

DEVON AUDIT PARTNERSHIP - 2018/19 – 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 2018/19 revenue outturn position.**
- **Note the DAP balance sheet as at 31 March 2019 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 2018/19 shown at appendix 3**

1. Budget Monitoring – Revenue Outturn Position

1.1 The Budget monitoring at month 10 indicated a potential for a slight under spend (£5,000) at the year end. We have now prepared our financial outturn figure and our operating **surplus** has been confirmed at **£26,446**. This is made up of £6,398 with regards our Internal Audit and Risk Management services and £20,048 with regards Counter Fraud Services.

1.2 The small operating surplus from Internal Audit and Risk Management was mainly due from undertaking additional work at external clients. There have been some changes between the month 10 projection and year end actual, and these are due to additional costs associated with additional work.

1.3 The operating surplus for Counter Fraud work has been mainly due to expenditure being less than budgeted for. This has been the first year that we have worked with the Counter Fraud Team and it is pleasing to note a high degree of control over spending to produce this saving. In future years the Team is expected to deliver further financial savings, either by increasing in come generation or by reducing costs and it is pleasing to note that there does appear to be scope to contain costs below budgeted figures.

1.3 The Revenue Outturn position for 2018/19 is as follows:-

1.3.1 Internal Audit & Risk Management

	2018/19 Base Budget	2018/19 Outturn	Variance	Mth 10 Projection	Mth 10 to year end variance
	£		£		£
Employees	1,155,800	1,210,583	54,783	1,230,900	(20,317)
Premises	42,100	40,355	(1,745)	43,100	(2,745)
Transport	28,200	32,466	4,266	28,700	3,766
Supplies & Services	63,500	62,217	(1,283)	76,000	(13,783)
Support	21,600	20,963	(637)	21,600	(637)
Income	(1,311,200)	(1,372,983)	(83,367)	(1,405,300)	32,317
Total	0	(6,398)	(6,398)	(5,000)	(1,398)

Expenditure on employees (including temporary staff shown on “Supplies and Services” line) was less than expected. We looked to recruit extra staff to deliver work, but were unable to recruit suitable candidates. As a consequence some work, planned for completion by 31 March 2019 has been rolled forward to 19.20, with the corresponding income also rolling forward. In 19/20 we will have resources available to us from 3 employees returning from maternity leave, and so will have these resources available to us to complete this work.

1.3.2 Counter Fraud Team

	2018/19 Base Budget	2018/19 Outturn	Variance	Mth 10 Projection
	£		£	
Employees	207,300	215,017	7,717	221,000
Transport	1,700	1,123	(577)	1,700
Supplies & Support	45,200	14,300	(30,900)	31,400
Income	(254,200)	(250,488)	3,712	(254,200)
Total	0	(20,048)	(20,048)	(100)

1.4 Balance Sheet - 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 £212k. These reserves belong to our partners, both founding and more recent partners (such as Torridge & Mid Devon). The reserve is allocated as per the partnership agreement, which, in summary, allocates any surplus (or deficit) in relation to the funding provided. For any surplus (or deficit) for Counter Fraud work 50% of the surplus figure is allocated to Plymouth, with the remaining 50% then being allocated across all partners.. The reserve and allocations are set out below:-

DAP Balance Sheet as at 31/03/19						
Unrounded per DCC Accounts	Check	Plymouth	Torbay	Devon	Torridge	Mid Devon
Allocation as at 1/4/18		32.42%	20.16%	34.09%	4.63%	8.70%
	£	£	£	£		
Original set up allocation	100,000.00	32,090.61	26,663.52	41,245.87		
Cumulative surplus as at 31/3/18	85,815.32	40,356.84	- 6,078.34	51,298.80	238.02	
Current assets and Liabilities	185,815.32	72,447.45	20,585.18	92,544.67	238.02	-
Activity		P0081	P0082	P0083	P0094	P0095
		Plymouth	Torbay	Devon	Torridge	Mid Devon
Internal Audit Surplus 18/19	6,398.48	2,074.14	1,289.80	2,181.23	296.53	556.78
50% of Counter Fraud surplus to be returned to Plymouth 18/19	10,024.20	10,024.20				
Counter Fraud Team Surplus 18/19	10,024.20	3,249.46	2,020.67	3,417.22	464.56	872.29
Reserve 31/3/19	212,262.20	87,795.25	23,895.64	98,143.12	999.12	1,429.07

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 2019/19 – 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 2018/19as prepared by Chris Gunn of SWAP

Robert Hutchins – Head of Devon Audit Partnership

18 June 2019

Robert Hutchins

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

Background Paper	Date	File Ref
Nil		
There are no equality issues associated with this report		

Devon Audit Partnership - Accounting Statement for 2018/19

	Year ending		Notes & guidance
	31 March 2018 (£)	31 March 2019 (£)	
Balances brought forward	181,324	185,815	
+ Income	1,323,267	1,623,471	From partners and clients for all our services
+ other receipts			None for DAP
- staff costs	1,151,596	1,425,600	Salaries, wages, PAYE, NI and pension costs for all employees (Internal Audit & Counter Fraud)
- All other payments	167,181	171,424	
= Balances carried forward	185,815	212,262	
Total cash	-119,675	106,086	We have been able to raise invoices more promptly in 18/19, enabling a positive cash figure to be achieved. (please note we do not hold a bank account; this is held and administered by Devon CC).
Total fixed assets	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 2019 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. Davis

19/6/19

Date

Devon Audit Partnership – Annual Governance Statement 2018/19

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



Abbey Manor Business Centre
Preston Road
Yeovil
BA20 2EN
Direct Line:
01935 848541
Email:
Chris.gunn@swapaudit.co.uk

18 June 2019

Robert Hutchins
Devon Audit Partnership

Rob,

Please find attached Internal Audit Summary following completion of the Internal Audit of the 2018/19 Devon Audit Partnership Accounts.

Please pass on my thanks to your staff for their time and commitment in completing the audit process.

Regards

A handwritten signature in black ink, appearing to read 'Chris Gunn'.

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. Periodic Budget Monitoring reports are produced and performance against the budget is reported to the Devon Audit Partnership Committee.

Expenditure

From a review of the FIMS system, sample checking of invoices and payments, the internal control framework is satisfactory and that the accounts will fairly represent the transactions of DAP for the 2018/19 financial year.

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 transactions provided assurance 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.

