



devon **audit** partnership

Devon Audit Partnership

External Inspection Arrangement

External and Internal Audit
reports 2014 / 15 &
arrangements for 2015/16

November 2015
OFFICIAL



Auditing for achievement

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.

Results from Inspection Reports 2014/15

1 External Audit 2014/15

1.1 The Devon Audit Partnership Small Bodies Return was approved by the Partnership committee at its June meeting. The completed return and supporting papers were then provided to our External auditors (Grant Thornton (GT)) for audit purposes. The Small bodies Return was signed by Grant Thornton on 18th August 2015.

1.2 Grant Thornton confirmed that the information in the return was in accordance with proper practices and no matters of concern were identified.

2 Internal Audit 2013/14

2.1 As part of our financial arrangements were are required, and choose, to have an independent internal audit carried out on our systems of control on an annual basis. In 2014/15 we used colleagues from the South West Audit Partnership (SWAP) to provide this service; DAP provided a reciprocal arrangement for SWAP on a quid pro quo basis.

2.2 In June 2015 we were provided with an Internal Audit Summary report (please see Appendix B). The report confirmed that arrangements are generally sound and effective but did identify two areas where further enhancement of arrangement should be considered. These issues, and the DAP management response, are shown below:-

| Issue Identified | Management Response / action |
|---|---|
| <p><i>Financial Regulations and Scheme of Delegation.</i> Financial Regulations which apply to the Partnership are confirmed as those of the lead authority. The Partnership Scheme of Delegation has recently been refreshed to reflect a revised structure for the Partnership from January 2015. It was noted however that the authorisation levels referred to within the Scheme of Delegation for the Deputy Head of Partnership did not align with those set within the accounting system. One member of staff currently on secondment appeared to carry significant purchase and credit note authorities for DAP. A review of the position is advised.</p> | <p>A review of arrangements was carried out after the internal audit and appropriate changes made. Head of Devon Audit Partnership, Nov 2015.</p> |
| <p><i>DAP Invoicing.</i> The Partnership was carrying a very high value of debtors at year end with the balance sheet position indicated a significant overdrawn cash position as a consequence. Good practice would suggest that the Partnership should seek to ensure invoices are raised promptly in line with audit completion and to use the audit progress data within the primary database (MKI) to assist in that respect. A recommendation was made last year that the procedures for raising client invoices should be subject to review and some changes have since been introduced. The Partnership have sought to carry out invoicing more regularly and have tried to invoice for annual charges more promptly in March this year. The loss of administrative support has not helped in this respect but additional services have been engaged from DCC financial services to ensure future continuity in raising invoices.</p> | <p>Invoicing was carried out before year end, however invoices had not been paid by customers (in accordance with payment terms and conditions) hence the high debtor position.</p> <p>Our Admin Support person left DAP at the end of January 2015, and this resulted in a short gap while we secured alternative arrangements. In the short term additional support was provided by DCC Finance colleagues, but the majority of admin tasks (including invoicing to clients) have now been re-allocated within the team.</p> <p>We shall ensure that invoices are raised promptly, in accordance with agreed terms and conditions, going forward.</p> <p>Head of Devon Audit Partnership, Nov 2015.</p> |

Inspection Arrangements 2015/16

3 External Audit 2015/16

3.1 We have been informed that our external audit for 2015/16 will continue to be undertaken by Grant Thornton (GT). GT will be our auditors until at least 2016/17.

3.2 Fees charged by GT are in accordance with the scale of fees for small bodies set by the Audit Commission and published within "Audit of Small Bodies – Scale of Fees 2012/13 to 2016/17". The audit fees for 2015/16 is expected to be £2,000.

3.3 Members are asked to note that Grant Thornton will provide external audit services for DAP for the 2015/16 financial year.

4 Internal Audit 2015/16

4.1 SWAP have confirmed that they would be happy to continue to undertake Internal Audit work for DAP on a quid pro quo basis as has been provided in previous years.

