

DEVON AUDIT PARTNERSHIP - 2017/18 – Revenue Outturn Position
Report of the Head of Devon Audit Partnership

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendations: That the committee:-

- **Note the DAP 2017/18 revenue outturn position.**
- **Note the DAP balance sheet as at 31 March 2018 and the balances contained**
- **Note the Accounting Statement at appendix 1, prepared in accordance with the (former) small bodies return format**
- **Approve the chair to sign the Annual Governance Statement as shown at appendix 2**
- **Note the Annual Internal Audit Report for 2017/18 shown at appendix 3**

1. Budget Monitoring – Revenue Outturn Position

1.1 The Budget monitoring at month 9 indicated a potential for a slight under spend (£583) at the year end. We have now prepared our financial outturn figure and our operating surplus has been confirmed at £4,490. This small operating surplus is mainly due from undertaking additional work at external clients. There have been some changes between the month 9 projection and year end actual, and these are due to additional costs associated with additional work.

1.3 The Revenue Outturn position for 2017/18 is as follows:-

	2017/18 Base Budget	2017/18 Outturn	Variance	Mth 9 Projection	Mth 9 to year end variance
	£		£		£
Employees	1,076,600	1,151,596	74,996	1,141,900	9,696
Premises	38,000	39,197	1,197	39,300	(103)
Transport	28,200	30,485	2,285	34,200	(3,715)
Supplies & Services	75,500	75,799	299	76,717	(918)
Support	21,600	21,700	100	21,600	100
Income	(1,239,900)	(1,323,267)	(83,367)	(1,314,300)	(8,967)
Total	0	(4,490)	(4,490)	(583)	(3,907)

1.5 We prepare a revised balance sheet each year, which sets out our reserves. Reserves have slightly increased this year (due to the operating surplus) and now stand at a healthy £186k. These reserves belong to our partners, both founding and more recent partners (such as Torridge District), and are as set out below:-

DAP Balance Sheet as at 31/03/18					
		Pro Rata split by fte as per Partnership Agreement			
	Unrounded per DCC Accounts	Plymouth	Torbay	Devon	Check
		13.6	11.3	17.48	42.38
	£	£	£	£	
Original set up allocation	100,000.00	32,090.61	26,663.52	41,245.87	
Cumulative surplus as at 31/3/17	81,324.35	38,731.11	- 7,187.61	49,780.85	
Current assets and Liabilities as at 1/4/2017	181,324.35	70,821.72	19,475.91	91,026.72	
Share of profits / losses as per Partnership Agreement 1/4/17 onwards		Plymouth	Torbay	Devon	Torridge
		36.20%	24.70%	33.80%	5.30%
Operating Surplus 17/8	4,490.97	1,625.73	1,109.27	1,517.95	238.02
Reserve 31/3/18	185,815.32	72,447.45	20,585.18	92,544.67	238.02

2 Small Bodies Return

- 2.1 In previous years the committee has received a “small bodies return” which has reported the financial performance of the partnership, provided an Annual Governance Statement and incorporated the views of the Internal Auditor.
- 2.2 The requirement for a small bodies return has been removed, however the return contained some good elements of governance and enabled effective year on year comparisons to take place. For this reason we set out below key information that formed the basis of the return and which, we consider, is "good practice" to continue.
- 2.4 We also provide three appendices that capture the key elements of the return:-
- Appendix 1 – Accounting Statements for 2017/18 – which contains the signature of Mary Davis, the S151 officer of DAP (this should be read in conjunction with the revenue outturn position at section 1)
 - Appendix 2 – Annual Governance Statement – to be approved by the Committee Chair.
 - Appendix 3 – Annual Internal Audit report for 2017/18 as prepared by Chris Gunn of SWAP
 - Appendix 4 – Annual Internal Audit Letter for 2017/18 as prepared by Chris Gunn of SWAP and including Management Responses to issues raised.

