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Bridgend County Borough Council



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*Rydym yn croesawu gohebiaeth yn Gymraeg.
Rhowch wybod i ni os mai Cymraeg yw eich
dewis iaith.*

*We welcome correspondence in Welsh. Please
let us know if your language choice is Welsh.*



Gwasanaethau Gweithredol a Phartneriaethol / Operational and Partnership Services

Deialu uniongyrchol / Direct line /: 01656 643147
Gofynnwch am / Ask for: Andrew Rees

Ein cyf / Our ref:
Eich cyf / Your ref:

Dyddiad/Date: 16 September 2016

Dear Councillor,

CATALOGUE SUPPLIES JOINT COMMITTEE

A meeting of the Catalogue Supplies Joint Committee will be held in the Level 4 Meeting Room 1, Civic Offices, Angel Street, Bridgend CF31 4WB on **Thursday, 22 September 2016 at 10.00 am.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1st September 2008.
3. Approval of Minutes 3 - 4
To receive for approval the minutes of the Catalogue Supplies Joint Committee of 13 July 2016.
4. Audited Statement of Accounts 2015/16 5 - 68
5. Exclusion of the Public
The minutes relating to the following item are not for publication as they contain exempt information as defined in Paragraphs 14 and 16 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007.

If following the application of the public interest test the Joint Committee resolves pursuant Private Document Pack to the Act to consider this item in private, the public will be excluded from the meeting during such consideration.
6. Approval of Exempt Minutes 69 - 70

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We welcome correspondence in Welsh. Please let us know if your language choice is Welsh

To receive for approval the exempt minutes of the Catalogue Supplies Joint Committee of
13 July 2016.

Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Distribution:

Councillors:

C Barry

N Clarke

D Hardacre

Councillors

B Jones

CE Smith

B Stephens

Councillors

J Ward

P Williams

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES JOINT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON WEDNESDAY, 13 JULY 2016 AT 9.30 AM

Present

Councillor – Chairperson

N Clarke B Stephens J Ward

Officers:

Adele Ahearn	Accountant
Paul Davies	Procurement Manager, Merthyr Tydfil County Borough Council
Lee Jones	Head of Regulatory and Partnerships Services
Steve Lock	Head of Operational Procurement, Rhondda Cynon Taf County Borough Council
Liz Lucas	Head of Procurement, Caerphilly County Borough Council
Andrew Rees	Senior Democratic Services Officer - Committees

39. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members:

Councillor D Hardacre
Councillor B Jones
Councillor CE Smith
Councillor P Williams.

40. DECLARATIONS OF INTEREST

None.

41. APPROVAL OF MINUTES

RESOLVED: That the minutes of the Catalogue Supplies Joint Committee of 9 February 2016 were approved as a true and accurate record.

42. STATEMENT OF ACCOUNTS 2015-16

The Accountant Financial Control presented the unaudited Statement of Accounts for the financial year ended 31 March 2016 which in accordance with the Accounts and Audit (Wales) Regulations 2014 must be signed and dated by the Section 151 Officer by 30 June 2016 that they present a true and fair view. She stated that the accounts had been placed on public deposit and would then be subject to audit by the Wales Audit Office.

The Accountant Financial Control informed the Joint Committee that the accounts show a net loss of £604k, which included an adjustment of £8k for holiday entitlements. The accumulated usable reserve is £738k at 31 March 2016 compared to £1.306m in the preceding year. The financial position as at 31 March 2016 (excluding holiday accruals) showed a deficit of £596k in the year.

The Accountant Financial Control highlighted the net expenditure position in relation to staff costs, which included redundancy payments, the payment for the use of

consultants and payments made to third parties. She highlighted the income position in that opening stock was £370k and closing stock £10k. Short term creditors are £628k and short term debtors were now down to £36k. There was now a surplus of £738k which dependent on the income and expenditure position would be re-distributed in accordance with the Constitution.

The Committee asked what steps would be taken to recover debts to the joint service. The Head of Regulatory and Partnerships informed the Joint Committee that non-partner debt is below £2k and the majority of partner debt would be pursued. He stated that there may be a rebate forthcoming from suppliers which would also be pursued.

RESOLVED: That the Joint Committee noted the unaudited Statement of Accounts for 2015-16.

43. EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, the public be excluded from the meeting during consideration of the following items of business as they contained exempt information as defined in Paragraphs 14 and 16 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

Following the application of the public interest test, it was resolved that pursuant to the Act referred to above, to consider the under-mentioned items in private with the public being excluded from the meeting.

44. APPROVAL OF EXEMPT MINUTES

45. CLOSURE OF THE JOINT CATALOGUE AND SUPPLIES SERVICE

The meeting closed at 10.03 am

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT OF THE TREASURER

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

THURSDAY 22 SEPTEMBER 2016

AUDITED STATEMENT OF ACCOUNTS 2015-2016

1. Purpose of the Report

- 1.1 The purpose of this report is to present the Joint Committee's Statement of Accounts for the financial year ended 31 March 2016 which has now been signed off by our external auditors, Wales Audit Office, and to receive the external auditor's Report to those charged with Governance.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority

- 2.1 None.

3. Background

- 3.1 The Accounts and Audit (Wales) Regulations 2014 require that the Joint Committee approves the audited Statement of Accounts by 30 September following the financial year to which they relate. The format and content of the statement is governed by those Regulations and the accounts for 2015-16 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2016.
- 3.2 The (unaudited) Statement of Accounts was reported to the Joint Committee on the 25 June 2016 and placed on public deposit and subject to audit by Wales Audit Office.

4. **Current Situation /Proposal**

4.1 Wales Audit Office, our external auditors, has carried out their audit of the 2015-16 Statement of Accounts and has made some amendments to them. The revised Statement of Accounts is attached as **Appendix 1**.

4.2 The mutual responsibilities of auditor and the audited body are expressed in the two other appended documents. Auditing standards require our auditors to obtain representation from the Committee on certain matters material to their opinion. The **Letter of Representation**, which is attached as **Appendix 2**, confirms 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 Catalogue Supplies Joint Committee for the year ended 31 March 2016.

4.3 The auditor's "Audit of Financial Statements Report for 2015-16" appears as **Appendix 3**. It summarises the key issues identified during the consideration of the Statement of Accounts and Annual Governance Statement. It also details the post audit amendments. The main changes required were to eliminate a duplication in the Bad Debt provision and the reversal of the redundancy provision for four employees who were redeployed to positions within Bridgend CBC. These changes have reduced the deficit for the year to £527,000 (from £596,000) with total reserves of £771,000 as at 31 March 2016.

