yet to complete our audit of your financial statements for 2020/21.

2021/22

We have yet to complete our audit of your financial statements for 2021/22.



Use of auditor's powers

The following use of auditor's powers is correct at the time this auditors Auditor's Annual Report has been issued to King's Lynn Internal Drainage Board which is ahead of the completion of 2020/21 and 2021/22 financial statements audit.

We bring the following matters to your attention:

	2020/21	2021/22
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly</p>	We did not issue any statutory recommendations.	We did not issue any statutory recommendations.
<p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	We did not issue a public interest report.	We did not issue a public interest report.
<p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	We did not apply to the Court.	We did not apply to the Court.
<p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful. 	We did not issue an advisory notice.	We did not issue an advisory notice.
<p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	We did not apply for a judicial review.	We did not apply for a judicial review.

Securing economy, efficiency and effectiveness in the King's Lynn Internal Drainage Board's use of resources

All internal drainage boards, assessed under the Code of Audit Practice, are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. King's Lynn Internal Drainage Board's responsibilities are set out in Appendix A.

Internal drainage boards report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement. Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether King's Lynn Internal Drainage Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring King's Lynn Internal Drainage Board can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



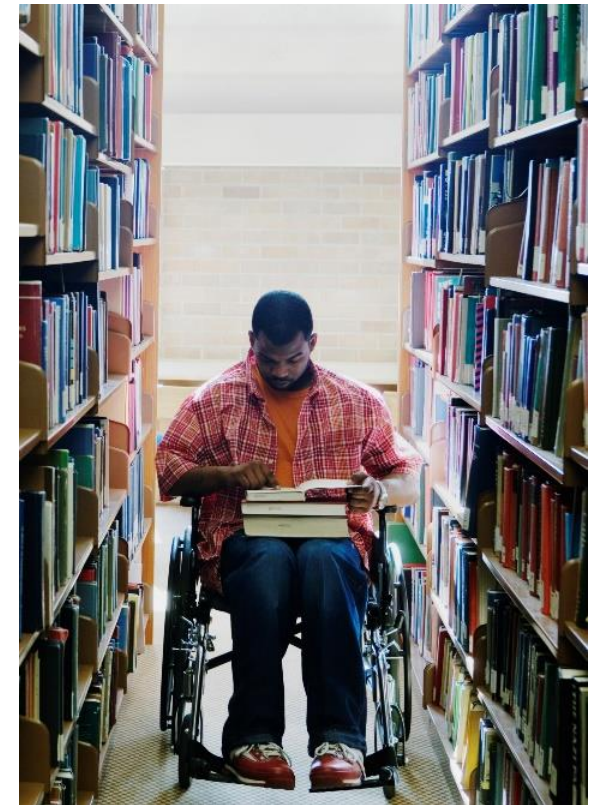
Governance

Arrangements for ensuring that the King's Lynn Internal Drainage Board makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring King's Lynn Internal Drainage Board makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way King's Lynn Internal Drainage Board delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the arrangements in each of these three areas, is set out on pages 7 to 35. Further detail on how we approached our work is included in Appendix A.

Financial sustainability



We considered how King's Lynn Internal Drainage Board (KLIDB):

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Budget Overview

KLIDB is funded, like other internal drainage boards in England, by the beneficiaries of the water management works it provides within its defined geographical area known as a drainage district.

Each financial year KLIDB sets a budget for its planned activities in the forthcoming year and these costs are met by three main sources of annual funding received by KLIDB, as determined by the Land Drainage Act 1991:

- Drainage rates, set and collected by KLIDB, from agricultural land and agricultural buildings owners within the drainage district.
- Special Levies, set and collected by KLIDB, from Council's falling within the drainage district, to reflect other non-agricultural land and buildings within the drainage district such as domestic dwellings and businesses.
- Higher Land Water Contribution (HLWC) from the Environment Agency (EA) - in relation to the quantity of water which that drainage district receives from lands at a higher level and outside of the KLIDB drainage district.

The proportion of income raised by KLIDB in respect of drainage rates versus special levy is determined by a rating process relating to the total annual value of all agricultural land and buildings within the drainage district versus the total annual value of all other non-agricultural land and buildings. KLIDB makes an annual application for HLWC payments from the EA and these payments are discretionary.

In turn the Water Resources Act 1991 enables the EA to issue a precept to KLIDB itself to fund EA activity relating to designated watercourses which are the responsibility of the EA within, adjacent or flowing from or into, KLIDB drainage district. KLIDB has also secured government grants to assist with the funding of significant capital works projects during 2018/19 – 2022/23.

KLIDB is a member of a consortium of seven individual internal drainage boards that have chosen to jointly administer their services through an unincorporated consortium known as the Water Management Alliance (WMA) which provides operational, administrative and technical support services to its constituent members and is governed by a representative body called the Consortium Management Committee (CMC) to co-ordinate oversee and direct the WMA administration, with the terms of reference powers and duties expressed in a Consortium Agreement. KLIDB annual budget includes charges and income reflecting KLIDB involvement in this consortium arrangement.

2020/21 Budget

On 17 January 2020, KLIDB considered the Rate Estimates for the Financial Year 2020/21 Report. The report set out KLIDB estimated annual expenditure of £21.16m for 2020/21 comprising of capital and maintenance works (£20.64m), administrative expenses, (£0.34m) and the precept payable to the EA (£0.18m). The report also set out estimated annual income of £17.03m for 2020/21 comprising of government capital grants (£16.64m), consortium and investment income (£0.34m) and HLWC payments from the EA (£0.05m) and stated the net budget requirement from drainage rates / special levies was £4.1m for 2020/21.

Financial sustainability (Continued)

2020/21 Budget (Cont'd)

KLIDB estimated Income, expenditure and net budget requirement from drainage rates/special levies for 2020/21 were detailed alongside KLIDB actual outturn for 2018/19 and the budgeted and probable outturn for 2019/20 which allowed for ease of comparison. The Rate Estimates for the Financial Year 2020/21 Report detailed land values (as of 31 December 2019) used to determine the proportion of income to be raised from drainage rates and special levies and, how such drainage rates and special levies would be apportioned across the district.

The report also detailed three drainage rate and special levy scenarios with a recommendation for 1.9% increase in drainage rates and a 2% increase in the special levy (payable by the Borough of King's Lynn and West Norfolk) for 2020/21, which the report stated reflected modest inflationary rises. The KLIDB had separately considered a Consortium Charges 2020/21 Report, based on recommendations from the CMC, also during its meeting on 17 January 2020, and the Rate Estimates for the Financial Year 2020/21 Report identified that the WMA Consortium charges payable by KLIDB for 2020/21 were £0.66m comprising of technical support costs of £0.34m (budgeted within maintenance works expenditure) and administration costs of £0.32m. Matters relating to WMA Consortium charges are included within an improvement recommendation later on in this section of Auditors Annual Report. The 2020/21 budget setting arrangements were reasonable which supported KLIDB to adopt a balanced budget, for 2020/21, including the setting of drainage rates and special levies ahead of the statutory deadline of 15 February 2020, as prescribed with the Land Drainage Act 1991.

2020/21 Outturn

KLIDB on 14 May 2021, considered the Financial Report for the year ending 31 March 2021 (projected outturn). The 2020/21 projected outturn was an underspend of £0.36m, compared to an estimated deficit of £1.8m. The Financial Report for the year ending 31 March 2021 did not include a covering report drawing members attention to budget variances and the reasons for them. A covering report would have provided context and supported oversight of KLIDB financial performance, and this is included in an improvement recommendation within the governance section of this report.

On 12 November 2021 KLIDB considered the Draft Statement of Accounts for the year ending 31 March 2021 and included within these papers was a 'Summary of Financial Performance' which did include reasons for variance and explained that KLIDB has achieved a final surplus of £0.33m compared to an estimated deficit of £1.8m with the most significant factor relation to a net change of £2.3m in respect of expenditure and resultant grant receivable in respect specific capital projects, funded by government grant.

It was explained the change was due to different audit regime requirements for 2020/21 being placed on KLIDB and the need for KLIDB to capitalise these specific capital projects on completion and to recognise the grant income once all the obligations and condition imposed by the grants have been met.

For the financial years 2019/20, 2020/21 and 2021/22 KLIDB turnover exceeded £6.5m which meant KLIDB external audit could no longer be subject to the limited assurance audit regime and would rather be conducted in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code which has placed additional responsibilities on KLIDB including different financial reporting requirements.

KLIDB's reporting of financial data is referenced in an improvement recommendation within the governance section of this report.

2021/22 Budget

KLIDB budget setting arrangements for 2021/22 followed the established process that was followed in the prior year. On 15 January 2021 KLIDB considered the Rate Estimates for the Financial Year 2021/22 Report. The report set out KLIDB estimated annual expenditure of £7.09m for 2021/22 comprising of capital and maintenance works (£6.49m), administrative expenses, (£0.43m) and the precept payable to the EA (£0.17m).

The report also set out estimated annual income of £3.02m for 2021/22 comprising of government grants (£2.49m), consortium and investment income (£0.48m) and HLWC payments from the EA (£0.05m) and stated the net budget requirement from drainage rates / special levies was £4.07m for 2021/22. KLIDB estimated Income, expenditure and net budget requirement from drainage rates / special levies for 2021/22 were detailed alongside KLIDB actual outturn for 2019/20 and the budgeted and probable outturn for 2020/21.

The Rate Estimates for the Financial Year 2021/22 Report detailed land values (as of 31 December 2020) used to determine the proportion of income to be raised from drainage rates and special levies and how drainage rates and special levies would be apportioned across the district. The report also detailed three drainage rate and special levy scenarios with a recommendation for 2% increase in drainage rates and special levy for 2021/22 and a 2.12% increase in the special levy (payable by the Borough of King's Lynn and West Norfolk).

The KLIDB had separately considered a Consortium Charges 2021/22 Report, based on recommendations from the CMC, also during its meeting on 15 January 2021.

Financial sustainability (Continued)

2021/22 Budget (Cont'd)

The Rate Estimates for the Financial Year 2021/22 Report identified that the WMA Consortium charges payable by KLIDB for 2021/22 were £0.83m comprising of technical support costs of £0.42m (budgeted within maintenance works expenditure) and administration costs of £0.41m. WMA Consortium charges payable by KLIDB for 2021/22 had increased significantly (25%) in comparison to the year prior. KLIDB's Rate Estimates Report 2021/22 did not include supporting information providing rationale for WMA consortium charges, did not highlight this significant growth area or set out reasons for the growth. However, KLIDB separately agreed the WMA annual budget for 2021/22 which did contain further supporting information including details of WMA growth items which were due to WMA increasing management staff capacity and resilience to support financial sustainability.

