

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE
HELD IN THE SIRHOWY ROOM, CAERPHILLY COUNTY BOROUGH COUNCIL OFFICES, TY
PENALLTA, TREDOMEN PARK, YSTRAD MYNACH, HENGOED ON THURSDAY, 26
SEPTEMBER 2013 AT 10.45AM.

Present:

Chairperson - Councillor C J Willis
Rhondda Cynon Taf County Borough Council

Representing Bridgend County Borough Council

Councillor M Reeves

Representing Caerphilly County Borough Council

Councillor D T Hardacre
Councillor K V Reynolds

Representing Merthyr Tydfil County Borough Council

Councillor D Jones

Officers:

J Ferris	- Corporate Procurement Manager	- Bridgend County Borough Council
P Hughes	- Manager, Joint Supplies Service	- Bridgend County Borough Council
F Mantle	- Finance Manager, Technical and Corporate	- Bridgend County Borough Council
L Skilton	- Business Support Manager	- Bridgend County Borough Council
E Lucas	- Head of Procurement	- Caerphilly County Borough Council
P W Davies	- Team Leader - Purchasing	- Merthyr Tydfil County Borough Council
S Lock	- Head of Operational Procurement	- Rhondda Cynon Taff County Borough Council
M Galvin	- Senior Democratic Services Officer	- Bridgend County Borough Council

41 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members for the reasons so stated:

Councillor C Barry	-	No reason given
Councillor M Gregory	-	Other Council business

42 DECLARATIONS OF INTEREST

None.

43 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Catalogue Supplies Service Joint Committee dated 28 June 2013, be approved as a true and accurate record.

44 AUDITED STATEMENT OF ACCOUNTS 2012/2013

The Treasurer submitted a report, the purpose of which, was to present the Joint Committee's Statement of Accounts for the financial year ended 31 March 2013.

The Finance Manager – Technical and Corporate stated that the Accounts and Audit Regulations requires that the Joint Committee approves the audited Statement of Accounts by 30 September. The (unaudited) Statement of Accounts was reported to the Joint Committee on 27 June 2013.

The Finance Manager - Technical and Corporate confirmed that the (unaudited) Statement of Accounts were placed on public deposit and were subject to audit by KPMG, the external auditors appointed for the Joint Committee by the Wales Audit Office.

She explained that KPMG had carried out their audit of the 2012/13 Statement of Accounts and had not made any financial amendments and additions to the disclosures, which had been incorporated into the additions to the disclosures which in turn, were incorporated into the financial statements. The surplus for the year remains at £158,000, with total reserves of £830,000 which included an accumulated surplus of £745,000 as at 31 March 2013. The revised Statement of Accounts was attached at Appendix 1 to the report.

She went on to explain that the mutual responsibilities of auditor and the audited body were expressed in the two other documents appended to the report. The letter of representation was attached at Appendix 2, and confirmed to the best of one's knowledge and belief, having made appropriate enquiries of other officers of the Catalogue Supplies Joint Committee, certain assurances to the auditors regarding the financial statements for the Joint Committee for the year ending 31 March 2013.

The Auditors had prepared an "Audit of Financial Statements Report for 2012/13", which appeared at Appendix 3 to the report. It summarised the key issues identified during the consideration of the statement of accounts and annual governance statement.

A Member noted that there were total reserves of £830k, including an accumulated surplus of £745k as at 31 March 2013, and asked why these figures differed.

The Manager, Joint Supplies Service advised that the reason for this was that around £88k had been set aside in the last financial year to put forward the Joint Supplies Service Investment Programme.

RESOLVED: That the Joint Committee:

- (1) Approved the audited Statement of Accounts for 2012/13 at Appendix 1 to the report.
- (2) Noted and agreed the Letter of Representation to be provided to KPMG and the Wales Audit Office, shown at Appendix 2 to the report.
- (3) Noted the Auditors' Audit of Financial Statements Report for 2012/13 at Appendix 3 to the report.

45 SERVICE TRADING, OPERATIONAL PERFORMANCE

The Corporate Director - Resources submitted a report which apprised Members of the Service Trading and Operational Performance during the year to date.

The Manager, Joint Supplies Service advised that the last three months of the year had been positive in terms of trading and performance, when considering that the period June – September had included the summer school holiday period when business was always quieter.

He referred the Joint Committee to paragraph 4.1.1 of the report and Table 1 which confirmed that percentage of actual to target orders for Catalogue Stores/Direct was 1% up as at 20 September 2013, and 56% of the target to be achieved by 31 March 2014.

Table 3 then outlined details of turnover (order book) by customer area (to August), where work was ongoing with RCT to address growth deficit in this location.

Further information was being awaited from Cardiff on the outcome of their supplies operation on whether they were to continue trading. This was expected in November 2013. On the assumption that the organisation terminated business, a business case was being prepared with a view to picking up work from this area, including from schools.

The next part of the report, i.e. Table 4, showed a comparison of budget against projected spend as at 31 August 2013. This excluded costs of the pay increase and Job Evaluation outcomes.

The reasons for the variation between budget and expenditure/income were contained in paragraph 4.1.2.2. of the report.