5. **Effect upon Policy Framework and Procedure Rules**

5.1 There is no impact on the Policy Framework and Procedure Rules.

6. **Equality Impact Assessment**

6.1 There are no equality implications arising from this report.

7. **Financial Implications**

7.1 These are reflected in the report and attached Statement of Accounts 2015-16.

8. **Recommendation:**

- 8.1 It is recommended that the Joint Committee:
- Approve the audited Statement of Accounts for 2015-16 (Appendix 1)
 - Note and agree the Letter of Representation to be provided to the Wales Audit Office (Appendix 2)
 - Note the auditors' Audit of Financial Statements Report for 2015-16 (Appendix 3)

**RANDAL HEMINGWAY, CPFA
HEAD OF FINANCE, S151 OFFICER
BRIDGEND COUNTY BOROUGH COUNCIL
TREASURER TO THE CATALOGUE SUPPLIES SERVICE JOINT
COMMITTEE**

12 SEPTEMBER 2016

Contact Officer: Adele Ahearn Tel No (01656) 643358
Accountant
Adele.Ahearn@bridgend.gov.uk

Background Papers: Report of the Treasurer
Statement of Accounts 2015-2016
Catalogue Supplies Service Joint Committee
26 June 2016

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CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

COUNTY BOROUGH SUPPLIES

STATEMENT OF ACCOUNTS

2015-16



Contents

	Page
Narrative Report	2
Statement of Responsibilities for the Statement of Accounts	7
Certification	8
Annual Governance Statement	9
Statement of Accounting Policies	17
Core Financial Statements	
Movement in Reserves Statement	22
Comprehensive Income and Expenditure Statement	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Accounts	26
Glossary of Terms	40

Narrative Report

1. County Borough Supplies

County Borough Supplies is the trading name of the Catalogue Supplies Service Joint Committee of local authorities, which was established as a collaborative arrangement between the four local authorities of Bridgend, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils.

County Borough Supplies provides a purchasing and supply function which secures savings to corporate customers and schools through economies of scale and thereby contributes to the financial prudence of the authority. It achieves this by providing a single-source facility for each of the partnering authorities, through delivery via stores and a direct sourcing function for items of common and repetitive spend.

2. The Statement of Accounts

The accounts for 2015-16 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2015-16. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents a true and fair view of the financial performance and financial position and transactions of County Borough Supplies. In developing proper accounting practices, the Code is based on International Financial Reporting Standards.

The only change in requirement since the 2014-15 accounts were prepared is the decision by the Joint Supplies Committee to terminate the Service on the 31st March 2016 and the accounts have been prepared on the basis that the Service is no longer a going concern.

The Joint Committee's Statement of Accounts consists of the following statements:

a) Statement of responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Joint Committee and its officers for the preparation and approval of the Statement of Accounts.

b) Annual governance statement

This statement provides a continuous review of the effectiveness of the Joint Committee's governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

c) Statement of accounting policies

The purpose of this Statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

d) The 'core' financial statements

1. Movement in Reserves Statement on the County Borough Supplies Fund Balance

This statement shows the movement in the year on different reserves held by the Joint Committee. These are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Joint Committee's services details of which can be found in the Comprehensive Income and Expenditure Statement. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the accumulated surplus before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee. This shows that the total Joint Committee reserves have decreased by £527k.

2. The Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, and summarises the income and expenditure incurred on the day to day running of County Borough Supplies' activities.

For 2015-16, County Borough Supplies showed a deficit on the Comprehensive Income and Expenditure Statement of £527k. The main reason for the deficit is the requirement to provide for redundancies in the year they are committed and the commissioning of a consultant to oversee the closedown of the Service.

3. Balance Sheet

This shows the Joint Committee's financial position as at 31 March 2016, where the net worth was £777k. The statement summarises the Joint Committee's assets and liabilities, the balances and reserves at the Committee's disposal, its long-term indebtedness and the net current assets used in the Committee's operations. Reserves are reported in two categories. Usable reserves can be used by the Committee to provide services subject to the need to maintain a prudent level of reserves. The second category, Unusable Reserves, are not available to provide services. This includes a reserve that holds the timing differences between the annual leave entitlement for staff and actual annual leave taken at the 31 March 2016.

4. Cash Flow Statement

This explains the financial position in cash terms and shows that the Committee's cash position had increased by £510k.

e) The notes to the Accounts

These are disclosures relating to the financial statements.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

3. Analysis of Financial Performance

3.1 The actual performance for the year compared to the budget is shown in the table below:

Actual 2014-15 £000		Budget 2015-16 £000	Actual 2015-16 £000	Variance 2015-16 £000
	Income			
(1,417)	Catalogue Sales (net)	(1,246)	(1,084)	162
(129)	Other income	(100)	(46)	54
(4)	Financing Investment & Income	-	(4)	(4)
(1,550)	Total Income	(1,346)	(1,134)	212
	Expenditure			
783	Employees	797	1172	375
92	Premises	110	98	(12)
148	Transport	136	134	(2)
131	Supplies & Services	129	121	(8)
57	Third Party Payments	25	47	22
45	Support Services	54	53	(1)
(1)	Increase/(Decrease) in Provisions-(Bad Debt)		36	36
1,255	Total Expenditure	1,251	1,661	410
(295)	(Surplus)/Deficit for year	(95)	527	622

The actual performance for the year is provided in the format in which information is normally reported to the Joint Committee, and excludes any accrual in respect of the cost of holiday entitlements earned by employees but not taken at the year end. The final outturn as at 31 March 2016 showed a deficit of £527k.

Reasons for differences between budget and spend

Explanations for the more significant variances from budget are given below:

- The Employee costs include a provision of £388K for the Redundancy cost as a result of the closure of the Service. The Code of Practice requires the costs to be recognised when they are committed not when they are paid. The payments will take place in 2016-17.
- The Supplies and Services include £43K costs incurred for a planned relocation of the Service. These plans were abandoned following the decision to close the Service in December 2015.
- The third party payments include the cost for consultants to close the Service.
- The income figure is lower than predicted because of a slowdown in the use of the Service following the proposal to close and the reduction in the stock available.

Use of Surpluses

3.2 The Joint Committee has been self-sufficient, funding itself from trading revenues for a number of years. Any surplus or deficit at the end of the financial year is transferred to a balance sheet reserve. Once the remaining income has been collected and the closedown expenditure has been paid, any balances will be transferred to the partners on the basis agreed by the Joint Committee.

Future Development

3.3 The Joint Committee decided on the 18th December 2015 to close the service following the receipt of a notice of withdrawal from the Service by both Rhondda Cynon Taff and Merthyr. The service officially closed on 31st March 2016 and the Assets of the Joint Committee will be distributed to the Partners on the basis of the current Joint Committee agreement.

4. Changes in Accounting Policies

There are no changes to Accounting Policies in 2015-16 other than those required by the Code of Practice for the cessation of a Business. These are primarily the valuation of the stock at the lower of cost and net realisable value and the elimination of the provisions which are no longer required.