The inclusion of summary information, relating to WMA consortium charges, in the Rate Estimates Reports for 2020/21 and 2021/22 would have enhanced budgetary information, transparency/oversight and would have allowed for a more detailed assessment of the financial sustainability of KLIDB and this leads to an improvement recommendation that relates to 2020/21 and 2021/22. We recommend that KLIDB's Rate Estimates Report for each financial year includes a narrative summary providing supporting information to the WMA consortium charges and income, including rationale for growth items.

2021/22 Outturn

KLIDB on 13 May 2022, considered the Financial Report for the year ending 31 March 2022 (projected outturn). The 2021/22 projected outturn was an overspend of £0.28m, compared to a projected overspend of £1.7m. The Financial Report for the year ending 31 March 2022 again did not include a covering report drawing members attention to budget variances and the reasons for them. As we have already referenced earlier on in this section a covering report would have provided context and supported oversight of KLIDB financial performance, and this is included in an improvement recommendation within the governance section of this report. On 11 November 2022 KLIDB considered the Draft Statement of Accounts for the year ending 31 March 2022 and included within these papers was a 'Summary of Financial Performance' which explained that the KLIDB has achieved a surplus of £0.23m compared to an estimated deficit of £1.7m with the most significant factor relation to a net change of £2m in respect of expenditure and resultant grant receivable in respect specific capital projects, funded by government grant.

KLIDB explained, as it had done in respect of the 2020/21 outturn, that the change was due to different audit regime requirements for 2021/22 being placed on KLIDB and the need for KLIDB to capitalise these specific capital projects on completion and to recognise the grant income once all the obligations and condition imposed by the grants have been met.

KLIDB reporting of financial data is referenced further within two improvement recommendations within the governance section of this report.

Budget 2022/23

On 21 January 2022, KLIDB considered the Rate Estimates for the Financial Year 2022/23 Report. The report included an executive summary that set the impacts of rising inflation on KLIDB resulting in increase in fuel, energy and salaries that will be required to be passed on, in part, to drainage rate payers and special levy paying Councils during 2022/23 in order to maintain KLIDB's service provision.

The report set out KLIDB estimated annual expenditure of £4.49m for 2022/23 comprising of capital and maintenance works (£3.88m), administrative expenses, (£0.43m) and the precept payable to the EA (£0.18m).

The report also set out estimated annual income of £1.50m for 2022/23 comprising of government grants (£0.90m), consortium and investment income (£0.51m) and HLWC payments from the EA (£0.09m) and stated the net budget requirement from drainage rates / special levies was £2.99m for 2022/23.

KLIDB estimated Income, expenditure and net budget requirement from drainage rates / special levies for 2022/23 were shown in comparison to the actual outturn for 2020/21 and the budgeted and probable outturn for 2021/22.

The Rate Estimates for the Financial Year 2022/23 Report detailed land values (as of 31 December 2021) used to determine the proportion of income to be raised from drainage rates and special levies and how drainage rates and special levies would be apportioned across the district.

The report included three drainage rate and special levy scenarios with a recommendation for 5.60% increase in drainage rates and a 5.66% increase in the special levy (payable by the Borough of King's Lynn and West Norfolk) reflecting inflationary impacts.

As in prior years the KLIDB separately considered a Consortium Charges 2022/23 Report, based on recommendations from the CMC, also during its meeting on 21 January 2022.

Financial sustainability (Continued)

Budget 2022/23 (Cont'd)

The Rate Estimates for the Financial Year 2022/23 Report identified that the WMA Consortium charges payable by KLIDB for 2022/23 were £0.9m comprising of technical support costs of £0.5m (budgeted within maintenance works expenditure) and administration costs of £0.4m. The provision of further supporting information to the WMA consortium charges and income, including rationale for growth items has already been raised as an improvement recommendation in this report.

Indicative Forecast for Five Years and Savings

On 17 January 2020, KLIDB considered the Rate Estimates for the Financial Year 2020/21 Report which included an 'indicative forecast for five years 2020/21 – 2024/25'. The indicative forecast was based on the recommended budget scenario for 2020/21, annual land values as of December 2019, reflected KLIDB's capital and maintenance programme, and assumed annual inflationary increases of 2.1% for both expenditure and income items which was reflective of the retail price index (RPI) at the time. The indicative forecast also set out estimated rates and levies for the period 2020/21 – 2024/25, providing forecasts for agricultural land/agricultural buildings owners, and Council's, falling within the drainage district which is reasonable practice.

On 15 January 2021, KLIDB considered the Rate Estimates for the Financial Year 2021/22 Report. The report also included an indicative forecast 2021/22 – 2025/26 following the principles already identified in the prior year however annual inflationary increases had been revised to 1.3% reflecting RPI at that time.

The inclusion of an indicative forecast for five years supports effective financial planning and follows good practice. However, as already identified in this report, WMA Consortium charges payable by KLIDB for 2021/22 had increased by 25%, in comparison to the year prior, yet the indicative forecast for five years 2020/21 – 2024/25 had assumed future rises of WMA Consortium charges payable by KLIDB to be in line with underlying inflation rates (2.1%) and this leads to a recommendation in relation to both 2020/21 and 2021/22.

We recommend KLIDB:

- Reviews the inflationary assumptions applied in the formation of indicative forecast for five years to satisfy itself of the suitability of such assumptions.
- Provides more detailed supporting information alongside the indicative forecast for five years to explain the reasonableness of assumptions applied.

KLIDB's Rate Estimates for the Financial Year 2021/22 Report, considered by KLIDB on 15 January 2021, included an executive summary that stated, 'having adequate reserves is crucial so that we (KLIDB) can protect our ratepayers and constituent Councils by not having to pass on huge increases in expenditure caused by periods of high rainfall and the cyclical asset replacement/refurbishment programme'.

KLIDB's indicative forecast for 2021/22 – 2025/26 did include the planned use of unallocated (general) reserves to support expenditure and limit increases to drainage rates and special levies. The planned use of reserves within the indicative forecast 2021/22 – 2025/26 is identified in Figure 1 below:

	2021/22	2022/23	2023/24	2024/25	2025/26
Use of Unallocated Reserves (£m)	0.47	0.60	-0.06	-0.05	0.10
Balance of Unallocated Reserves (£m)	4.2	3.6	3.6	3.7	3.6

Figure 1. use of reserves within the indicative forecast 2021/22 – 2025/26 identifies that KLIDB intended to use £1.1m of unallocated reserves to support the budget for the period 2021/22 – 2025/26. The forecast did not include the identification of alternatives, to the use of reserves, such as savings.

We have been informed by KLIDB that there is limited scope for savings due to the defined and controlled nature of KLIDB expenditure. KLIDB had sufficient reserves to support the indicative forecast 2021/22 – 2025/26 however the development of wider plans, such as savings plans, could help KLIDB manage future financial challenges and ease reliance on the use of reserves.

An associated improvement recommendation has been made, for 2020/21 and 2021/22, within the improving economy, efficiency and effectiveness section of this report. This improvement recommendation encourages KLIDB to use sector analysis to help identify areas of potential efficiencies, savings or improvement which could provide alternatives to the utilisation of reserves.

Financial sustainability (Continued)

Capital Programme

[Significant Capital Projects – Summary](#)

During 2018/19 to 2022/23 KLIDB undertook two significant capital projects funded by government grant, KLIDB borrowing and use of reserves. These two capital projects being new water pumping stations as follows:

- Wolferton Pumping Station – Commenced in April 2018 and completed in May 2019. Total project capital cost £5.1m.
- Islington Pumping Station - Works commenced in March 2021 and completed in March 2023. Total project capital cost £24.9m.

These capital projects, the largest ever undertaken by KLIDB, were financed by Flood and Coastal Risk Management Capital Grant funding (£18.3m) additionally KLIDB took out a Public Works Loan Board loan (£10m) and utilised KLIDB reserves to assist with financing.

Capital Programme 2020/21

On 17 January 2020, KLIDB considered the Rate Estimates for the Financial Year 2020/21 Report which included KLIDB's proposed capital projects over a five-year period between 2020/21 to 2024/25, with a planned total capital expenditure of £27.8m for the period.

Capital projects for 2020/21 had a budget of £19.2m which was funded by a combination of government grant funding (£16.6), borrowing (£1.4m) and use of reserves (£1.2m). Planned capital projects included Islington pumping station (£16.2m), new WMA office (£1.6m) and North Lynn pumping station (£0.45m) these capital project demonstrated alignment to the KLIDB Business Plan and Policy Statement and KLIDB objectives for 2020/21 which is reasonable practice.

On 15 January 2021 KLIDB considered the Rate Estimates for the Financial Year 2021/22 Report which included KLIDB's probable capital outturn for the year 2020/21. Probable capital expenditure for 2020/21 was reported as £18.1m with slippage of £1.1m principally due to Covid-19 related delays in respect of the new WMA office. We consider the slippage in the capital programme to be justifiable considering the ongoing impacts of Covid-19 at that time.

Capital Programme 2021/22

On 15 January 2021, KLIDB also considered the Rate Estimates for the Financial Year 2021/22 Report which included KLIDB's proposed capital projects over a five-year period between 2021/22 to 2025/26, with a planned total capital expenditure of £10.8m for the period.

Planned capital projects for 2021/22 had a budget of £4.9m which was funded by a combination of government grant funding (£2.5m), borrowing (£1.2m) and use of reserves (£1.2m). Planned capital projects included, amongst others, Islington pumping station (£1.9m), new WMA office (£1.7m) and Pierpoint pumping station (£0.35m) these capital project again demonstrated alignment to the KLIDB Business Plan and Policy Statement and KLIDB's objectives for 2021/22.

On 21 January 2022 KLIDB considered the Rate Estimates for the Financial Year 2022/23 Report which included KLIDB's probable capital outturn for the year 2021/22. Probable capital expenditure for 2021/22 was reported as £14.3m against an original budget of £4.9m.

The revised capital budget was mainly due to Islington pumping station capital expenditure rising from £1.9m to £11.4m in 2021/22. KLIDB revisions to the capital expenditure during 2021/22 related to adjustments made by KLIDB due to different audit regime requirements for 2021/22 being placed on KLIDB and the need for KLIDB to capitalise specific capital projects on completion and to recognise the grant income once all the obligations and condition imposed by the grants have been met.

Additionally, the revised capital budget was impacted by Covid-19 related cost increases, and further government funding being received, in respect of Islington pumping station.

KLIDB reporting of financial data has led to adjustments being made to the end of year financial reports for 2020/21 and 2021/22 and this has been identified as an improvement recommendation within the governance section of this report.

The level of financial data relating, to KLIDB capital programme, provided within the end of year financial reports for 2020/21 and 2021/22 could also be enhanced and this has also been included in an improvement recommendation also within the governance section of this report.