4.2 Members are asked to consider the retention of SWAP to provide an internal audit service for DAP for 2105/16.

Robert Hutchins

Head of Devon Audit Partnership
November 2015

External Audit Annual letter



Our ref: JR/BM/BCB/LAR/DVN132

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25 August 2015

Dear Mr Hutchins

Devon Audit Partnership
Audit for the year ended 31 March 2015

Please find enclosed the audited Annual Return for Devon Audit Partnership for the year ended 31 March 2015.

In accordance with the Audit Commission's scale of audit fees for small bodies there is an audit fee payable of £2000.00. There are no additional fees.

You will be invoiced £2000.00 plus VAT within the next few days. Please return your payment in line with the remittance advice you will receive with your invoice.

Satisfaction survey

Please find enclosed our audit satisfaction survey that the Audit Commission has requested we ask you to complete. We would be grateful if you could complete and return the form to us by post to the address above. Alternatively you can complete the survey online or return it to us by e mail, instructions are on the survey enclosed.

Notice of Conclusion of Audit

A copy of the Notice of Conclusion of Audit is enclosed for completion. Please note that you are now required to complete and display this notice for a period of at least 14 days in a conspicuous place.

2015/16 audit

As you may be aware there will be a change to the provision for electors' rights for the 2015/16 audit. Please find enclosed a sheet explaining how these changes affect Devon Audit Partnership. It would be helpful if you could keep this in a safe place for next year.

Yours faithfully

Grant Thornton UK LLP.

Grant Thornton UK LLP

Chartered Accountants

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is an limited liability partnership registered in England and Wales No.02387742. Registered office: Grant Thornton House, 55-61 Victoria Street, Rotten Square, London E3 2EP

A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.



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Robert Hutchins
Devon Audit Partnership

Rob,

Please find attached Internal Audit Summary following completion of the internal audit requirement for the Audit Commission Small Body Return for 2014/15.

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

Tony

Tony Brown
South West Audit Partnership Limited

Devon Audit Partnership 2014/15 SBR Internal Audit Summary

Financial Regulations and Scheme of Delegation

Financial Regulations which apply to the Partnership are confirmed as those of the lead authority.

The Partnership Scheme of Delegation has recently been refreshed to reflect a revised structure for the Partnership from January 2015. It was noted however that the authorisation levels referred to within the Scheme of Delegation for the Deputy Head of Partnership did not align with those set within the accounting system. One member of staff currently on secondment appeared to carry significant purchase and credit note authorities for DAP. A review of the position is advised.

Risk Register

The Partnership maintains a Strategic and Operational Risk Register. The form of the register is appropriate and there is evidence of it being actively maintained (last update March 2015) with defined actions and target dates for taking such actions.

The Risk Register is refreshed to reflect current audit contracts and the current partnership outlook documented within the Business Plan. The risk register is now taken to the Partnership Committee annually in November for discussion and ratification.

Expenditure Tracking

It is important to track the actual financial position for the Partnership against individual budgets so that the uncommitted budget is always clearly recognised. This process was being tracked for most of the year (up to end of August 2014) by maintaining individual excel spreadsheets recording supplier orders as they are placed and matching to invoices as they are received. However following the loss of administrative support towards the end of the financial year this process was not continued.

It is understood that additional resources have since been engaged through DCC financial services to support budget tracking based upon detailed budget out-turn reports from FINEST.

DAP Invoicing

The Partnership was carrying a very high value of debtors at year end with the balance sheet position indicated a significant overdrawn cash position as a consequence. Good practice would suggest that the Partnership should seek to ensure invoices are raised promptly in line with audit completion and to use the audit progress data within the primary database (MKI) to assist in that respect.

A recommendation was made last year that the procedures for raising client invoices should be subject to review and some changes have since been introduced. The Partnership have sought to carry out invoicing more regularly and have tried to invoice for annual charges more promptly in March this year. The loss of administrative support has not helped in this respect but additional services have been engaged from DCC financial services to ensure future continuity in raising invoices.