5. Activity Data

Inventory Days

Inventory days are calculated on stock held in the warehouse only and exclude catalogue direct items which are sent directly by the supplier to the customer. The average number of days an inventory item was held decreased from 44 days in 2014-15 to 1 day in 2015-16.¹

Since inventory turnover is associated with the cost of sales and average inventory, changes in either cost of sales or inventory can cause a change in the amount of inventory days. The decrease in inventory days in 2015-16 is as a result of the reduction and revaluation of stock.

Debtor Days

The average number of days for which a debt is outstanding has increased compared to the previous year. The increase is from 24 days in 2014-15 to 31 days in 2015-16.²

¹ $\frac{\text{Average Stocks}}{\text{Cost of Sales(excluding catalogue direct)}} \times 365$

² $\frac{\text{Average Debtors}}{\text{Sales}} \times 365$

Activity Measure

6. As a measure of activity, the number of customers served on an individual order basis was 1,956 and the number of transactions during the year was 246,845 from 39,456 orders.

By comparison, in 2014-15, the number of customers served on an individual order basis was 2,036 and the number of transactions during the year was 269,326 from 43,279 orders .

The decrease in 2015-16 in the customer base is as a result of the closedown of the Service and the cessation of order acceptance from February 2016.

The Statement Of Responsibilities For The Statement Of Accounts

The Joint Committee's Responsibilities

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs, in accordance with Section 151 of the Local Government Act 1972. That officer for the Joint Committee is the Treasurer; who is the Head of Finance and Section 151 Officer, Bridgend County Borough Council
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Joint Committee's Certificate

The Statement of Accounts of Catalogue Supplies Service Joint Committee as at 31 March 2016 was approved by:

Signed :

Chairman of the Joint Committee

Date :

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to give a true and fair view of the financial performance of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2016.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code of Practice 2015-16

The Treasurer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

The Treasurer should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the authority at the reporting date and of its income and expenditure for the year ended 31 March 2016.

Treasurer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Catalogue Supplies Service Joint Committee at 31 March 2016 and of its income and expenditure for the year ended 31 March 2016.

Signed :

Head of Finance, Section 151 Officer, Bridgend County Borough Council

Date :

The Annual Governance Statement 2015-16

1. Scope of Responsibility

- 1.1 The Joint Supplies Service (JSS) Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Committee also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

This builds upon the principles set out by the Welsh Government (WG) under the Wales Programme for Improvement (WPI) and the vision for public service delivery as set out in the "Programme for Government".

- 1.3 This Committee has been jointly established by Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Caerphilly County Borough Council and Rhondda Cynon Taf County Borough Council. Bridgend County Borough Council acts as lead authority with responsibility for the stewardship of its financial affairs.
- 1.4 In discharging its overall responsibilities, the Committee is also responsible for ensuring that it has proper arrangements for the governance of its affairs and a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.5 Bridgend County Borough Council acting in its stewardship role has developed a Code of Corporate Governance which is consistent with the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.6 The Council's Annual Governance Statement is presented to the Audit Committee every year for approval. The Joint Supplies Service (JSS) Committee has to produce its own Annual Governance Statement.
- 1.7 The Joint Committee's financial management arrangements conform to the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the Application Note to *Delivering Good Governance in Local Government: Framework*.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and values, by which the Joint Committee is directed and controlled and the means by which it accounts to and engages with its stakeholders and customers. It enables the Joint Committee to monitor the achievement of its strategic objectives and to

consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.2 The system of internal control is a significant part of that framework and is designed to avoid inappropriate use or loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and to manage their impact.
- 2.3 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the governance framework and the system of internal control, which has been in place at Joint Supplies Service (JSS) Committee for the year ended 31 March 2016. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance (as the lead authority).

3. The Governance Framework

3.1 Bridgend CBC

Policies & Plans

- 3.1.1 The six principles of corporate governance that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in italics) are as follows:
- Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First*); (*Achieving Value for Money*);
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovation Delivery*);
 - Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
 - Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*);
- 3.1.2 The Council's aims, objectives and main priority areas are detailed in its Corporate Plan 2013–2017. The Corporate Plan includes Improvement Priorities which are aligned with the key outcomes of the Local Service Board's 'Bridgend County Together' Single Integrated Partnership Plan. This ensures that the Council is able to deliver on the commitments made with partner organisations.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

- 3.1.3 The Council's core values encapsulated in the acronym FACE demonstrate the Council's commitment to the Public Service values which are to be:-
- **F**air (considering everyone's needs and circumstances),
 - **A**mbitious (always trying to improve what we do and aiming for excellence),
 - **C**itizen focused (remembering the need to serve the local communities) and
 - **E**fficient (delivering effective services that are value for money).

Council's Constitution and Audit Committee

- 3.1.4 The Constitution is at the heart of Bridgend County Borough Council's business and sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders. The Constitution is a comprehensive document that is kept under continual review by the Monitoring Officer. It provides a point of reference for individuals and organisations both inside and outside the Council. Its Rules of Procedure govern the overall framework within which the Council operates. Procedural rules and codes of conduct outline how the Constitution will be put into effect. Whilst the Constitution is required by statute its content is not fully prescribed. The Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Corporate Director Operational and Partnership Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.
- 3.1.5 It defines the roles and responsibilities of the Cabinet (as Executive), the Scrutiny Committee which holds the Cabinet to account, Full Council and other Committees and Officers. The Scrutiny Committees' functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Within the Constitution, there are protocols for effective communication and rules of procedures.
- 3.1.6 The Council has an Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of Internal Audit and receiving reports from the Council's external auditors. The Committee provides assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters.
- 3.1.7 In addition, the Standards Committee has a duty to promote and maintain high standards of conduct by Town and Community Councillors and County Borough Councillors, co-opted members and Church and Parent Governor Representatives.

Financial Management

- 3.1.8 The Head of Finance is the Section 151 Officer appointed under the 1972 Local Government Act and carries overall responsibility for the financial administration of the Council. He is responsible for ensuring that appropriate advice is given on all financial matters, for maintaining proper financial accounts and records and maintaining an effective system of internal financial control. The Head of Finance and S151 Officer is also the Treasurer to the Joint Committee and in

this capacity ensures that proper arrangements are in place for the administration of the financial affairs of County Borough Supplies.

Code of Conduct

- 3.1.9 The Council has established Codes of Conduct for both Employees and Members that define expected standards of personal behaviour. This also applies to staff at County Borough Supplies. These are contained within Part 5 of the Constitution.

Risk Management

- 3.1.10 The Council has developed a robust approach to the management of risk and the risk management policy is aligned with Directorate Business Plans and the Council's performance management framework. All risks identified are assessed against the corporate criteria. Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled into a Corporate Risk Register. Most major risks are managed within one of the key strategic programmes. CMB regularly reviews the risk register and actions being taken to mitigate the risks. The Corporate Risk Register is also presented to Audit Committee for review.

- 3.1.11 The Council's approach to Risk Management ensures that key risks are considered when determining Council priorities, targets and objectives. These are incorporated into the Directorates' and Service Business Plans.