Financial sustainability (Continued)

Reserves

KLIDB's Drainage Rates and Special Levies Capital Financing and Reserves Policy, in place during 2020/21 and reviewed by KLIDB in September 2022, states that KLIDB holds reserves to protect drainage ratepayers and constituent billing authorities from significant increases in drainage rates and special levies and to assist in the management of emergency events.

The policy also states that the total of earmarked and general reserves, after the netting off the pension deficit reserve, should as a minimum not fall below one year's net expenditure.

On 17 January 2020, KLIDB considered the Rate Estimates for the Financial Year 2020/21 Report which stated KLIDB total reserves (unallocated and earmarked) were forecast to be £5.02m as of 31 March 2021 which was above the 2020/21 net expenditure of £4.1m.

On 15 January 2021, KLIDB considered the Rate Estimates for the Financial Year 2021/22 Report which stated KLIDB total reserves were forecast to be £5.45m as of 31 March 2022 which was above the 2021/22 net expenditure of £4.07m, and included an unallocated (general reserve) of (£4.22m), plant reserve (£2.82m) and a development reserve (£1.30m) and a pension (deficit) reserve of (-£2.89m).

For 2020/21 and 2021/22 KLIDB's total reserves met the minimum thresholds as set within the KLIDB Drainage Rates and Special Levies Capital Financing and Reserves Policy 2022.

The setting of a minimum level of total reserves represents an adequate reserve strategy however KLIDB's minimum level is calculated on both unallocated (general reserve) and earmarked reserves. Earmarked reserves have usually been identified for specific contingencies and the setting of a minimum level of reserves that includes earmarked reserves could increase risk to KLIDB financial sustainability.

KLIDB's Drainage Rates and Special Levies Capital Financing and Reserves Policy does state that 'as a general rule of thumb the level of unallocated reserves (general reserves) should aim to be no less than 20% of net expenditure to 'finance responding to/recovering from emergencies' however this statement does not place an explicit minimum level for unallocated reserves, and this leads to an improvement recommendation that relates to 2020/21 and 2021/22. We recommend that KLIDB reviews the Drainage Rates and Special Levies Capital Financing and Reserves Policy and satisfies itself that the minimum reserve thresholds are appropriate and clearly defined including those relating to unallocated reserves.

Alignment of Financial and other Corporate Plans

KLIDB Business Plan and Policy Statement 2018 was in place during the financial years 2020/21 and 2021/22 and has been subsequently reviewed by KLIDB in November 2022.

The KLIDB Business Plan Business Plan and Policy Statement 2022 sets out:

- The standards of protection KLIDB aspires to provide.
- How (KLIDB) will go about managing risk, water levels and delivering services.

Matters of workforce planning are not directly referenced within the KLIDB Business Plan and Policy Statement however KLIDB Financial Regulation 2021 states that the WMA Chief Executive shall be responsible to KLIDB for all matters regarding its employees. KLIDB workforce is employed within the WMA an incorporated consortium of seven internal drainage boards where KLIDB is the employing authority for the shared staff and enters into contracts for the provision of shared services on behalf of other member internal drainage boards as set out in the Consortium Agreement 2020.

WMA does not have a workforce strategy. We acknowledge that due to WMA providing services to seven internal drainage boards a workforce strategy would need to be built upon mutually agreed principles with sufficient alignment to individual consortium members priorities and financial plans. However, the absence of an agreed workforce strategy aligned to the KLIDB five-year indicative forecast, increases financial risk to the KLIDB and this leads to an improvement recommendation that relates to both 2020/21 and 2021/22.

We recommend the KLIDB develops and agrees a WMA Workforce Strategy that supports the delivery of the KLIDB Business Plan Business Plan and five-year indicative forecast.

Investment Strategy

KLIDB Investment Strategy 2017, was in place during the financial years 2020/21 and 2021/22 and has been subsequently reviewed by KLIDB in September 2022. The Investment Strategy is intended to help maximise the return on temporary short term cash surpluses whilst at the same time safeguarding public money and sets investment objectives, specific investments, liquidity measures and controls.

Financial sustainability (Continued)

Investment Strategy (Cont'd)

The Investment Strategy also states that annual estimates of investment income for the forthcoming financial year will be included in annual budget setting reports considered by KLIDB and at the end of each financial year a report on investment activity will be presented to the KLIDB.

KLIDB on 14 May 2021 considered approved the Financial Report for the year ending 31 March 2021 (projected outturn) which stated that investment income received in 2020/21 was £0.1m with investment returns above the original budget by £0.05m. KLIDB on 13 May 2022 considered approved the Financial Report for the year ending 31 March 2022 (projected outturn) which stated that investment income received in 2021/22 was £20k with investment returns below the original budget by £5k reflecting the impact of low interest rates on investment income performance.

KLIDB can demonstrate adherence to investment activity oversight arrangements, as detailed KLIDB Investment Strategy 2022, which represents adequate practice.

Conclusion

In conclusion we have not identified any significant weaknesses in arrangements to ensure the Council manages risk to its financial sustainability.

We have made four improvement recommendations set out on pages 14 to 17.



Improvement recommendations



Financial sustainability

Recommendation 1

We recommend that KLIDB's Rate Estimates Report for each financial year includes a narrative summary providing supporting information to the WMA consortium charges and income, including rationale for growth items.

Audit year

2020/21 and 2021/22

Why/impact

KLIDB's Rate Estimates Report does not include supporting information, providing rationale, for WMA consortium charges and income. KLIDB separately agree the WMA annual budget which contains further supporting information including details of WMA growth items and income streams. The inclusion of summary information, relating to WMA consortium charges, in the KLIDB Rate Estimates Reports for 2020/21, 2021/22 and 2022/23 would have enhanced budgetary information, transparency and would have allowed for a more detailed assessment of the financial sustainability of KLIDB during 2020/21, 2021/22 and 2022/23.

Auditor judgement

This recommendation seeks to enhance existing financial information provided to KLIDB members as part of the annual setting of rate estimates.

Summary findings

KLIDB is a member of a consortium of seven individual internal drainage boards known as the WMA. KLIDB annual Rate Estimates includes charges and income reflecting KLIDB involvement in WMA, but limited narrative information is provided in the Rate Estimates report.

Management Comments

Not agreed. This is not considered to be necessary because the supporting information and narrative is already provided to members at the same meeting under the standard agenda item Consortium Matters.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Financial sustainability

Recommendation 2

We recommend KLIDB:

- Reviews the inflationary assumptions applied in the formation of KLIDB's indicative forecast for five years to satisfy itself of the suitability of such assumptions.
- Provides more detailed supporting information alongside the indicative forecast for five years to explain the reasonableness of assumptions applied.

Audit year

2020/21 and 2021/22

Why/impact

KLIDB indicative forecast for five years applies blanket inflationary rises to some income and expenditure items. A more detailed analysis of these income and expenditure, including trend analysis, could lead to more accurate and relevant assumptions.

Auditor judgement

KLIDB's indicative five-year forecast supports financial planning and the assessment of financial sustainability. This recommendation seeks to enhance existing arrangements.

Summary findings

WMA Consortium charges payable by KLIDB for 2021/22 had increased by 25%, in comparison to the year prior, yet the indicative forecast for five years 2020/21 – 2024/25 assumed future rises of WMA Consortium charges payable by KLIDB to be in line with underlying inflation.

Management Comments

Agreed.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Financial sustainability

Recommendation 3

We recommend that KLIDB reviews the Drainage Rates and Special Levies Capital Financing and Reserves Policy and satisfies itself that the minimum reserve thresholds are appropriate and clearly defined including those relating to unallocated reserves.

Audit year

2020/21 and 2021/22

Why/impact

Drainage Rates and Special Levies Capital Financing and Reserves Policy sets a minimum thresholds of reserves, but earmarked reserves are included in this minimum level and KLIDB should consider if this is appropriate. Additionally, the threshold set for unallocated reserves could be more clearly defined.

Auditor judgement

The setting of a minimum level of total reserves represents an adequate reserve strategy and this recommendation seeks to enhance existing arrangements.

Summary findings

KLIDB's minimum level of reserves is calculated on both unallocated (general reserves) and earmarked reserves. Earmarked reserves have been identified for specific contingencies and the setting of a minimum level of reserves that includes earmarked reserves could increase risk to KLIDB. Additionally, the threshold set for unallocated reserves is not clearly defined.

Management Comments

Partially agreed. The Board has already defined the minimum general (unallocated) reserve threshold in section 8.3 of the policy (20% of annual net expenditure/£200k). We can attempt to redefine the minimum thresholds of the Board's earmarked reserves, but they are always likely to be inadequate and we are unlikely to ever be in a position to increase these reserves. We will remove the wording "As a general rule of thumb" when the policy is next due for review.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Financial sustainability

Recommendation 4

We recommend the KLIDB develops and agrees a WMA Workforce Strategy that supports the delivery of the KLIDB corporate priorities and five-year indicative forecast.

Audit year

2020/21 and 2021/22

Why/impact

The development and introduction of a WMA Workforce Strategy would strengthen KLIDB's strategic planning and support financial sustainability.

Auditor judgement

A WMA Workforce Strategy, will support KLIDB to identify and allocate resources accordingly which will support the KLIDB's financial planning.

Summary findings

The absence of WMA Workforce Strategy increases financial risk to KLIDB.

Management Comments

Not agreed. The WMA already has a Workforce Strategy currently badged as a Rechargeable Works Policy and Staff Plan.



The range of recommendations that external auditors can make is explained in Appendix B

Governance



We considered how KLIDB:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Risk Management

During 2021/22, KLIDB reviewed its risk management arrangements by the introduction of a revised Risk Management Policy that was considered by KLIDB on 12 November 2021. The Risk Management Policy includes a description of the accountabilities, roles and reporting lines in relation to risk management matters and states that KLIDB is ultimately responsible for risk management and that, as a minimum, should at least twice a year:

- Take steps to identify and update key risks facing the board.
- Evaluate the potential consequences to the board if an event identified as risk takes place.
- Decide upon appropriate measures to manage the risk or its consequences.

Additionally, the policy states that KLIDB must ensure that it has the skills and expertise necessary and that it will achieve this by providing risk management training for officers and operatives as appropriate. However, the policy does not include reference to the provisions of risk management training to members, additionally during 2020/21 and 2021/22, no specific risk management training was provided to members of the KLIDB.

Risk management training for KLIDB members would support KLIDB to meet the responsibilities defined within the Risk Management Policy 2021 and this is included within a wider improvement recommendation later in this section.

KLIDB regularly reviews a risk register which identifies key risks that may prevent the organisation meeting its objectives alongside mitigations for those risks.

The risk register is considered at every meeting of KLIDB and was assessed on six occasions during 2020/21 and five occasions during 2021/22.

Our review of the minutes of these KLIDB meetings shows that the full risk register was provided to KLIDB on 13 November 2020 and 12 November 2021 however for all other KLIDB meetings an extract of the KLIDB risk register was provided that included the highest graded risks only. Oversight of risk management activities could be enhanced by the provision of the full risk register to each of the scheduled KLIDB meetings and this form part of an improvement recommendation in the following paragraph.