The Manager, Joint Supplies Service then referred the Sub-Committee to Table 5 in paragraph 4.1.3 of the report and Service Performance Indicators for 2013/14, where targets in respect of product availability, stockholding value, debt management and creditor payments reflected favourably to 2012/13 and were on target for year end.

The Head of Procurement, Caerphilly CBC expressed some concerns regarding the value of stock the service were holding as she considered this to be too high, and she asked if Officers could have a breakdown of this in October/November. She added that there was a necessity to have reserves of cash as opposed to stock.

The Manager, Joint Supplies Service advised that it was necessary to keep levels of stock high for certain supplies in order to meet customer expectation, or they could decide to buy elsewhere resulting in a loss of trade.

The Chairperson suggested that Officers of the Joint Supplies Service meet and discuss this issue and in turn feedback to the Joint Committee at its next meeting.

Members also raised concerns regarding the current amount and management of debts, including long term debt and the amount of time and delay in these debts being paid.

A Member also asked in terms of debt management, if the service target in respect of owed debt to the Joint Supplies Service during trading year, i.e. not greater than 5.5 weeks credit income, could be reduced to 30 days.

The Manager, Joint Supplies Service advised that he would discuss this point with the Council's Internal Auditors.

The Chairperson added that Officers also discuss this matter with a view to resolving concerns and again reporting back on this matter to the next scheduled meeting.

In terms of sickness absence, the Manager, Joint Supplies Service confirmed that as at 31 August 2013 this was a total of 204 days (5.8%) within the JSS, but this was largely attributable to two cases of long term sickness, and if these were taken out of the equation sickness levels would reduce to 0.9% for the rest of the staff. The cost for such absence had come at a cost of £21,757.

The next section of the report confirmed that the Year End Holiday period proposed, would suit the JSS in that they would be closed over the forthcoming Christmas period at the same time of the majority of clients which would help support the business of the service.

The final part of the report advised of the findings of an audit review of the JSS carried out by Internal Audit recently, shown as an Appendix to the report.

The scope of the audit covered:-

- To review compliance with Contract and Financial Procedure Rules regarding ordering, receipting and authorisation of payments for goods and services.
- To examine controls over income receipting and banking to ensure that monies are receipted, stored securely and banked intact.
- To identify and test controls in place over sales invoicing including the issuing and authorisation of credit notes.
- To examine debt control processes and the authorisation of bad debt write offs.
- To examine controls over the stores function to incorporate the regularity of stock checks, analysis of stock movement and the authorisation of stock write offs for damaged or obsolete items.
- To review and comment on business planning and performance including budgetary control.

The Manager, Joint Supplies Service advised that he was pleased to say that the conclusion from the review was positive, with a substantial assurance being placed upon the management of risks of the service, which was the highest that could be awarded in the rating levels.

A Member asked if invoices were now being processed electronically.

The Manager, Joint Supplies Service advised that some were, whilst some were being processed in paper format. He would provide an update on statistics regarding the percentages of both of these to the next meeting. He added that there had also been an increase of 3.4% in the use of purchasing cards.

The Manager, Joint Supplies Service took Members to certain recommendations given by Internal Audit, of areas where improvements could be made and these were in the process of being actioned.

The Chairperson referred to reference points 6.4.5, 6.5.2 and 6.5.3 of the Internal Audit Report and risks regarding unauthorised stock adjustments being made, debt collection

being ineffective resulting in cash flow issues, and bad debt adjustments not being authorities in line with documented procedures. He asked if these possible risks had been addressed.

The Manager, Joint Supplies Service confirmed that they had and that information regarding improvements being made within the service as a result of findings of the Internal Audit Report would be made known in the form of a report to the next meeting.

- RESOLVED:
- (1) That the Joint Committee noted the report.
 - (2) That further reports be submitted to the next meeting on the following:-
 - (i) Debt Management;
 - (ii) Stockholding;
 - (iii) Update on processing of Invoice methods
 - (iv) Improvements to the Joint Supplies Service introduced as a result of the recent audit of the service.

47 ANNOUNCEMENT BY THE BUSINESS SUPPORT MANAGER

The Business Support Manager advised the Sub-Committee (with the consent of the Chairperson) that a stock condition survey had recently been undertaken at Waterton building, which had revealed that works of around £2m were required to make good the premises to a safe and acceptable standard.

Some of these works were urgent, and Officers were reluctant to invest in these in light of the fact that the JSS was to be re-located, due to the area of land where the JSS was located in Waterton being allocated for housing under the recently adopted Local Development Plan.

In view of this, Officers were presently looking for alternative sites upon which to base the service along the M4 Corridor with a view to implementing re-location proposals within the next two years, i.e. August 2014 or August 2015.

The Business Support Manager confirmed that a report on this matter would be presented to the Committee at a future meeting.

He also added that due to the Manager of the Joint Supplies Service retiring, his post was about to be advertised both internally and externally.

To that end, the Chairperson on behalf of Members and Officers, thanked Mr Phil Hughes, for the hard work he had contributed to the operation of the Joint Supplies Service during the time he had worked there, and he offered him the very best wishes in his future retirement.

The meeting closed at 11.53am