- 3.1.12 The Joint Supplies Service Committee has identified its main risks as being:

- Closure of the Service on the 31st March 2016 (high risk)
- Additional revenue implications as a consequence of the building relocation in April 2016 (low risk). The project was terminated following the decision to close the Service, but some costs had been incurred in the year.

The Joint Supplies Service Committee have identified actions necessary to mitigate these risks in their Business Plan. Levels of risk are also mitigated by the annual undertaking and assurance of both independent internal and external auditing of operational policies which are reported to the JSS management Committee.

3.2 Joint Supplies Service (JSS) Committee

- 3.2.1 The Joint Committee's Constitution sets out how the Committee operates, how decisions are made, and the procedures which are followed. It defines the roles and responsibilities of the Members and Officers, the membership and powers of the Committee.

The elements of the internal control environment of the Joint Committee are achieved as follows:

- (i) Establishing and monitoring the achievement of the County Borough Supplies Service objectives:

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

- Memorandum of Agreement defining the constitution refers to the submission of estimates to the Committee and preparation of an annual report and statement of accounts.
 - The ongoing Joint Supplies Service Review. This has regularly reviewed operations and the commercial environment on a quarterly basis and has reported to the Joint Committee.
 - A five year Business Plan for the period 2015-16 to 2020-21 was approved by the Joint Supplies Service Committee on 11 May 2015. Progress reports will be presented to the JSS Committee on a regular basis for consideration.
 - The agreement to close the Service was approved by the Joint Supplies Service Committee on 18 December 2015.
- (ii) Facilitation of policy and decision-making :
- Joint Supplies Service Committee which makes executive decisions and holds three general business meetings a year comprises members from Bridgend County Borough Council, Merthyr Tydfil CBC, Caerphilly CBC and Rhondda Cynon Taf CBC.
- (iii) Ensuring compliance with established policies, procedures, laws and regulations:
- Function delegated to Bridgend County Borough Council. To ensure continued compliance, the Assistant Chief Executive – Legal and Regulatory Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989. The Monitoring Officer carries overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters. He is also responsible for continually reviewing the Constitution which at the heart of the Council's business and assigns responsibility within the Authority. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.
- (iv) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised:
- The Joint Supplies Service Committee achieves this by regularly monitoring and reviewing its Business Plan, undertaking a monthly finance health check, regularly monitoring and reviewing performance indicators and habitually monitoring order book turnover.
- (v) Facilitating the financial management of the Committee:
- Under the financial stewardship of Bridgend County Borough Council by way of the support service agreement and periodic internal audit reviews.
- (vi) Facilitating the performance management of the committee and its reporting
- Bridgend County Borough Council Corporate Improvement arrangements.
 - A number of Key Performance Indicators have been reported to the Committee for several years, as a tool for the monitoring progress of service

delivery. The performance indicators are periodically reviewed to ensure they reflect service needs. A new indicator has been introduced relating to new customers, reflecting the required objective of business growth whilst a number of existing indicators have also been enhanced providing further detailed information.

- Sustained quality of service delivery assessed by annual customer survey.
- Management of operational costs within agreed budget for respective period.

(vii) The management of staffing levels and structure in the Joint Supplies Service:

- Operational issues are managed under the Bridgend terms of employment without referral to Officers or Members; however more strategic decisions such as structure changes, retirement, and redundancies etc. which involve financial consideration are referred to the Joint Service Committee for consideration.

4. Review of Effectiveness

4.1 Bridgend County Borough Council; having the stewardship of the Joint Committee's finances, has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:-

- the Corporate Directors within the Council who have responsibility for the development and maintenance of the governance environment.
- the work of the internal auditors, the comments made by the external auditors in their management letters and other reports;
- the reports of other independent inspection bodies and Welsh Government.

4.2 The process for maintaining and reviewing the effectiveness of the governance framework includes the following:-

- A Performance Management Framework (The Cabinet as Executive) which links the Council's vision of "Working together to improve lives" through services delivered at the frontline of the Council and how external factors influence the vision. This is known as the 'Golden Thread' for planning.
- A Resourced Scrutiny function which holds the Cabinet to account.
- The Audit Committee which is responsible for reviewing the effectiveness of the system of internal control.
- Internal Audit who undertake a continuous audit of Council services.
- The Council's Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Corporate Management Board whose role is to promote a strong performance management culture and provide a challenge

on performance management, which compliments the Corporate Performance Assessment.

- A Corporate Performance Assessment (CPA) forum to enable Cabinet ,CMB and Heads of Service to :
 - ❖ Obtain a holistic view of the Council's performance;
 - ❖ Identify and explore cross-cutting issues and overspends that affect more than one area;
 - ❖ Critically challenge areas of poor performance; and
 - ❖ Identify service improvement opportunities, risks to delivery and resource implications.

This CPA achieve this through monitoring the Council's improvement priorities as defined by the Corporate Plan; agreed key indicators/measures and service actions that are linked to directorate priorities as defined by the Corporate Plan; the budget allocated to delivering improvement priorities; and Corporate risks.

- The Cabinet and Scrutiny Committee functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control.
- The Joint Supplies Service Committee has a key role in reviewing and monitoring the effectiveness of the governance framework, and holds at least three meetings in a year for the transaction of general business.

4.3 A review of County Borough Supplies was undertaken by Bridgend County Borough Council Internal Audit (dated October 2014) as part of their 2014-15 annual Internal Audit Plan and was given a grading of 'substantial assurance'. The results of the Audit Review were reported to the Joint Committee in January 2015. County Borough Supplies are audited on a regular basis and the next internal audit review is planned for 2016-17 which will now incorporate the review of Annual Return following the closedown of the Service.

5. **Significant Governance Issues**

5.1 The significant issue in 2015-16 was the decision taken by the Joint Committee to close the Service. The Service ceased to trade on the 31st March 2016.

6. Certification of Annual Governance Statement

Signed:

Date:

Chairperson of the Joint Committee

Signed:

Date:

Treasurer to the Joint Committee

S151 Officer, Bridgend County Borough Council Randal Hemingway

Signed:

Date:

Corporate Director - Operational and Partnership Services Andrew Jolley

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the Committee's transactions for the 2015-16 financial year and its position at the year end of 31 March 2016. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2015-16 and the *Service Reporting Code of Practice (SeRCOP)* 2015-16 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost. The organisation has produced a net surplus since its inception with exception to 2010-11 when it decided to invest in service modernisation. The Joint Committee approved the termination of operations on the 31 March 2016 and the accounts have been prepared in accordance with this.

2. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date the Committee provides the relevant goods.
- Supplies are recorded as expenditure when they are consumed – where supplies have been received but not yet consumed, they are carried as inventories (stocks) on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Reserves

The Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Accumulated Surplus Balance in the Movement in Reserves Statement so that there is no net charge against the revenue account for the expenditure.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

The Reserve for Plant and Equipment has been removed in 2015-16 as a result of the termination of the business.