On 15 May 2020, the KLIDB reviewed the risk register which included six of the highest graded risks that had been those that given a risk grade of six or above. Each risk was mapped against KLIDB's strategic objectives 2020/21 and graded to determine both the likelihood and the impact of the risk occurring using a 3 by 3 evaluation criteria. Each risk included an overall risk rating descriptor, narrative of actions taken and further actions that were required to mitigate the risk and included a direction of travel. The risk register did not specifically assign individual risk to named persons to indicate responsibility for managing the risk and planned mitigations. The allocation of individual risks to a named individual would enhance KLIDB's risk management arrangements and this is included in a wider improvement recommendation that relates to 2020/21 and 2021/22. We recommend that KLIDB:

- Reviews the Risk Management Policy to include a requirement for risk management training to be provided to KLIDB members and appropriate risk management training is provided to KLIDB members on a regular basis.
- Presents a full risk register to each meeting of the KLIDB and the risk register assigns individual risks to named persons to demonstrate the responsibility for managing the risk and planned mitigations.

Governance (Continued)

Internal Audit

For the financial year 2020/21 internal audit services were provided by the Borough Council of King's Lynn and West Norfolk who can demonstrate compliance against the Public Sector Internal Audit (PSIA) Standards due to an external quality assessment having last been conducted in May 2022 which is in adherence within the PSIA recommended frequency that at least one external quality assessment should be conducted every five years.

On 14 May 2021, KLIDB considered the Internal Audit Report for 2020/21 which explained the scope of internal audit activities for 2020/21 had focused on records and systems used by the WMA, who provide the financial and administrative functions for KLIDB. The internal audit plan for 2020/21 included 10 core control areas of coverage being accounting records, financial regulations and standing orders, risk management, budgetary control, income, petty cash, payroll, assets and investments, cashbook and bank reconciliations and year end procedures. Additionally, the internal audit programme was to also consider the impact of Covid-19 on the WMA, during 2020/21 and provide a narrative report. The internal audit took place during over five days during March and April 2021 and Internal Audit Report for 2020/21 report stated that full or substantial assurance has been provided in respect of the ten core control areas of coverage. Five recommendations were made by internal audit, that were either graded a low or medium. The internal audit report for 2020/21 stated that assurances had been given by the WMA that the impact of Covid-19 on WMA service delivery was limited and that new working practices has been introduced during 2020/21 to manage Covid-19 social distancing requirements and that WMA continued to operate as 'business as usual'.

The Internal Audit Report for 2020/21 included an opinion of internal audit that on the basis of the work undertaken management can be provided with an overall opinion of 'Substantial Assurance' regarding the effectiveness of the system of internal control operating within the WMA.

On 13 May 2022, KLIDB considered the Internal Audit Report for 2021/22 which had been completed by Fenland District Council internal audit services who can also demonstrate compliance against the Public Sector Internal Audit (PSIA) Standards due to an external quality assessment having last been conducted in December 2022. The scope of the internal audit plan was the same as that 2020/21 with the addition of two extra areas being: transparency and public rights.

The internal audit took place during over 7 days during March and April 2022 and Internal Audit Report for 2021/21 report stated that full or substantial assurance has been provided in respect of the core control areas of coverage with three recommendations being made by internal audit, that were graded as low. The report also stated that the five internal audit recommendations made in respect of the prior year had been followed-up and confirmed all had been actioned and completed. The Internal Audit Report for 2021/22 included an opinion of internal audit that on the basis of the work undertaken, management can be provided with an overall opinion of 'Substantial Assurance' regarding the effectiveness of the system of internal control operating within the WMA.

Internal audit recommendations were raised for both 2020/21 and 2022/22 and respective management responses were provided detailing actions that would be taken. However, progress in respect of adherence to internal audit recommendations are not reported to KLIDB until a year after the initial findings and this leads to an improvement recommendation in respect of 2020/21 and 2021/22. We recommend that an update, to any internal audit recommendations, are provided to KLIDB half yearly to enhance oversight and monitoring of internal audit recommendations.

Prevention and Detection of Fraud

KLIDB have a suite of policies describing the approach to minimise fraud, bribery and corruption. These include Anti-Fraud and Corruption Policy 2021, Whistleblowing Policy 2020, Members Duties and Responsibilities 2020, Members Code of Conduct 2020 and Employee Code of Conduct 2022.

We understand that the KLIDB are responsible for reviewing these key control policies every five years, apart from the Employee Code of Conduct 2022 which is reviewed every ten years. A review cycle of ten years could result in a Code of Conduct for Employees that does not align with current risks and organisational values. We have also been informed by KLIDB that relevant training not been provided to KLIDB members during 2020/21 and 2021/22 in relation to policies describing KLIDB approach to minimise fraud, bribery and corruption and these factors lead to an improvement recommendation that relates to 2020/21 and 2021/22.

We recommend the Employee Code of Conduct 2022 is reviewed every five years, in line with other KLIDB policies and procedures, and KLIDB members are provided with specific training in respect of policies describing KLIDB approach to minimise fraud, bribery and corruption.

Governance (Continued)

Budget Setting Process

KLIDB Financial Regulations 2021 state that they are designed to ensure that KLIDB resources are properly managed, accounted for and controlled and apply both to KLIDB and KLIDB's resourcing partner WMA. KLIDB Financial Regulations 2021 set out a high-level budget setting process that was followed during 2020/21 and 2021/22.

The budget setting process for 2020/21 and 2021/22 began in October and included a series of WMA internal budget setting meetings between the WMA Finance and Ratings Manager and individual budget holders to capture relevant financial information to inform the budget setting process. These meetings assess each service budget in detail including the identification of revenue and capital expenditure, these meetings are also used to gather service intelligence that may have a budgetary impact. The Finance and Ratings Manager interaction with all budget managers to gather up to date financial and service information to inform the budget setting process is reasonable practice.

The output of these meetings is captured and assessed by the WMA Finance and Ratings Manager who then creates draft budgets papers and updates an indicative 5-year revenue forecast. During December of each year the WMA administration and technical support costs estimates for the following financial year (consortium charges) are established and incorporated into budget papers. Additionally, during December, each the WMA Chief Executive meets and consults with the Borough Council for King's Lynn and West Norfolk, in relation to emerging budget proposals and any potential changes in the special levy rate. During January final budget papers are prepared and recommended to the KLIDB.

On 17 January 2020, the KLIDB considered and approved drainage and special levy rates, capital programme, maintenance works programme, and WMA consortium charges for 2020/21. A similar process was followed for 2021/22 with KLIDB approving drainage and special levy rates, capital programme, maintenance works programme and WMA consortium charges for 2021/22 on 15 January 2021.

During 2020/21 and 2021/22 KLIDB followed an established budget setting process which supported timely financial planning allowing KLIDB to set a balanced budget in 2020/21 and 2021/22, including the setting of drainage and special levy rates, ahead of the statutory deadline of 15 February, as prescribed with the Land Drainage Act 1991 which demonstrates good practice.

Budget Monitoring Process

Every two months the WMA Finance and Ratings Manager liaises with budget holders to complete budget forecasts and identify any variances against the original budget set. From these meetings a Financial Report (budget monitoring) is drafted that includes year to date budget data relating to revenue, capital and maintenance programme expenditure and a full schedule of paid accounts. This Financial Report is then presented to the next KLIDB meeting, also held on a two monthly cycle during 2020/21 and 2021/22.

Full Year Financial Reports (projected outturn) for 2020/21 and 2021/22 were also presented to KLIDB on 14 May 2021 and 13 May 2022, respectively. The Financial Reports (budget monitoring) and the Full Year Financial Reports (projected outturn) presented to KLIDB in relation to the financial years 2020/21 and 2021/22 included 'notes to the accounts' which were embedded within the financial data and provided some context to variances. However, budget monitoring reports provided to KLIDB could be enhanced by the inclusion of a covering report drawing members attention to significant budget (revenue and capital) variances and the reasons for them. The provision of this additional information would support transparency and existing governance arrangements, and this leads to an improvement recommendation for 2020/21 and 2021/22.

We recommend that budget monitoring reports provided to KLIDB include a summary report, explaining significant variances and the reasons for them.

Financial Reporting

KLIDB has historically completed its annual financial statements in accordance with the Financial Reporting Standards for Smaller Entities 2008.

KLIDB secured grants to assist with the funding of capital works (Wolferton and Islington pumping stations). This has resulted in KLIDB turnover exceeding £6.5m for 2019/20, 2020/21 and 2021/22 which meant KLIDB could no longer be subject to the limited assurance audit regime and would have to complete its annual financial statements in accordance with the CIPFA Code.

KLIDB have put in place arrangement to support the production of financial statements, for the period 2019/20, 2020/21 and 2021/22, that comply with CIPFA Code requirements. However, we understand from KLIDB, that there has been issues securing appropriate independent consultancy to complete a valuation of the pumping stations in line with CIPFA code requirements.

Governance (Continued)

Financial Reporting (Cont'd)

The lack of valuation capacity could delay the completion of financial statements 2019/20, 2020/21 and 2021/22 and this leads to an improvement recommendation that is in respect of both 2020/21 and 2021/22.

We recommend that KLIDB considers putting in place arrangements to secure valuation capacity to satisfy CIPFA code requirement, in respect Wolferton and Islington pumping stations, and to support wider valuation needs should KLIDB be subject to CIPFA code requirements again in the future.

Decision Making

KLIDB is an independent public body responsible for managing water levels within its drainage district with its responsibilities defined with the Land Drainage Act 1991.

KLIDB set the strategic objectives, ensures that the necessary resources are in place to meet its objectives, maintains and reviews the control environment within which it operates and assesses performance to ensure the obligations to its stakeholders are understood and delivered.

KLIDB decisions are taken by 21 members, 10 of which are elected to represent local land occupiers who pay drainage rates, to KLIDB, and 11 are nominated by Councils who are charged a special levy by KLIDB. The decision-making responsibilities of the KLIDB are clearly set out with a Schedule of Reserved Matters, Division of Responsibilities and Standing Orders 2021.

KLIDB activities are supported by a number of KLIDB Advisory, Joint and Plenary Committees which can make recommendations to KLIDB, based on remits set out within the KLIDB Committee Governance Policy 2021.

The KLIDB met six times during 2020/21 and five times during 2021/22 minutes of these meetings demonstrated a range of topics being assessed, within KLIDB's defined remit, regular attendance of KLIDB members enabling quorum and active member input in the examination of papers.

KLIDB publishes on its website details of all KLIDB meetings, and this includes the agendas, minutes and decisions made which enhances transparency and demonstrates good practice.