Robert Hutchins – Head of Devon Audit Partnership

7 June 2018

Robert Hutchins

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Robert Hutchins
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Background Paper	Date	File Ref
Nil		
There are no equality issues associated with this report		

Devon Audit Partnership - Accounting Statement for 2017/18

	Year ending		Notes & guidance
	31 March 2017 (£)	31 March 2018 (£)	
Balances brought forward	181,027	181,324	
+ Income	1,283,080	1,323,267	From partners and clients
+ other receipts			None for DAP
- staff costs	1,129,481	1,151,596	Salaries, wages, PAYE, NI and pension costs
- All other payments	153,302	167,181	
= Balances carried forward	181,324	185,815	
Total cash	33,953	-119,675	
Total fixed assets	0	0	We do not hold any land, buildings, or substantial fixed assets (out ict is provided by DCC ICT services and not "owned" by DAP).

I certify that for the year ended 31 March 2018 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure.

Signed by Responsible Financial Officer

M. C. Daw

Date

6/6/18

Devon Audit Partnership – Annual Governance Statement 2017/18

We acknowledge as the members of Devon Audit Partnership our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2018 that:

	Agreed		"yes" means that DAP
	Yes	No	
1. We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices	Y		Prepared its accounting statements in the way prescribed by law.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	Y		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of DAP to conduct its business or on its finances.	Y		Has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We carried out an assessment of the risks facing DAP and took appropriate steps to manage those risks.	Y		Considered the financial and other risks it faces and has dealt with the properly.
5. We maintained throughout the year and adequate and effective system of internal audit of DAP's accounting records and control systems.	Y		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether the internal controls meet the needs of DAP.
6. We took appropriate action on all matters raised in reports from auditors.	Y		Responded to matters brought to its attention by auditors.
7. We considered whether any litigation, liabilities, commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	Y		Disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

Signed by

Chair

Dated

Annual Internal Audit Report 2017/18

DEVON AUDIT PARTNERSHIP

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

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

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the financial year.	Y		
B. DAP's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Y		
C. DAP assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y		
D. An adequate budgetary process was in place; progress against the budget was regularly monitored; and reserves were appropriate.	Y		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Y		
F. Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			N/A
G. Salaries to employees were paid in accordance with DAP's processes, and PAYE and NI requirements were properly applied.	Y		
H. Asset registers were complete and accurate and properly maintained.	Y		
I. Periodic and year-end bank account reconciliations were properly carried out.	Y		
J. Accounting statements prepared during the year were prepared on the correct accounting basis, supported by an adequate audit trail from underlying records and debtors and creditors were properly recorded.	Y		

Date(s) internal audit undertaken

24/04/18

Name of person who carried out the internal audit

Christopher Gunn

Signature of person who carried out the internal audit



Date

07/06/18

Notes

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified.

**If the response is 'not covered' please state when the most recent internal audit work was done, or when it is next planned.



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07 June 2018

Robert Hutchins
Devon Audit Partnership

Rob,

Please find attached Internal Audit Summary following completion of the Internal Audit of the 2017/18 Devon Audit Partnership Accounts.

Thanks very much for your time and commitment in completing the audit process.

Regards

Chris Gunn
South West Audit Partnership Limited

Financial Regulations and Scheme of Delegation

The Partnership Financial Regulations follow those of the Lead Partner and reflect good practice in financial administration.

Risk Register

The Partnership Strategic and Operational Risk Register was examined and there was clear evidence of periodic review to reflect the changes in the operational environment.

Budget Management

Budget management procedures were examined and found to be soundly based. The Head of Partnership is well supported by financial services in tracking of the Partnership budget throughout the year. Given the fine balance between income and costs in running the Partnership being able to accurately predict budget outturn is key. Additional revenue had been generated than the original budget statement approved in March 2017 and the final outturn showed a small operating surplus.

Payroll

Tight control of staffing levels is key to the management of costs with the Head of Partnership balancing Partnership staffing with Agency support. Examination of payroll procedures provided assurance that preventative and detective controls are in place to ensure that staff costs are effectively managed and correctly charged to the Partnership budget.

Income

The Head of Partnership has highlighted the risk that not all the predicted income may be achieved if audits are delayed or cancelled. However, with an expanding client base there is also an increased risk of not being able to collect all income due.

The Partnership has sought to carry out client invoicing regularly and promptly in line with audit completion.

Cash

The Partnership cash balance included in the year-end Balance Sheet agreed with the balance included within the DCC main bank account the make up and reconciliation of which was reviewed.