

DEVON AUDIT PARTNERSHIP - 2020/21 – 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 2020/21 revenue outturn position.**
- **Note the DAP balance sheet as at 31 March 2021 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 2020/21 shown at appendix 3**

1. Budget Monitoring – Revenue Outturn Position

- 1.1 In March 2021 the Committee received a report referring to a level of uncertainty with regards activity, due to the ongoing Covid pandemic, especially so in relation to work with maintained schools which had been closed for a considerable period during the year. The potential impact of this was a “loss” to DAP on work for schools, resulting in a projected potential overspend in 2020/21
- 1.2 Since preparing the above report DAP have carefully controlled costs and have also corresponded with Education and Learning colleagues with regards the problem. We have identified and confirmed that we will carry forward into 2021/22 a significant amount of the affected schools funding (£36k) and beyond; leaving a ‘zero’ revenue outturn position for 2020/21 for the Partnership overall.
- 1.3 Although we will be unable to replace all the school audit work lost in 2020/21 we have proposed to use £12,000 in each of the next 3 years to “uplift” the audit programme for schools – this may result in, say, an extra half day coverage on each audit, or maybe some sector wide initiative(s) looking at a common risk area (for example maybe cyber security or data protection). We will work with colleagues to agree the best approach.
- 1.4 As refer to above, this has meant that the revenue outturn position of DAP for 2020/21 is ‘zero’ meaning that there will be no surplus to allocate to Partners but also no requirement to draw from the DAP reserves for any potential “loss”.
- 1.5 The Revenue Outturn position for 2020/21 is as follows:-

	2020/21 Base Budget	Outturn Position	Over / Under spend
Employees	1,474,400	1,598,433	124,033
Premises	39,500	40,575	1,075
Transport	27,400	7,132	(20,268)
Supplies & Services	75,000	57,465	(17,535)

Support	21,000	21,300	300
Income	(1,637,300)	(1,724,906)	(87,606)
Total (Surplus) / Deficit	0	0	0

1.6 Other points of note are:-

- Employee costs – increased costs due to Temporary staff recruited to meet additional requests for services from partners and clients
- Transport – considerably less than expected due to staff working from home during the pandemic
- Supplies and Services – less demand for services such as printing, leaflets for events, communication costs and some lower than expected costs for ICT maintenance recharges.
- Income – additional service requests from partners and customer.

2 Balance Sheet

2.1 We prepare a revised balance sheet each year, which sets out our reserves. Our reserves remain unchanged from last year (due to a zero revenue outturn position). Reserves remain at a healthy £221k; the reserves belong to our partners, both founding and more recent partners (such as Torridge & Mid Devon). The reserve(s) are allocated as per the partnership agreement, which, in summary, allocates any surplus (or deficit) in relation to the Partners funding provision. The reserve and allocations are set out below:-

DAP Balance Sheet as at 31/03/21							
		<i>Pro Rata split by Contribution 1 April 2020 as per Partnership Agreement</i>					
Unrounded per DCC Accounts	OVERALL	Plymouth	Torbay	Devon	Torridge	Mid Devon	North Devon
Allocation % w.e.f. 1 April 2020		30.83	17.31	33.2	4.64	8.48	5.55
	£	£	£	£	£	£	£
Original set up allocation	100,000.00	32,090.61	26,663.52	41,245.87	0.00	0.00	0.00
Cumulative surplus as at 31/3/20	<u>121,043.72</u>	<u>60,113.48</u>	<u>-1,409.01</u>	<u>59,051.92</u>	<u>1,311.14</u>	<u>1,976.19</u>	<u>0.00</u>
Current assets and Liabilities 1/4/2020	221,043.72	92,204.09	25,254.51	100,297.79	1,311.14	1,976.19	0.00
Surplus 20 / 21	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve 31/3/22021	221,043.72	92,204.09	25,254.51	100,297.79	1,311.14	1,976.19	0.00

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 2020/21 – 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 2020/21 as prepared by Chris Gunn of SWAP

Robert Hutchins – Head of Devon Audit Partnership

23rd June 2021

Robert Hutchins

Electoral Divisions: All
Local Government Act 1972

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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 2020/21

	Year ending		Notes & guidance
	31 March 2020 (£)	31 March 2021 (£)	
Balances brought forward	212,262	221,044	
+ Income	1,721,206	1,724,906	From partners and clients for all our services
+ other receipts			None for DAP
- staff costs	1,541,710	1,598,433	Salaries, wages, PAYE, NI and pension costs for all employees (Internal Audit & Counter Fraud)
- All other payments	170,714	126,472	
= Balances carried forward	221,044	221,044	
Total cash	76,368	-242,176	We have raised invoices promptly in 2020/21 to our partners and clients. However, the internal recharge from Devon to DAP (circa £350k), was unfortunately not actioned until after 31 March 2021. Although this is a "non-cash" journal it does affect our reported "cash" position. Excluding this Devon internal recharge, our cash position would be circa +£100k
Total fixed assets			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 2021 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 (Mary Davis)

M. C. Davis

Date: 24.06.2021

Devon Audit Partnership – Annual Governance Statement 2020/21

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 2021 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.

<p>Signed by</p> <p>Chair</p> <p>Dated</p>
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16th June 2021

Rob,

Please find attached Internal Audit Summary following completion of the Internal Audit of the 2020/21 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
SWAP Internal Audit Services

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 including the impact that Covid had on service delivery.

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 2020/21 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.