Appropriate Standards

KLIDB Statement of Accounts for 2020/21 and 2021/21 are published on the KLIDB website and each includes an Annual Governance Statements which reference KLIDB policies, frameworks, controls, and responsibilities that are in accordance with a reasonable governance framework.

The Annual Governance Statements for 2020/21 and 2021/22 reference the KLIDB Members Code of Conduct 2020 which set out expectations, procedures, and monitoring controls for gifts and hospitality and declaration of members interests and this includes a requirement for members to declare any relevant declarations of interest during KLIDB meetings and for members to register pecuniary and non-pecuniary interests within 28 days of election, re-election, co-option or when a member becomes aware they have an interest through a standard form which in turn will be published on the KLIDB website.

As part of this value for money audit we have reviewed the publication of members interests on the KLIDB website and have established that seven members register of interest forms were listed as 'not filed' and this leads to an improvement recommendation that is in respect 2021/22.

We recommend that KLIDB ensures all members register of interest forms are published on the KLIDB website in accordance with the Members Code of Conduct.

KLIDB has a Data Protection Policy 2020, Data Breach Procedures 2019, Information Security and System Acceptable Use Policy 2020. These policies and procedures are intended to ensure that arrangements are in place to preserve and protect the confidentiality, integrity and availability of information used by KLIDB.

We have been informed by KLIDB that during 2020/21 and 2021/22 there were no reported data breaches. We understand that the Data Protection Policy 2020, Data Breach Procedures 2019, Information Security and System Acceptable Use Policy 2020, are each scheduled to be reviewed and updated every five years, following their last review date. Matters of data protection and cyber security remain a significant area of risk for all organisations as digital technology develops at pace and becomes even more embedded within the workplace.

Governance (Continued)

Appropriate Standards (Cont'd)

A more frequent review of key Data Protection, Data Breach and Information Security and System Acceptable Use Policies would strengthen existing arrangements and ensure emerging issues and controls are incorporated in the relevant policies and this leads to an improvement recommendation that applies to both 2020/21 and 2021/22.

We recommend that Data Protection Policy 2020, Data Breach Procedures 2019, Information Security and System Acceptable Use Policy 2020 are all reviewed, updated and approved during 2023/24 and that KLIDB considers an annual review of these key policies.

In completion of the Annual Auditors Report we have found no evidence of breaches of legislation or regulatory standards during 2020/21 or 2021/22 nor is there evidence of significant or repeated departure from regulatory or statutory requirements or professional standards.

Conclusion

In conclusion we have not identified any significant weaknesses in arrangements. We have made seven improvement recommendation which are set out on pages 23 to 29.



Improvement recommendations



Governance

Recommendation 5

We recommend that KLIDB:

- Reviews the Risk Management Policy to include a requirement for risk management training to be provided to KLIDB members and appropriate risk management training is provided to KLIDB members on a regular basis.
- Presents a full risk register to each meeting of the KLIDB and the risk register assigns individual risks to named persons to demonstrate the responsibility for managing the risk and planned mitigations.

Audit year

2020/21 and 2021/22

Why/impact

The Risk Management Policy 2021 states that the KLIDB is ultimately responsible for risk management. The requirement, and provision of training to KLIDB members could support the attainment of KLIDB's risk responsibilities. Oversight of risk management activities would also be strengthened by KLIDB being provided with the full risk register at each KLIDB meeting and by the risk register assigning responsibility for individual risks to a named person.

Auditor judgement

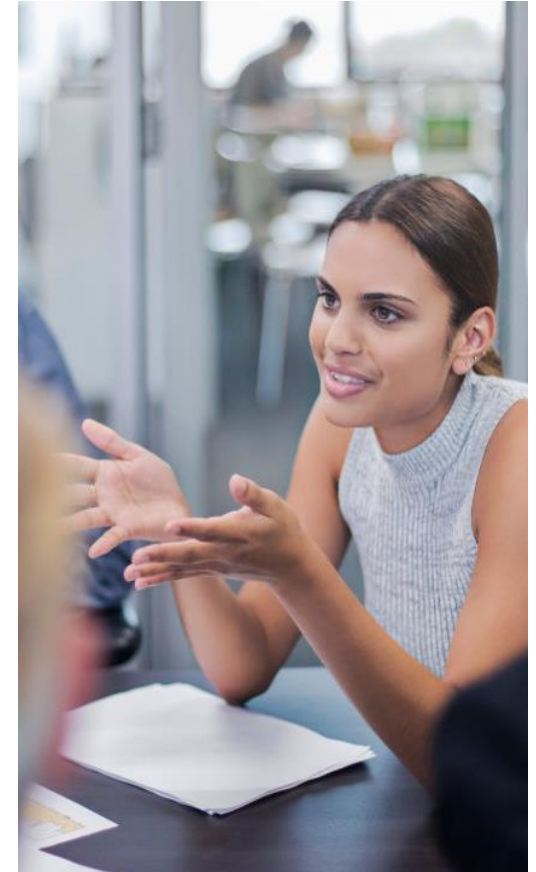
KLIDB has in place a current Risk Management Policy and a risk register that is subject to oversight. This recommendation seeks to enhanced existing arrangements further.

Summary findings

KLIDB's Risk Management Policy places responsibilities on board members in relation to matters of risk however there is no stated requirement for risk management training within the policy and no risk management training has been provided to members during 2020/21 and 2021/22. Additionally, the full risk register was assessed only periodically during 2020/21 and 2021/22 and did not assign responsibility for the management of individual risks to a named person.

Management Comments

The first part of this recommendation is not agreed because we couldn't enforce it. Making this a requirement would just be setting us up to fail. The second part of the recommendation is agreed now that the meeting packs are digital.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 6

We recommend that an update, to any internal audit recommendations, are provided to KLIDB half yearly.

Audit year

2020/21 and 2021/22

Why/impact

More timely reports on the progress made in respect of internal audit recommendations would enhance oversight and monitoring.

Auditor judgement

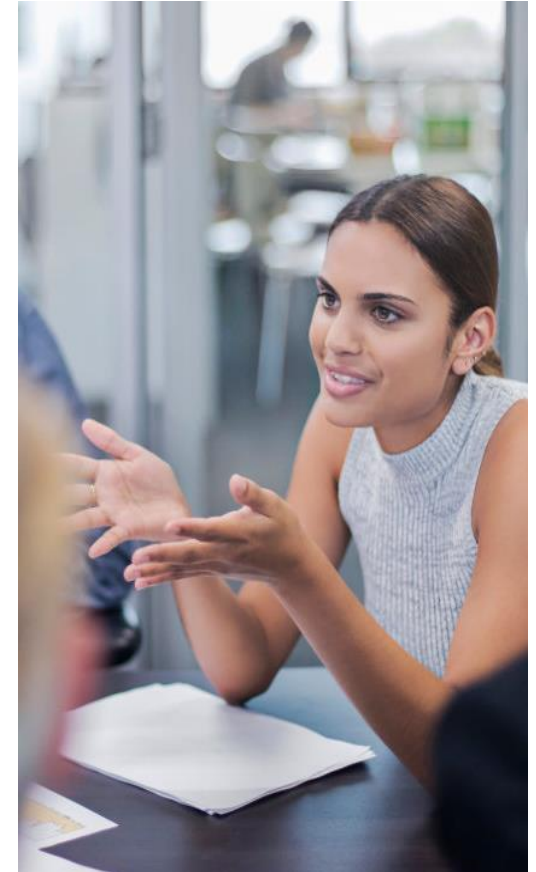
KLIDB has in place an internal audit activity to assess the effectiveness of the system of internal control operating within the WMA. This recommendation seeks to enhance existing arrangements.

Summary findings

Internal audit recommendations were raised for both 2020/21 and 2022/22 and respective management responses were provided detailing actions that would be taken. However, progress in respect of adherence to internal audit recommendations are not reported to KLIDB until a year after the initial findings.

Management Comments

Agreed.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 7

We recommend the Employee Code of Conduct 2022 is updated and reviewed every five years, in line with other KLIDB policies and procedures, and KLIDB members are provided with specific training in respect of policies describing KLIDB approach to minimise fraud, bribery and corruption.

Audit year

2020/21 and 2021/22

Why/impact

- The Employee Code of Conduct is a key document describing the expectations and controls in respect of employee conduct and should be reviewed more frequently than every 10 years.
- Specific training for KLIDB members in respect of policies and procedures in place to minimise fraud, bribery and corruption has not taken place in recent years and the provision of training would support KLIDB approach to minimise fraud, bribery and corruption.

Auditor judgement

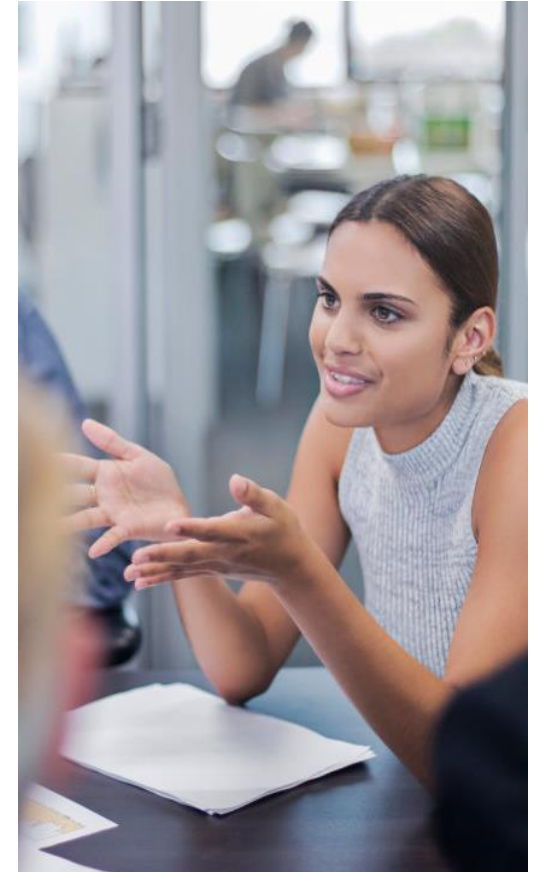
KLIDB has in place a suite of policies describing KLIDB's approach to minimise fraud, bribery and corruption. Ensuring these are current, and the provision of training to members in relation to these key areas, would strengthen existing arrangements.

Summary findings

The Employee Code of Conduct should be reviewed more frequently to ensure it aligns with current risks and organisational values. Additionally relevant training in relation to policies describing KLIDB approach to minimise fraud, bribery and corruption has not been provided to KLIDB members during 2020/21 and 2021/22.

Management Comments

Agreed. We can offer training to members, but we wouldn't be able to enforce it.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 8

We recommend that budget monitoring reports provided to KLIDB include a summary report explaining significant variances and the reasons for them.