A reserve is kept to manage the accounting processes for accumulated absences. This reserve does not represent usable resources for the organisation, and is further explained in the relevant policies section.

4. Provisions & Contingent Liabilities

- 4.1 Provisions are made where an event has taken place that gives the committee an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the Committee may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.
- 4.2 Provisions are charged to the appropriate revenue account when the Committee becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.
- 4.3 Where some or all of the payment required to settle a provision is expected to be met by another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.
- 4.4 There are no contingent liabilities impacting on the Catalogue Supplies Service Joint Committee.

5. Inventories (Stock and Work in Progress)

- 5.1 Inventories (stocks and stores) have been included in the accounts at the lower of cost or net realisable value, which is in accordance with the Code of Practice upon cessation of a business.
- 5.2 The provision held in the accounts to provide for items identified as obsolete or sold at less than net realisable value has been eliminated during 2015-16 due to the change in stock valuation.

6. Allocation of Support Services

- 6.1 The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015-16 (SeRCOP)*. For 2015-16, most support service costs have been apportioned by a variety of methods. The most important being:

- Agreed fixed charges
- Actual use of support service
- Estimated staff deployment, in some cases backed by formal time recording systems
- Apportionments based on related financial or physical quantities (e.g. employee numbers, number of deliveries etc)

6.2 The charge for support services includes Information Technology, Procurement, Human Resources, Legal Services, Cash Receipting, Payments, Insurance, Audit, Property and Accountancy.

7. **VAT**

7.1 Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue and Customs and all VAT paid is recoverable from them.

8. **Employee and Pension Costs**

8.1 The County Borough Supplies Service employs no staff directly. Staff are employed by Bridgend County Borough Council acting in its stewardship role, and their costs are recharged to the Service. Staff participate in the Rhondda Cynon Taf County Borough Council Pension Fund which is a local Government defined benefit scheme. The pension costs that are charged to the accounts in respect of its staff are equal to the contributions paid to the funded pension scheme for these employees.

9. **Financing Charges & Interest Payable Earned**

9.1 Finance charges or interest earned are calculated on the average monthly cash balance for the year and represent either an interest charge at base rate plus 1% or investment interest earned by the host authority which is applied at the average investment rate during the year. Any overdrawn balances are financed by the host authority. The JSS have had a positive cash position in the last two years with interest received on the surplus balance at a rate of 0.45% in 2015-16 (0.45% in 2014-15). See supporting note 7 for further information regarding the rate of interest received.

10. **Employee benefits**

10.1 **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in the Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

10.2 Termination and Post-Employment Benefits

An accrual has been created in the revenue account for termination and post-employment benefits. This accrual is to finance the redundancy and other post-employment costs upon the closedown of the Service. The Code of Practice requires that these be recognised when they are committed, not when they are paid.

11. Cash & Cash Equivalents

Cash is represented by cash in hand, and will also include bank overdrafts that are repayable on demand and that are integral to the organisation's cash management. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. County Borough Supplies does not undertake short term investments.



Core Financial Statements 2015-16

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

Movement in Reserves Statement For Years Ended 31 March 2015 & 2016

	Accumulated Surplus Balance £'000	Earmarked Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Committee Reserves £'000	Notes
Balance at 31 March 2014	920	88	1008	(3)	1005	
<u>Movement in reserves during 2014-15</u>						
Surplus or (deficit) on provision of services	301	-	301	-	301	
Total Comprehensive Expenditure and Income	301	-	301	(3)	301	
Adjustments between accounting basis & funding basis under regulations	(5)	-	(5)	5	-	1
Net Increase/ (Decrease) before Transfers to Earmarked Reserve	296	-	296	2	301	
Transfers to/from Earmarked Reserve	-	-	-	-	-	13,14
Increase/(Decrease) in 2014-15	296	-	296	2	301	
Balance at 31 March 2015 carried forward	1,216	88	1,304	2	1,306	
<u>Movement in reserves during 2015-16</u>						
Surplus or (deficit) on provision of services	(535)		(535)	-	(535)	
Total Comprehensive Expenditure and Income	(535)	-	(535)	-	(535)	
Adjustments between accounting basis & funding basis under regulations	8	-	8	(8)	-	1
Net Increase/ (Decrease) before Transfers to Earmarked Reserve	(527)	-	(527)	(8)	(535)	
Transfers to/from Earmarked Reserve	88	(88)	-	-	-	13,14
Increase/(Decrease) in 2015-16	(439)	(88)	(527)	(8)	(535)	
Balance at 31 March 2016 carried forward	777	-	777	(6)	771	

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

Comprehensive Income and Expenditure Statement 2015-16

2014-15			Description	2015-16			Notes
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
777		777	Staff Costs	1,180		1,180	2,3
92		92	Premises	98		98	
148		148	Transport	134		134	
131		131	Supplies & Services	121		121	
57		57	Third Party Payments	47		47	
45		45	Support Services	53		53	
0	(1)	(1)	Bad Debt Provision	36		36	
1,250	(1)	1,249	Operating Expenditure	1,669	0	1,669	
	(4)	(4)	Financing & Investment Income and Expenditure		(4)	(4)	7
0	(4)	(4)	Financing & Investment Income	0	(4)	(4)	
	(6,418)	(6,418)	Income				
		0	Turnover (Sales)		(6,226)	(6,226)	
			Less cost of Sales				
392			Opening Stock	370			
4,979			Plus Purchases	4,782			
(370)		5,001	Less Closing Stock	(10)		5,142	
5,001	(6,418)	(1,417)	Gross Profit	5,142	(6,226)	(1,084)	
	(129)	(129)	Other Income		(46)	(46)	8
6,251	(6,552)	(301)	Surplus/Deficit	6811	(6,276)	535	

The notes on pages 28 to 40 form part of the financial statements.

Balance Sheet for Years Ended 31 March 2015 and 2016

31 March 2015 £'000	Description	31 March 2016 £'000	Notes
370	Inventories	10	9
672	Short Term Debtors	228	10
618	Cash	1,128	11
1,660	Current Assets	1,366	
(354)	Short Term Creditors	(595)	12
(354)	Current Liabilities	(595)	
1,306	Net Assets	771	
	Usable reserves		
1,216	Accumulated Surplus	777	13
88	Earmarked Reserve		13
	Unusable reserves		
2	Short-term Accumulating Compensated Absences Account	(6)	14
1,306	Total Reserves	771	

The notes on pages 27 to 39 form part of the financial statements.

Cash Flow Statement as at 31 March 2015 and 31 March 2016

2014-15 £'000		2015-16 £'000	Notes
(301)	Net (surplus) or deficit on the provision of services	535	
108	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(1,045)	
(193)	Net cash flows from Operating Activities	(510)	15
(193)	Net (increase) or decrease in cash and cash equivalents	(510)	
(425)	Cash and cash equivalents at the beginning of the reporting period	(618)	
(618)	Cash and cash equivalents at the end of the reporting period	(1,128)	11

The notes on pages 27 to 39 form part of the financial statements.



