



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Audit of Financial Statements Report

Catalogue Supplies Service Joint Committee

Audit year: 2011/12

Issued: September 2012

Document reference: CSSAFSR2012

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The audit was delivered by KPMG LLP on behalf of the Appointed Auditor. The audit team comprised Ian Pennington (Director), Matthew Arthur (Manager) and Smitha Coughlan (Assistant Manager).

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Anthony Barrett, as Appointed Auditor, intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

Anthony Barrett, as Appointed Auditor, is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Catalogue Supplies Service Joint Committee at 31 March 2012 and its income and expenditure for the year then ended.

We received the draft financial statements for the year ended 31 March 2012 on 21 June 2012, prior to the agreed deadline of 30 June, and have now substantially completed the audit work. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements.

We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.

The quantitative level at which we judge such misstatements to be material for Catalogue Supplies Service Joint Committee is £47,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

Proposed audit report

It is the Appointed Auditor's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).

The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

We set out below the misstatements we identified in the financial statements, which have been discussed with management but remain uncorrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons for non-correction.

- **Credit notes issued in 2012/13 relating to the year ending 31 March 2012**

During the audit it was identified that £10,300 of credit notes were issued after 31 March 2012, which related to the financial year 2011/12. These credit notes should be recognised in the 2011/12 financial statements. The impact of this on the Income and Expenditure account would be to decrease turnover (sales) by £10,300 and decrease cost of sales by £9,200, with a resulting overall reduction in the surplus for the year of £1,100.

Corrected misstatements

There are no corrected misstatements which we consider should be drawn to your attention.

Other significant issues arising from the audit

In the course of the audit we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
- **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
- **There were no significant matters discussed and corresponded upon with management which we need to report to you.** The significant area which we have communicated with you in previous years was around the medium term viability of the business. In February 2012, the joint committee has agreed a modernisation strategy with the objective of improving the medium term prospects of the business, and has started the implementation of this strategy.
- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls.**

Appendix 1

Final Letter of Representation

(Audited Body's Letterhead)

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

27 September 2012

Dear Sirs

Representations regarding the 2011-12 Financial Statements

This letter is provided in connection with your audit of the financial statements of Catalogue Supplies Service Joint Committee for the year ended 31 March 2012.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Catalogue Supplies Service Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

The financial statements have been prepared on the going concern basis. This is considered appropriate by the Joint Committee, which has committed to the continuation of trading of County Borough Supplies for at least 12 months from the date of signing the financial statements.

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- *Credit notes issued in 2012/13 relating to the year ending 31 March 2012*
£10,300 of credit notes were issued after 31 March 2012, which related to the financial year 2011/12. These credit notes should be recognised in the 2011/12 financial statements. The impact of this on the Income and Expenditure account would be to decrease turnover (sales) by £10,300 and decrease cost of sales by £9,200, with a resulting overall reduction in the surplus for the year of £1,100.

Representations by Catalogue Supplies Service Joint Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Catalogue Supplies Service on 27 September 2012.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Appointed Auditor to the Joint Committee

Independent auditor's report to the Members of Catalogue Supplies Service Joint Committee

I have audited the accounting statements and related notes of Catalogue Supplies Service Joint Committee for the year ended 31 March 2012 under the Public Audit (Wales) Act 2004. Catalogue Supplies Service Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011-12 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 7 to 8, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Catalogue Supplies Service Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Catalogue Supplies Service Joint Committee

In my opinion the accounting statements and related notes:

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- give a true and fair view of the financial position of Catalogue Supplies Service Joint Committee as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Catalogue Supplies Service Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett

Appointed Auditor

**Wales Audit Office,
24 Cathedral Road,
Cardiff,
CF11 9LJ**

September 2012



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