Audit year

2020/21 and 2021/22

Why/impact

Budget monitoring reports presented to KLIDB members during 2020/21 and 2021/22 did not include a covering summary report drawing members attention to budget variances and the reasons for them, additional information would support oversight of financial performance by members.

Auditor judgement

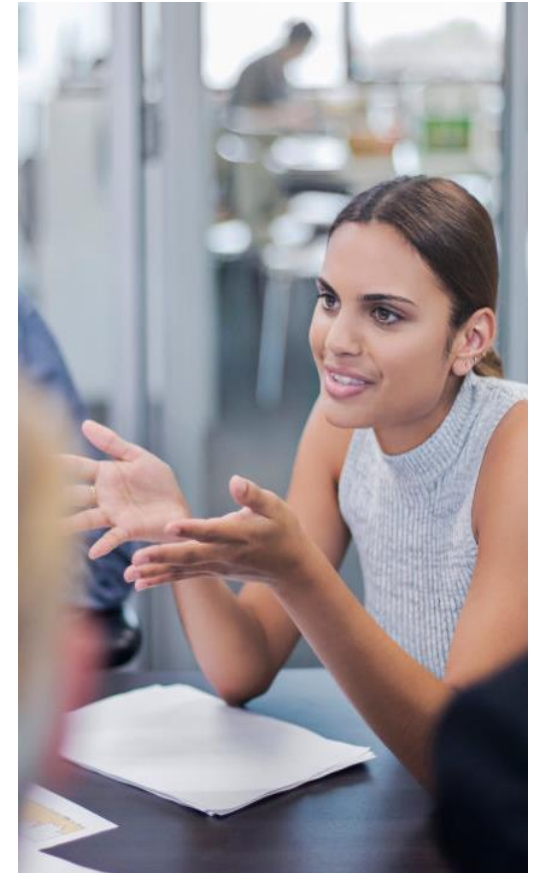
KLIDB has budget monitoring processes in place subject to member's oversight. This recommendation seeks to enhance existing arrangements.

Summary findings

During 2020/21 and 2021/22 budget monitoring reports were provided to KLIDB however these reports did not include a covering report drawing members attention to budget variances and the reasons for them.

Management Comments

Not agreed. This information is already provided to the Board in the existing Financial Reports that are considered and approved by the Board at every meeting.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 9

We recommend that KLIDB considers putting in place arrangements to secure valuation capacity to satisfy CIPFA code requirement, in respect Wolferton and Islington pumping stations, and to support wider valuation needs should KLIDB be subject to CIPFA code requirements again in the future.

Audit year

2020/21 and 2021/22

Why/impact

We understand from KLIDB, that there has been issues securing appropriate independent consultancy to complete a valuation of the pumping stations in line with CIPFA code requirements. Securing such capacity would support KLIDB in the completion of financial statements that are subject to CIPFA code requirements.

Auditor judgement

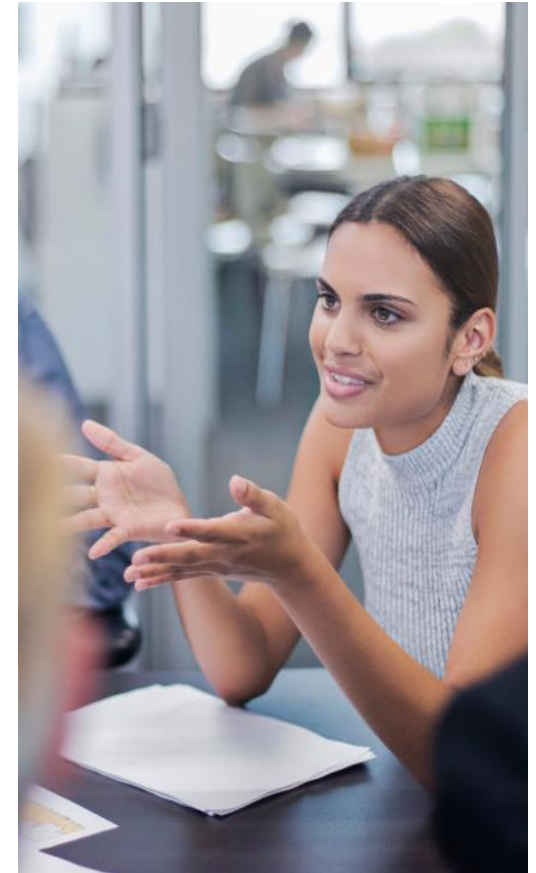
KLIDB have put in place arrangement to support the production of financial statements, for the period 2019/20, 2020/21 and 2021/22, that comply with CIPFA Code requirements. This recommendation seeks to enhance existing arrangements.

Summary findings

KLIDB secured grants to assist with the funding of capital works (Wolferton and Islington pumping stations). This has resulted in KLIDB turnover exceeding £6.5m for 2019/20, 2020/21 and 2021/22 which meant KLIDB could no longer be subject to the limited assurance audit regime and would have to complete its annual financial statements in accordance with the CIPFA Code which includes specific asset valuation requirements.

Management Comments

KLIDB will seek to secure valuation capacity as and when needed in the future.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 10

We recommend that KLIDB ensures members register of interest forms are published on the KLIDB website in accordance with the Members Code of Conduct 2020.

Audit year

2021/22

Why/impact

The publishing of members declarations of interest forms will enhance transparency and ensure compliance to the Members Code of Conduct 2020.

Auditor judgement

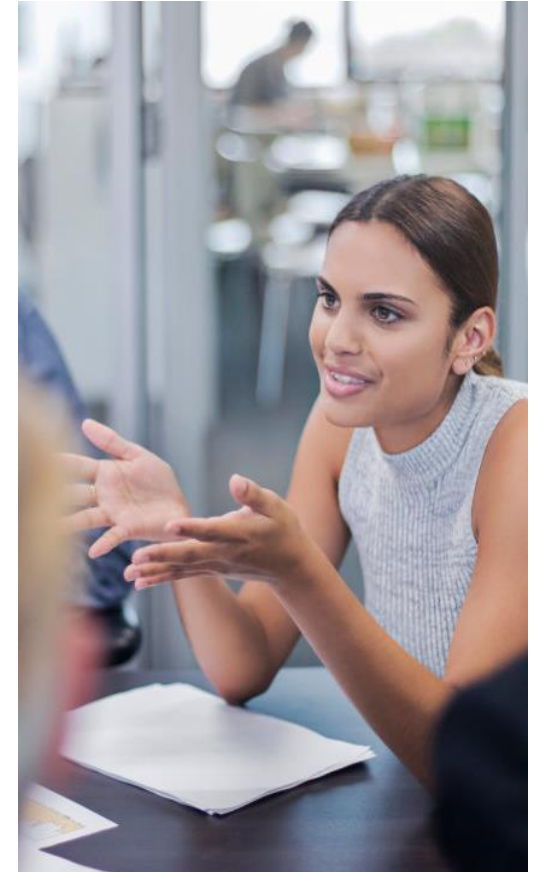
KLIDB has in place a Members Code of Conduct 2020 which demonstrates a commitment to integrity and behaviours, and this recommendation seeks to enhance these arrangements.

Summary findings

Seven members register of interest forms are listed as 'not filed' on KLIDB website contrary to the requirements of the Members Code of Conduct 2020.

Management Comments

Agreed. We request Members to complete Declarations of Interest, and minute those outstanding at each meeting. We cannot however enforce this.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Governance

Recommendation 11

We recommend that Data Protection Policy 2020, Data Breach Procedures 2019, Information Security and System Acceptable Use Policy 2020 are all reviewed, updated and approved during 2023/24 and that KLIDB considers an annual review of these key policies.

Audit year

2020/21 and 2021/22

Why/impact

The Data Protection Policy 2020, Data Breach Procedures 2019, Information Security and System Acceptable Use Policy 2020 are now outdated, and the policy review cycle of 5 years does not align to the pace of sector developments and threats.

Auditor judgement

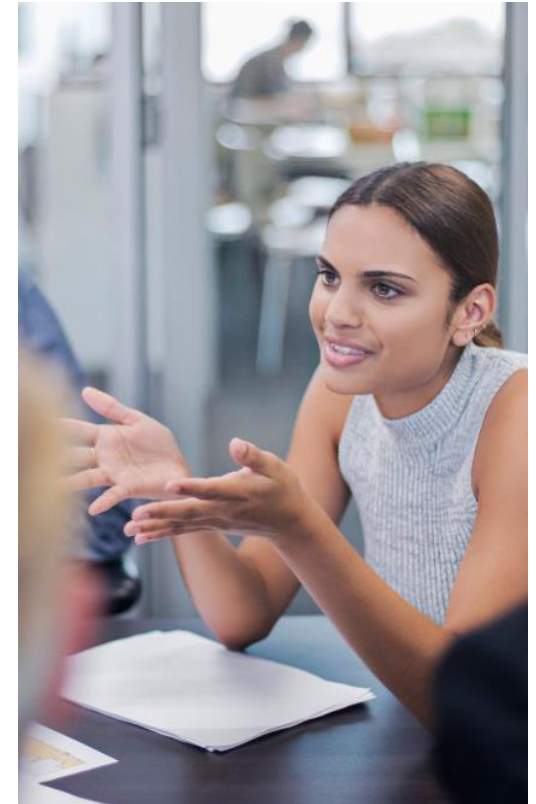
A more frequent review of key Data Protection, Data Breach and Information Security and System Acceptable Use policies would strengthen existing arrangements and ensure emerging issues are identified and addressed.

Summary findings

KLIDB has policies and procedures in place that are intended to ensure that arrangements are in place to preserve and protect the confidentiality, integrity and availability of information used by KLIDB. These policies should be reviewed, updated and approved annually to ensure they remain effective.

Management Comments

Agreed.



The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness



We considered how KLIDB:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Managing Performance

KLIDB has adopted the Association of Drainage Authorities Strategic Vision for Internal Drainage Boards 2020. This sets out a series of statements detailing what KLIDB will do now and in the future to sustainably manage water levels within its catchment area, including a commitment to ‘deliver an efficient and cost-effective service’, this is underpinned by a KLIDB Values Statement 2020 which states that KLIDB will ‘add value and deliver quality services that people want’ and ‘deliver more for less’.

KLIDB adoption of the Strategic Vision for Internal Drainage Boards and KLIDB Values Statement reflects the strategic significance KLIDB places on providing cost effective and performing services.

KLIDB has an established regime of performance management supported by oversight and governance. KLIDB agrees, with the WMA, a set of key performance objectives for KLIDB, for each forthcoming financial year. KLIDB’s performance objectives for 2020/21 and 2021/22 were agreed by KLIDB on 17 January 2020 and 15 January 2021 respectively.

The progress made against set key objectives for 2020/21 and 2021/22 was detailed in annual performance reports and considered by KLIDB governance board on 15 January 2021 and 21 January 2022.