Notes to the Core Financial Statements 2015-16

Contents for Notes to the Core Financial Statements

Note		Page Number
1.	Adjustments between Accounting Basis and Funding Basis Under Regulations	28
2.	Officers' Remuneration	29
3.	Exit Packages	29
4.	Pension Costs	29
5.	Support Services	30
6.	Provisions	30
7.	Interest Receivable on Balances & Financing Charges	31
8.	Other Income	31
9.	Inventories	32
10.	Short Term Debtors	32
11.	Analysis of Changes in Cash during the Year	32
12.	Short Term Creditors	33
13.	Usable Reserves	33
14.	Unusable Reserves	34
15.	Operating Activities	35
16.	Related Party Transactions	35
17.	External audit costs	37
18.	Financial Instruments Disclosures- Fair Values of Assets and Liabilities	37
19.	Events After the Balance Sheet Date	38
20.	Contingent Liabilities	38
21.	Accounting Standards that have been Issued but not yet Adopted	38
22.	Critical Judgements in Applying Accounting Policies	38
23.	Amounts Reported for Resource Allocation Decisions	38

Notes to the Movement in Reserves Statement

1. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the organisation in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the organisation to meet future capital and revenue expenditure.

The adjustment relates to Short-term accumulating compensated absences. These are benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code of Practice 2015-16, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, County Borough Supplies is required to accrue for any annual leave earned but not taken at 31 March each year, and amounts are transferred to the Accumulated Absences Account until the benefits are used in recognition of this.

The tables below detail the adjustments for 2014-15 and 2015-16:-

<u>2014-15</u>	Accumulated Surplus Fund Balance £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Short term Compensated Absences £'000	Total Reserves £'000
Adjustments primarily involving the Accumulated Absences Account :					
Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	(5)	(5)	5	5	-
Total Adjustments 2014-15	(5)	(5)	5	5	-

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

<u>2015-16</u>	Accumulated Surplus Fund Balance £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Short term Compensated Absences £'000	Total Reserves £'000
Adjustments primarily involving the Accumulated Absences Account :					
Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	8	8	(8)	8	-
Total Adjustments 2015-16	8	8	(8)	8	-

For 2015-16 the adjustments primarily involving the accumulated absences account were £5,868.

Notes to the Comprehensive Income and Expenditure Statement

2. Officers' Remuneration

The Accounts and Audit (Wales) (amendment) Regulations 2014 require the starting point to be £60,000 for this disclosure. There were 3 staff members whose gross pay exceeded this figure in 2015-16 (Nil 2014-15).

Remuneration Band	2014/15 Number of Employees	2015/16 Number of Employees
£60,000-£64,999	0	0
£65,000-£69,999	0	1
£70,000-£74,999	0	0
£75,000-£79,999	0	2
Total	0	3

3. Exit Packages

The number of exit packages with the total cost per band (£'s) and the total cost of the compulsory and other redundancies are set out in the table below:

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

Exit Packages (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number Exit Packages		Total Value Exit Packages	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
£0- £20,000	15	-	-	-	15	-	£214,019	-
£20,000-£40,000	3	-	-	-	3	-	£91,802	-
£40,000-£60,000	2	-	-	-	2	-	£81,190	-
	20	-	0	0	20	-	£387,011	-

4. Pension Costs

The actual amount charged to the revenue accounts for pensions included under employees was £80,075 (£82,683 in 2014-15). Pension costs are collected on behalf of County Borough Supplies employees and paid over to the pension body by Bridgend County Borough Council.

5. Support Services

The charges are as follows: -

Description	2014-15 £	2015-16 £
Accountancy	12,620	10,700
IT	9,950	17,510
Creditors / Purchasing	1,500	2,010
Internal Audit	3,090	20
Human Resources	6,200	8,550
Legal Services	2,800	6,960
Procurement	8,530	2,270
Property	0	4,790
Cash Control	10	0
TOTAL	44,700	52,810

Recharges are calculated on data from the preceding period. The IT recharge component of £17,510 (£9,950 in 2014-15) related to 'IT' support services which includes broadband network, communications, server storing and user support services. The Accountancy recharge relates to the cost of accountancy support provided to the service during the financial year.

Support services costs of £98k in 2015-16 (£92k in 2014-15) for Administrative Building Expenses were also incurred. These costs related to premises related expenditure such as energy, water, business rates (NNDR), building maintenance, cleaning/domestic, and supplies & services

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

costs and are included within the total Premises costs shown in the Comprehensive Income & Expenditure Statement.

6. Provisions

These represent any provisions for stock obsolescence and bad and doubtful debts which have been charged to/from the revenue account in the year as follows:

2014-15			Movement During the year	2015-16		
Inventory £'000	Bad Debt £'000	Total £'000		Inventory £'000	Bad Debt £'000	Total £'000
(23)	(1)	(24)	Opening Balance	(20)	-	(20)
-	-	-	Write-Offs			-
3	1	4	Contribution to/(from) revenue	20	-	20
(20)	-	(20)	Closing Balance	-	-	-

The Inventory provision has been eliminated as the stock valuation included in the accounts is at the amount expected to be realised from its disposal. The Bad debt provision is based on the amount outstanding from Non-partner debt prior to the closedown of the Service.

7. Interest Receivable on Balances & Financing Charges

These are calculated on the average cash balance at month end, at the average Bank of England base rate plus 1% on overdrawn balances and the average BCBC investment rate during the year for surplus balances.

The level of interest rate applied was reviewed in 2014-15 to ensure that the additional rate of plus 1% would only apply in instances where there was a cash deficit at month end.

In 2015-16 an interest rate of 0.45% was applied (0.45% in 2014-15). Due to favourable cash flows experienced during the 2015-16 financial year interest of £4,005 was made (£4,347 in 2014-15).

8. Other Income

Other income includes catalogue sponsorship of £1k (£89k in 2014-15), contract rebates of £37k (£32k in 2014-15), site recharge income of £8k (£7k in 2014-15). In addition in 2015-16 there was income of £243 in respect of sale of scrap metal (£600 in 2014-15).

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

Notes To Balance Sheet

9. Inventories

The inventory balance for 2015-16 is shown in the accounts at the amount the stock is expected to realise on disposal. Comparative figures for 2014-15 are not possible as the stock valuation for that period was at purchase cost.

10. Short Term Debtors

This represents the monies owed to the JSS Committee after making provision for debts that might not be recovered. The provision for bad and doubtful debts has been calculated on the amount outstanding from non-partner debt at the close of the business. This is regarded as adequate to cover the uncollectable debt outstanding at the 31 March 2016. The partner debt has been excluded as the Joint Committee agreed that any debt outstanding could be offset against the partners surplus from the disaggregation.

