

**DEVON AUDIT PARTNERSHIP - 2016/17 – 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 2016/17 revenue outturn position.
- The committee note the DAP balance sheet as at 31 March 2017 and the balances contained
- The committee note the Accounting Statement at appendix 1, prepared in accordance with the (former) small bodies return format
- The committee approve the chair to sign the Annual Governance Statement as shown at appendix 2
- The committee note the Annual Internal Audit Report for 2016/17 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 (£400) at the year end. This variance was mainly because of increase income from extra work undertaken by the partnership, but offset by the increase in staff to complete the work.
- 1.2 We have now prepared our financial outturn figure and our operating surplus has been confirmed at £297. There have been some changes between the month 10 projection and year end actual, but it is pleasing to see that these have, overall, have resulted in a small, but helpful, surplus position for the Partnership.
- 1.3 The Revenue Outturn position for 2016/17 is as follows:-

	<b>2016/17 Base Budget</b>	<b>2016/17 Outturn</b>	<b>Variance</b>	<b>Mth 10 Projection</b>	<b>Mth 10 to year end variance</b>
	<b>£</b>		<b>£</b>		<b>£</b>
Employees	1,045,400	1,129,481	64,081	1,117,700	11,781
Premises	38,000	38,585	585	38,300	285
Transport	28,200	33,167	4,967	30,900	2,267
Supplies & Services	95,500	60,250	(15,250)	80,000	(19,750)
Support	21,600	21,300	(300)	21,600	(300)
Income	(1,228,700)	(1,283,080)	(54,380)	(1,288,900)	5,820
<b>Total</b>	<b>0</b>	<b>(297)</b>	<b>(297)</b>	<b>(400)</b>	<b>103</b>

1.4 The Variance Analysis between month 10 and the outturn position shows a reduction in income (£5,800). This is due to around 20 days of work expected to be completed for colleagues at the Police not taking place. Members will note that Employee costs are higher than projected but Supplies and Services are less than was forecast at month 10. The Supplies and Services budget line includes projected costs for temporary staff to support audit delivery; in the event we used contracted staff to complete work rather than temporary staff. The net reduction reflects the fact that 20 or so days of work were not provided.

1.5 Other key documents are as follows:-

<b>Income Statement for Period ended 31/03/17</b>				
	Unrounded per DCC Accounts	Plymouth	Torbay	Devon
Expenditure	1,281,747.79	411320.67	341759.09	528668.04
Income	-1,282,045.20	-411416.11	-341838.39	-528790.71
Profit/Loss	-297.41	-95.44	-79.30	-122.67
<b>DAP Balance Sheet as at 31/03/17</b>				
Pro Rata split by fte as per Partnership Agreement				
	Unrounded per DCC Accounts	Plymouth	Torbay	Devon
		13.6	11.3	17.48
	£	£	£	£
Original set up allocation	<b>100,000.00</b>	32,090.61	26,663.52	41,245.87
Cumulative surplus as at 31/3/16	<b>81,026.94</b>	38,635.67	- 7,266.91	49,658.18
Current assets and Liabilities	<b>181,026.94</b>	<b>70,726.28</b>	<b>19,396.61</b>	<b>90,904.05</b>
Surplus 16/7	297.41	95.44	79.30	122.67
Reserve 31/3/17	<b>181,324.35</b>	<b>70,821.72</b>	<b>19,475.91</b>	<b>91,026.72</b>

## 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 2016/17 – 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 2016/17 as prepared by Tony Brown of SWAP
- Appendix 4 – Annual Internal Audit Letter for 2016/17 as prepared by Tony Brown of SWAP and including Management Responses to issues raised.

Robert Hutchins – Head of Devon Audit Partnership

6 June 2017

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

## Devon Audit Partnership - Accounting Statement for 2016/17

	Year ending		Notes & guidance
	31 March 2016 (£)	31 March 2017 (£)	
Balances brought forward	175,784	181,027	
+ Income	1,315,328	1,283,080	From partners and clients
+ other receipts			None for DAP
- staff costs	1,152,457	1,129,481	Salaries, wages, PAYE, NI and pension costs
- All other payments	157,628	163,302	
= Balances carried forward	181,027	181,324	
Total cash	70,651	33,953	
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 2017 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

13/6/17

Date

**Devon Audit Partnership – Annual Governance Statement 2016/17**

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 2016 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 an 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

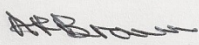
## Appendix 3

**Devon Audit Partnership – Annual Internal Audit Report 2016/17**

DAP's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

Internal audit has been carried out in accordance with DAP's needs and planned coverage. 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? Select one of the following		
	Yes	No *	Not covered *
A. Appropriate accounting records have been kept properly throughout the 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 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.	Y		
G. Salaries to employees were paid in accordance with DAP's processed, 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		

Name of person who carried out the internal audit	Tony Brown
Signature of person who carried out the internal audit	 Date: 05/06/2017

**Notes**  
 If the response is "no" please state the implications and actions being take 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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05 June 2017

Robert Hutchins  
Devon Audit Partnership

Rob,

Please find attached Internal Audit Summary following completion of the Internal Audit of the 2016/17 Devon Audit Partnership Accounts.

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

Tony

Tony Brown  
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. However, with changes to the IT systems for procurement introduced by the Lead Partner the Regulations would benefit from a further review to ensure operational relevance.

The Head of Partnership had reviewed staffing numbers, and also changed job roles and reporting structures within 2016-17. It would be relevant to include the new structure as part of the Scheme of Delegation.

**Management response** – *Agreed. We shall review our Scheme of Delegation in light of these changes. Who – Head of Partnership When – End of June 2017.*

## 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. The key risk highlighted in the January 2017 Register was that of not being able to agree a new Partnership Agreement. At the time of audit however a new contract had been agreed with all three partners so a further review of the Register is now necessary to reflect the current situation.

**Management Response** – *Agreed. The risk register has been updated to reflect the recent signing of the new contract. Who - Head of Partnership. When - June 2017*

## 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 2016 and the final outturn showed a very 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. The Partnership year end debtor balances totalled £145,000 most of which had been invoiced in March although two balances originated from earlier in the year. With limited resources available through the Credit Control service the Head of Partnership is advised to ensure invoicing disciplines for each client group and debt recovery procedures are kept under active review.

**Management Response.** *Agreed. We shall ensure that we invoice promptly for our services. For some of our smaller clients there is a balance to be struck as not all planned work may have been completed by March. However we recognise that such instances are limited and should not prevent the prompt invoicing for the majority of the client base. We currently work with Public Sector clients and so the risk of "bad debt" is not considered significant.*

## 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.