KLIDB formally met 6 times in 2020/21 and 5 times in 2021/22 at each of these meetings there were standing agenda items to provide specific performance and service updates in respect such areas as operations, engineering, environmental, planning, health, safety and welfare. Alongside these operational performance reports there was a standing agenda items in each meeting, during 2020/21 and 2021/22, relating to in year financial performance monitoring.

The collation of both operational and financial performance reporting within KLIDB meetings enhances opportunities for oversight and governance and is reasonable practice

Learning from Others

As already referenced, in the financial sustainability section of this report, KLIDB is a member of a consortium of seven individual internal drainage boards that have chosen to jointly administer their services through the WMA which provides operational, administrative and technical support services to its constituent members.

We have been informed by the WMA that there is no formal benchmarking of data between KLIDB and other members of the consortium due to differences in the specific types of services provided by each individual internal drainage board preventing comparisons being easily identified. The WMA is a member of the Association of Drainage Authorities (ADA) and is the membership organisation for drainage, water level and flood risk management authorities throughout the UK, including the 112 internal draining boards within England. We have been informed by the WMA that during 2022/23 a benchmarking exercise was carried out by the ADA in respect of energy costs being incurred by sector and this benchmarking data was provided to KLIDB in order that it could assess its energy expenditure, in comparison to other internal drainage boards, and demonstrates how KLIDB could use benchmarking insights, and this leads to an improvement recommendation that applies to both 2020/21 and 2021/22.

We recommend KLIDB explores, identifies and implements further opportunities for benchmarking analysis, including engaging with WMA consortium members, other internal drainage boards and/or the ADA, and the output is used to assess performance, cost and is also used to help identify areas of potential efficiencies, savings or improvement.

Improving economy, efficiency and effectiveness (Continued)

Working with Others

KLIDB collaborates with six other internal drainage boards and the terms of this collaboration are defined with a Consortium Agreement 2020 which includes a commitment from the seven members, with effect from 1 April 2020, to:

- To develop an integrated central administration for the member boards in order to reduce cost, increase influence and strengthen its organisation in a consortium to be known as the 'Water Management Alliance' (WMA)
- To constitute a representative body on the member boards to coordinate, oversee and direct the integrated administration of the member boards and joint utilisation of assets and resources to be called the 'Consortium Management Committee' (CMC)

The CMC includes representatives from KLIDB and meets at least four times per calendar year to oversee the activities of the WMA. Minutes of these CMC meetings are considered by the subsequent KLIDB governance board meeting which supports transparency and oversight.

In December 2020 KLIDB considered and adopted a document titled 'The Duties, Responsibilities and Liabilities of Internal Drainage Board Members 2020' and in November 2021 KLIDB considered and adopted a 'Schedule of Reserved Matters for KLIDB' and a document titled 'Roles of (KLIDB) Chairman and Chief Executive (WMA) - Key Responsibilities', both of which described high level roles and responsibility falling to board members, KLIDB, the WMA, and other relevant committees. Despite the adoption of these additional documents the specific functions, expectations and performance metrics, that the WMA is expected to provide to KLIDB, could be more clearly defined and this leads to an improvement recommendation that relates to both 2020/21 and 2021/22.

We recommend KLIDB develops and agrees a service level agreement that clearly defines the individual service functions to be provided to KLIDB, by the WMA. The service level agreement should include service delivery and performance expectations and include monitoring and reporting requirements to ensure KLIDB can appropriately appraise the performance and effectiveness of the WMA.

KLIDB and the WMA publishes on its website a list of all its key partners that supports its activities, in December 2020 KLIDB considered and adopted a 'Supplier Performance Policy' which sets out the expectations placed on partners and suppliers by KLIDB and in September 2021 KLIDB considered and adopted a 'Stakeholder Engagement Policy' which sets out how KLIDB will engage with partners customers and stakeholders to ensure its aims and objectives are communicated effectively. Additionally, we have been informed by KLIDB that the WMA is currently developing a communication plan to support the Stakeholder Engagement Policy. The publication of KLIDB partners, setting of expectations from partners and a strategy to engage with partners enhances transparency and demonstrates the importance of KLIDB places on its partnership activities with is good practice.

Procurement

KLIDB's Financial Regulations 2021, state that they are intended to ensure KLIDB resources are properly managed, accounted for and controlled. The Financial Regulations 2021 are reviewed and agreed by KLIDB governance board every three years and includes high-level procedures KLIDB will follow in purchasing goods and services. Matters of procurement are also referenced within KLIDB's Social Responsibility Policy 2020, Anti-Fraud and Corruption Policy 2021 and Modern Slavery Statement 2023 with these document providing references to KLIDB's supply chain responsibilities emanating from the Public Services (Social Value) Act 2012, Bribery Act 2010 and the Modern Slavery Act 2015.

KLIDB's procurement procedures and controls are detailed across several documents and the separation of such information presents risk to KLIDB which could be reduced by the development and approval of an overarching procurement strategy that is also aligned to KLIDB's current strategic business plan and associated vision, mission and values statement. The introduction of procurement strategy is included in a wider improvement recommendation below.

We understand from KLIDB that procurement waivers and Voluntary Ex-Ante Transparency (VEAT) notices are required to be referred to the WMA Chief Executive for initial consideration and any agreed waivers or VEAT notices to be reported to the subsequent KLIDB meeting.

We have been informed by KLIDB that during 2020/21 and 2021/22 that there were no instances of waivers or VEAT notices requiring consideration however KLIDB does not have a process to formal record or monitor requests for Waivers or VEAT notices.

Improving economy, efficiency and effectiveness (Continued)

Procurement (Cont'd)

We also understand that the KLIDB does not maintain wider contracts register. This leads to an improvement recommendation that is in respect to 2020/21 and 2021/22. We recommend that KLIDB strengthens existing procurement arrangements by:

- Preparing, approving and circulating to staff and board members a procurement strategy, that is aligned to the KLIDB's strategic business plan and associated Vision, Mission and Values statement. The procurement strategy should reflect the current regulatory framework including obligations placed on public bodies emanating from Public Services (Social Value) Act 2012, Bribery Act 2010 and the Modern Slavery Act 2015.
- Introducing a contract register alongside a process to ensure all waivers or deviations to agreed procurement processes are formally decided upon and recorded centrally.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place in its oversight of economy, efficiency and effectiveness. We have identified three opportunities for improvement which are set out on pages 33 to 35.



Improvement recommendations



Improving economy, efficiency and effectiveness

Recommendation 12

We recommend KLIDB explores, identifies and implements opportunities for benchmarking analysis including engaging with WMA consortium members, other internal drainage boards and/or the ADA, and the output is used to assess performance and cost and is also used to help identify areas of potential efficiencies, savings or improvement.

Audit year

2020/21 and 2021/22.

Why/impact

Benchmarking insights could assist KLIDB appraise its activities and identify areas for efficiencies, savings or improvement.

Auditor judgement

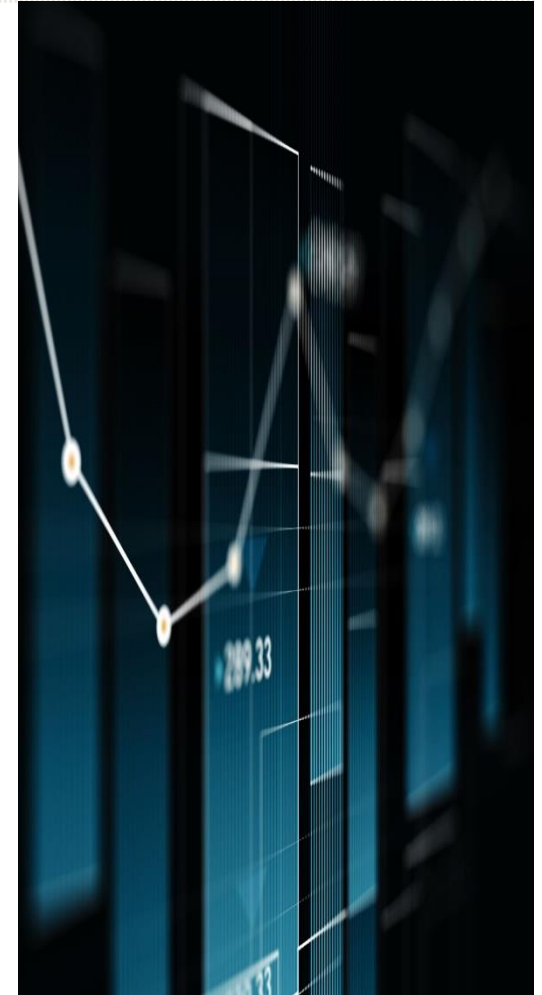
Benchmarking data can assist organisations to assess performance, cost and provide a basis for identifying areas of efficiencies, savings or improvement.

Summary findings

KLIDB does not routinely use benchmarking data to compare performance, cost and to assist in identifying efficiencies. There could be opportunities for KLIDB to collaborate with other members of the WMA, ADA or other internal drainage boards to identify opportunities to utilise benchmarking data.

Management Comments

Agreed that this can be done within the WMA group but attempts to get other IDBs to engage on benchmarking have previously failed. Some benchmarking is already being done by ADA and Defra from data filed on the annual statutory IDB1 returns but this information is not currently shared.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Improving economy, efficiency and effectiveness

Recommendation 13

We recommend KLIDB develops and agrees a service level agreement that clearly defines the individual service functions to be provided to KLIDB, by the WMA. The service level agreement should include service delivery and performance expectations and include monitoring and reporting requirements to ensure KLIDB can appropriately appraise the effectiveness of the WMA.

Audit year

2020/21 and 2021/22.

Why/impact

The introduction of a service level agreement between KLIDB and WMA would enhance existing arrangements and allow for greater oversight and monitoring of the WMA activities by KLIDB.

Auditor judgement

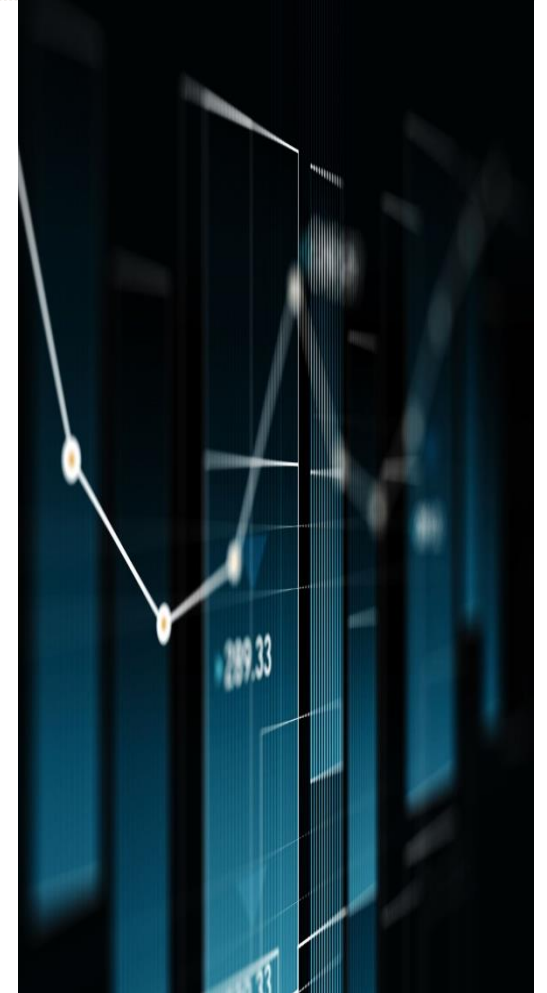
KLIDB has adopted a number of agreements that seek to define respective responsibilities between KLIDB, WMA and other relevant parties. However, a specific service level agreement has not been adopted.