The main debtors are listed below:

2014-15 £'000	Short Term Debtors	2015-16 £'000
524	Other Local Authorities	224
148	Other Entities & Individuals	40
-	Bad Debt Provision	(36)
672		228

The **debtor** balance consists of the following categories –

2014-15 £'000	Description	2015-16 £'000
670	Sundry Debtors	228
2	Accumulated absences	-
672	Total	228

11. Analysis of Changes in Cash during the Year

	Bal B/F 01/04/15 £'000	Bal C/F 31/03/16 £'000	Change During Year £'000
Cash at Bank (Overdraft)	618	1,128	510

Cash is held by the Bridgend County Borough Council, the financial services provider, as part of its general bank account. No separate bank account exists for County Borough Supplies.

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

12. Short Term Creditors

These represent monies owed by the JSS Committee and are analysed as follows:

2014-15 £'000	Short Term Creditors	2015-16 £'000
92	Central Government Bodies	86
71	Local Authorities	425
191	Other Entities & Individuals	84
354		595

The **creditor** balance consists of the following categories:-

2014-15 £000	Description	2015-16 £000
58	Customer Accounts in Credit	42
204	Reserved Creditors	461
92	H.M.R.C. – Other Taxes -V.A.T.	86
-	Accumulated absences	6
354	Total	595

13. Usable Reserves

The following notes detail the Usable Reserves for the JSS Committee:-

a) Accumulated Surplus

The movements on the accumulated surplus account are as follows:

2014-15 £'000		2015-16 £'000
920	Balance Brought Forward	1,216
-	Transfer (to)/from earmarked reserve for service modernisation	-
301	Surplus/ (Deficit) for year	(527)
(5)	Adjustments (to)/from useable/ unusable reserves	88
1,216	Balance Carried Forward	777

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

b) Earmarked Reserve for Plant & Equipment

The 2014-15 reserve has been eliminated as development work on the future relocation of the service was terminated when the decision to close the service was approved by the Joint Committee.

2014-15 £'000		2015-16 £'000
88	Balance Brought Forward	88
-	Use of earmarked reserve to fund service initiatives	-
-	Increase/ (Decrease) in Reserve	(88)
88	Balance Carried Forward	-

14. Unusable Reserves

The following notes detail the Unusable Reserves for JSS Committee:-

a) Short Term Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Accumulated Surplus from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Accumulated Surplus Balance is neutralised by transfers to or from the Account.

2014-15			2015-16	
£'000	£'000		£'000	£'000
	(3)	Balance as at 1 April	2	
3		Settlement or cancellation of accrual made at the end of the proceeding year		(2)
2		Amounts accrued at the end of the current year		(6)
	5	Amounts by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(8)	-
	2	Balance as at 31 March	(6)	

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

15. Operating Activities

The cash flows for operating activities include the following items:-

2014-15 £'000		2015-16 £'000
(301)	Net (surplus) or deficit on the provision of services	535
	<u>Accruals adjustments:</u>	
(22)	Increase/(Decrease) in Inventories	(360)
(226)	Increase/(Decrease) in Debtors/Provisions	(444)
356	(Increase)/Decrease in Creditors/Provisions	(241)
193		(510)

16. Related Party Transactions

There are no material transactions that are not disclosed in the accounts.

Membership of the Committee is composed of two members each from: -

Bridgend C.B.C.
Caerphilly C.B.C.
Merthyr Tydfil C.B.C.
Rhondda Cynon Taf C.B.C.

As a result these Councils are considered related parties of the Joint Committee.

Bridgend County Borough Council acts as the host authority for support services, including accounting and banking services.

The Rhondda Cynon Taf County Council Superannuation Fund is used for pension services.

Further information regarding related party transactions with County Borough Supplies are included in notes 4, 6, 10 and 11.

There are 24 staff (26 in 2015-16), all who are employed by the host authority, and there is a full time equivalent of 6.5 staff employed from agencies (9 in 2014-15). Included in agency staff employed in 2015-16, were agency workers engaged as drivers to cover vacancies and long term absence (ranging between 4 and 7 drivers depending on demand), one agency worker covering the warehouse duties and one agency worker covering administrative duties. Some members and officers may act as school governors for schools with which the organisation trades.

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

The organisation uses Bridgend County Borough Council vehicle hire arrangements on a spot hire basis for its transport needs.

The debtor balance at the year end (note 10) and short term creditors (note 12) includes related party transactions as follows:

Related Parties	2014-15			2015-16		
	Debtors	Creditors	Net	Debtors	Creditors	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Merthyr C.B.C		(2)	(2)	6	(3)	3
Bridgend C.B.C	94	(28)	66	74	(3)	71
Caerphilly C.B.C	193	(8)	185	60	(9)	51
Rhondda Cynon Taf C.B.C	134	(28)	106	51	(17)	34
Total Related Parties	421	(66)	355	191	(32)	159

Sales made to related parties are provided in the following table:

Related Parties Turnover (Sales)	2014-15 £'000	2015-16 £'000
Merthyr C.B.C	335	300
Bridgend C.B.C	1,111	1,008
Caerphilly C.B.C	1,508	987
Rhondda Cynon Taf C.B.C	2,114	1,377
Total Related Parties Turnover	5,068	3,672

There were no other material balances at the year end.

17. External audit costs

In 2015-16 the JSS incurred the following fees relating to external audit and inspection charged by the Wales Audit Office:-

2014-15 £	Description	2015-16 £
8,000	Audit Fee	8,000

18. Financial Instruments Disclosures- Fair Values of Assets and Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

The following categories of financial instruments are carried in the Balance Sheet:

	Disclosure Note Ref	31 March 2015		31 March 2016	
		Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Short-term creditors	12	(354)	(354)	(595)	(595)
Cash at Bank	11	618	618	1,128	1,128
Short-term debtors	10	672	672	228	228
		936	936	761	761

Short term creditors and debtors are carried at book value as this is a fair approximation of their value. The Catalogue Supplies Services provides a single source supplies facility predominately for its corporate customers (partnering authorities) and schools, and as such there is minimum risk that debtors will not be realised when due. In addition a provision is held in the Balance Sheet (Note 6) which is regarded as adequate to cover all long standing debt.

The Service is not exposed to significant market risk as interest received on cash is paid at the average rate of BCBC investments which was 0.45% in 2015-16. A 0.1% decrease in investment rate would reduce interest received on the year-end balance of £1,128,000 by £1,128

The Service is not exposed to significant liquidity risk as its only financial liabilities are short term creditors.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

19. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

There were no post balance sheet events impacting on the Catalogue Supplies Service Joint Committee.

20. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There were no Contingent Liabilities impacting on the Catalogue Supplies Service Joint Committee.

21. Accounting Standards that have been Issued but not yet Adopted

There are no standards issued but not yet adopted with material impact on the Statement of Accounts.

22. Critical Judgements in Applying Accounting Policies

There are no critical judgements in applying accounting policies or major sources of estimation uncertainty within the Statement of Accounts.

