

Section 4

Information required for audit

b) Explanations of significant variances

We require explanations for significant variances (increases or decreases) of more than 15% between 2014 and 2015 in boxes 2, 3, 4, 5, 6 and 9. Variances of less than 15% or less than £250 need not be explained.

Your explanations must be quantified, ie state how much of the variance is covered by each specific explanation. Your explanations must ensure that the variances for each box are explained and quantified to within 15%.

Guidance is available at paragraph 6 on the back of the 2015 Annual Return and in the *Practitioners' Guide* – available on line at the ADA website.

You can set out your explanations of variances in any way you wish, but they should be clear and complete and easy to follow.

Our suggested method of how to identify variances that require explanation, and suggested layout for providing explanations are set out below.

Identifying which variances require explanation

Positive and negative variances must be explained

Box on section 1	2014 £	2015 £	Variance Increase (+) or decrease (-) (2015 less 2014) £	% (Variance divided by 2014 figure multiplied by 100)	Explanation required? Less than £250? - NO Less than 15% - NO More than 15% - YES
Box 2 rates and special levies	504,589	502,539	-2,050	-0.41%	NO
Box 3 ... All other income	14,538	24,021	+9,483	+65.22%	YES
Box 4 Watercourses and pumping stations	297,874	336,939	+39,065	+13.11%	NO
Box 5 Loan interest/ capital repayments	0	0	0	0	NO
Box 6 All other payments	230,219	205,999	-24,220	-10.52%	NO
Box 9 Total fixed assets	41,696	43,898	+2,202	+5.28%	RESTATED

2014 - 2015
NORTH SOMERSET LEVELS INTERNAL DRAINAGE BOARD

Detailed Explanation of Variances of over 15% on previous year.
[Please note – figures may be rounded]

There was only one increase of over 15% this year.

Box 3 – Increase of 65.22% [£9,483]

Explanation of Increases (and decreases)

Disposal of Assets	+ 4,500	[Sale of works vehicle on purchase of new.]
EA Grant Aid	+ 3,759	[Receipt of final Grant Aid due re TNK Scheme. Works completed 2 years previously but final payment received this year.]
Recharges	+ 1,000	[Additional works requested this year.]

The above together account for £9,259 which is virtually the total increase. The Grant Aid income and sale of the works vehicle are both non-recurring items. Recharges may vary from year to year dependent on works requested.

The following expenditure items not required for audit, but may be of note to Board members.

Box 4 – Increase of 13.11% [£39,065]

Explanation of Increases (and decreases)

General Maintenance (-18%)	- 9,500	[Engineers revised their programmes of works in January this year moving some items to 2015-16 programme.]
Maint – Penning Hatches (-90%)	- 35,000	[Programme of conversion of penning hatches to tilting weirs now nearing completion.]
Maint – Improv't Schemes (+500%)	+21,750	[South Yatton, Jasmine Rhyne and Claverham schemes – most work done on all three; gauge boards scheme completed.]
Keetching (6.5%)	+ 6,100	[2.5% RPI increase and fewer omissions than last year.]
Engineering Fees (+ 93%)	+ 48,000	[First full year of full-time engineer in place of previous part-time; also full-time (temp) planning engineer in place from mid-November to year end.]
Purchase of Assets	+ 14,200	[Purchase of new works vehicle. Sale of old one shown in 'Disposal of Assets' above.]

The above together account for increases of £45,550. Difference is made up of various smaller increases and decreases on individual expenditure accounts.