Summary findings

Operational and administrative services are provided to KLIDB by WMA. The specific functions, expectations and reporting requirements could be more clearly defined within a service level agreement which would in turn support KLIDB to assess the effectiveness of the WMA.

Management Comments

Agreed but could be difficult to do, given that the services change regularly. The services that the WMA provide are not static and vary.



The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations



Improving economy, efficiency and effectiveness

Recommendation 14

We recommend that KLIDB strengthens existing procurement arrangements by:

- Preparing, approving and circulating to appropriate staff a procurement strategy, that is aligned to the KLIDB's Business Plan and associated Vision, Mission and Values statement. The procurement strategy should reflect the current regulatory framework including obligations placed on public bodies emanating from Public Services (Social Value) Act 2012, Bribery Act 2010 and the Modern Slavery Act 2015.
- Introducing a contract register alongside a process to ensure all waivers or deviations to agreed procurement processes are recorded centrally and monitored.

Audit year

2020/21 and 2021/22.

Why/impact

The introduction of a new procurement strategy, contracts register and a process to ensure all waivers or deviations to agreed procurement processes are recorded centrally and monitored would strengthen KLIDB's existing arrangements.

Auditor judgement

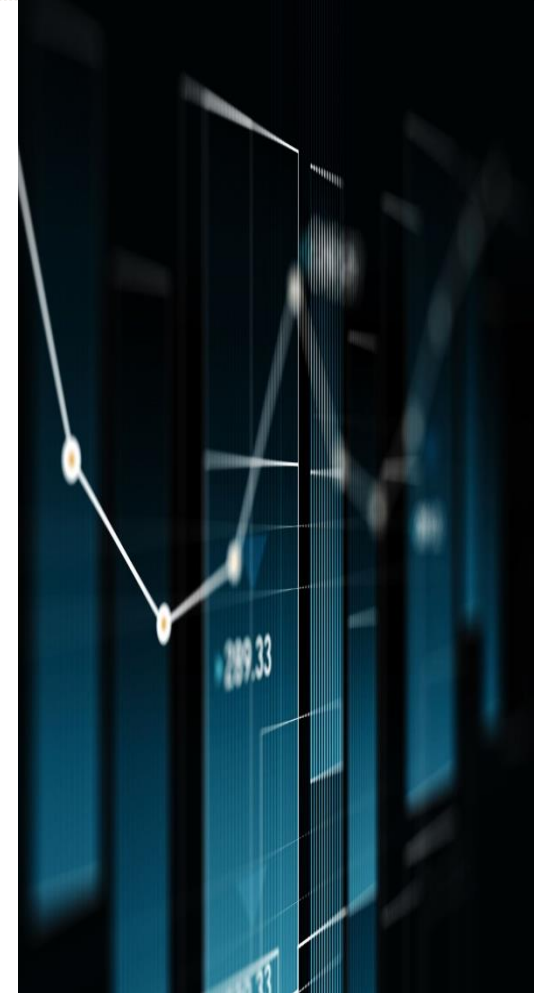
The absence of a procurement strategy, contract register and a process to ensure all waivers or deviations to agreed procurement processes are recorded centrally and monitored increases risk to KLIDB.

Summary findings

KLIDB has procurement processes, but these are detailed across several documents, statements and regulations. Currently KLIDB does not have a contracts register or a process to ensure all waivers or deviations to agreed procurement processes are recorded centrally and monitored.

Management Comments

Agreed.

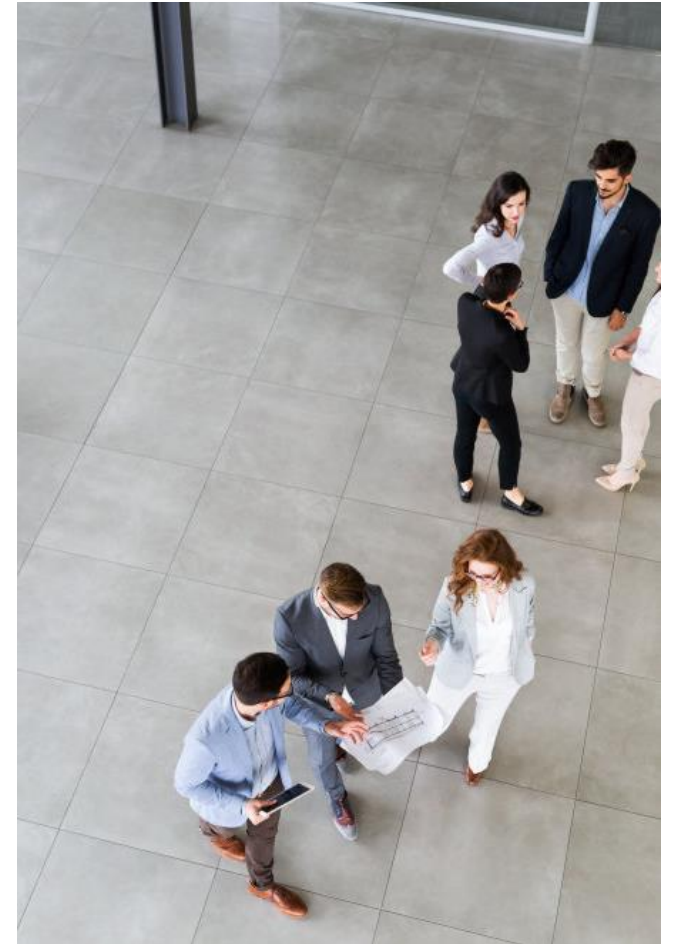


The range of recommendations that external auditors can make is explained in Appendix B.

Opinion on the financial statements for 2020/21



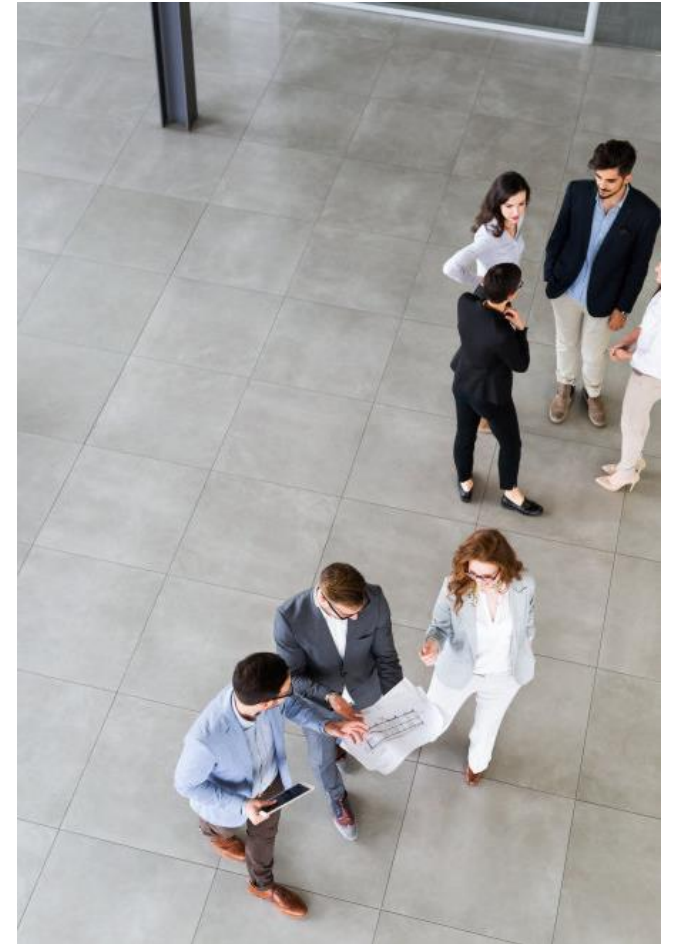
We have issued a backstop opinion on the 20/21 accounts.



Opinion on the financial statements for 2021/22



We have issued a backstop opinion on the 21/22 accounts.



Appendices

Appendix A – Responsibilities of the Kings Lynn Internal Drainage Board

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

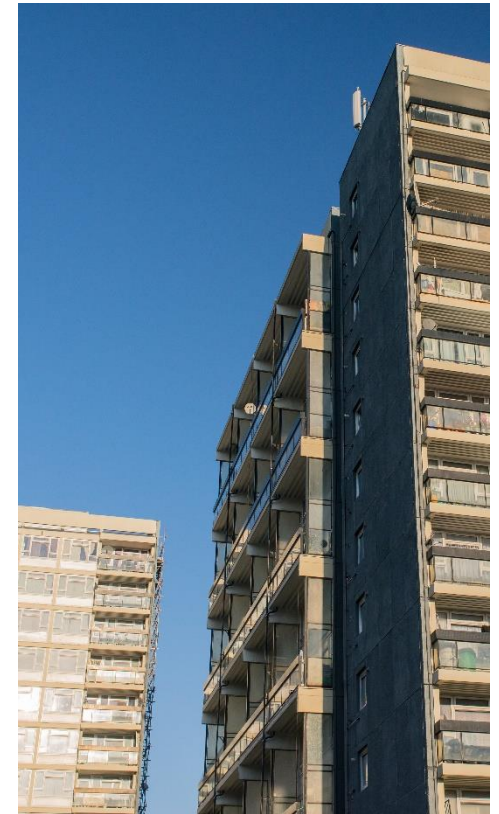
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing Kings Lynn Internal Drainage Board ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by Kings Lynn Internal Drainage Board will no longer be provided.

The Kings Lynn Internal Drainage Board is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by Kings Lynn Internal Drainage Board auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the [type of body] under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No.	Not applicable.
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Kings Lynn Internal Drainage Board. We have defined these recommendations as 'key recommendations'.	No.	Not applicable.
Improvement	These recommendations, if implemented should improve the arrangements in place at Kings Lynn Internal Drainage Board, but are not a result of identifying significant weaknesses in Kings Lynn Internal Drainage Board arrangements.	Yes.	Financial Sustainability: 14-17 Governance: 23-29 Improving economy, efficiency and effectiveness: 33-35