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. This is in the format in which information is reported to the Joint Committee with no segmental analysis being reported as the Committee only has one operating segment. However, these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- they exclude any accrual in respect of the cost of holiday entitlements earned by employees but not taken before the year-end.

The income and expenditure of the JSS recorded in the budget reported to the Joint Committee, is as follows:

**Catalogue Supplies Service Joint Committee -Statement of Accounts
2015-16**

Catalogue Supplies Service Income and Expenditure	2014-15 £'000	2015-16 £'000
Fees, charges & other service income	(1,550)	(1,134)
Total Income	(1,550)	(1,134)
Employee expenses	782	1,172
Other operating expenses	427	400
Support Service Recharges	45	53
Total operating expenses	1,254	1,625
Net Cost of Services	(296)	491

Reconciliation of Reported Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The below reconciliation shows how the figures in the analysis of reported income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure is:-

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	2014-15 £'000	2015-16 £'000
Cost of Services in Service Analysis	(296)	491
Add amounts not reported to management	(5)	44
Net Cost of Services in Comprehensive Income and Expenditure Statement	(301)	535

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Audit

An audit is an independent examination of the organisation's accounts.

Balance Sheet

The balance sheet combines the assets, liabilities and other balances of all our services, at the end of the financial year, 31st March.

Comprehensive Income and Expenditure Statement

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Service Reporting Code of Practice (SeRCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SeRCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Cash flow Statement

This is a statement that summarizes the movements in cash during the year.

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Earmarked Reserve

These are reserves set aside for a specific purpose.

Financial Year

This is the accounting period. For County Borough Supplies it starts on 1st April and finishes on 31st March of the following year.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Inventories

Inventories are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

JSS

County Borough Supplies is a Joint Supplies Service (JSS). Also known as the Catalogue Supplies Services Joint Committee.

Liability

A liability is an amount payable at some time in the future.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Authority.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Reserves

These are the sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

Catalogue Supplies Service Joint Committee -Statement of Accounts 2015-16

Revenue account

This is an account which records our day to day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

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County Borough Supplies

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Waterton
Pen-y-bont ar Ogwr
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Ffon: (01656) 766511
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Our Ref: CBS/

Date: 22 September 2016

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Dear Sirs

Representations regarding the 2015-16 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 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015-16; in particular the financial statements give a true and fair view in accordance therewith.
- 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

Joint Supplies Service

Bridgend County Borough Council
Caerphilly County Borough Council
Merthyr Tydfil County Borough Council
Rhondda Cynon Taff County Borough Council

Gwasanaethau Cyflenwi Cyfunol

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr
Cyngor Bwrdeistref Sirol Caerffili
Cyngor Bwrdeistref Sirol Merthyr Tudful
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- 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
- Our knowledge of all known partnerships and joint working/collaborative arrangements that would impact on the financial statements.

Financial statement representations

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 Committee has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Committee have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Committee have been reviewed and have been properly treated within the final accounts in accordance with IAS37.

Joint Supplies Service

Bridgend County Borough Council
Caerphilly County Borough Council
Merthyr Tydfil County Borough Council
Rhondda Cynon Taff County Borough Council

Gwasanaethau Cyflenwi Cyfunol

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr
Cyngor Bwrdeistref Sirol Caerffili
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The committee has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code. The agreed recommendations set out in the 2014-15 KPMG final accounts report have been satisfactorily implemented. The final statements are free of material misstatements, including omissions.

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 Joint Committee on 22 September 2016.

Signed by:

Signed by:

RANDAL HEMINGWAY

Chairperson of the Joint Committee

**HEAD OF FINANCE,
 S151 OFFICER BRIDGEND COUNTY
 BOROUGH COUNCIL**

**TREASURER TO CATALOGUE SUPPLIES
 SERVICE JOINT COMMITTEE**

[Officer who signs on behalf of management]

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

Date: 22 September 2016

Date: 22 September 2016

Joint Supplies Service

Bridgend County Borough Council
 Caerphilly County Borough Council
 Merthyr Tydfil County Borough Council
 Rhondda Cynon Taff County Borough Council

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 Cyngor Bwrdeistref Sirol Rhondda Cynon Taff

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Audit of Financial Statements Report

Catalogue Supplies Service Joint Committee

Audit year: 2015-16

Issued: September 2016

Document reference: 501A2016

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	4
Independence and objectivity	5

Appendices

Final Letter of Representation	6
Proposed audit report of the Auditor General to the Catalogue Supplies Service Joint Committee	9
Summary of corrections made to the draft financial statements which should be drawn to the attention of Members of the Joint Committee	11

Summary report

Introduction

1. The Auditor General 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 (the Committee) at 31 March 2016 and its income and expenditure for the year then ended.
2. 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.
3. The quantitative levels at which we judge such misstatements to be material for the Committee's accounts is £137,600. 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, for example the remuneration report.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Committee for 2015-16, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 30 June 2016, and have now substantially completed the audit work.
7. 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. The audit team has already discussed these issues with officers.

Proposed audit report

8. It is the Auditor General'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](#).
9. The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

10. There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

11. There are a number of misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

12. 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 some issues arising in these areas this year:
 - **We have no major concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided in the main 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 encounter some difficulties during the audit.** Although we were not restricted in our work, we had some difficulties obtaining supporting information for our audit. This caused delays and additional time to complete the audit. These difficulties were due to the fact that the service ceased trading on 31 March 2016 and staff who would usually have provided information and responded to queries had moved on. These difficulties were not the fault of the officer tasked to close the accounts who was very helpful throughout the audit; they were just due to the timing of staff leaving the organisation.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **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.**
 - **There are no 'other' matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

13. As part of the finalisation process, we are required to provide you with representations concerning our independence.
14. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Auditor General, Wales Audit Office and the Committee that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

(Audited body's letterhead)

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of Catalogue Supplies Service Joint Committee (the Committee) for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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 CIPFA Code of Practice on Local Authority Accounting in the UK 2015-16; in particular the financial statements give a true and fair view in accordance therewith.
- 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 the 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;
 - The identity of all related parties and all the related party relationships and transactions of which we are aware;
 - Our knowledge of all known partnerships and joint working/ collaborative arrangements that would impact on the financial statements.

Financial statement representations

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 Committee has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Committee have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Committee have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Committee has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The agreed recommendations set out in the 2014-15 KPMG financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions.

Representations by the 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 the Catalogue Supplies Service Joint Committee on [insert date].

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 Auditor General to the Catalogue Supplies Service Joint Committee

Independent auditor's report to the Members of the 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 2016 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.

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 2015-16 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page x, 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 Financial Reporting Council'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 Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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:

- give a true and fair view of the financial position of Catalogue Supplies Service Joint Committee as at 31 March 2016 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 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report 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 following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with guidance

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 Auditor General for Wales' Code of Audit Practice.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff CF11 9LJ
30 September 2016**

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of members of the Committee

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

	Value of correction	Nature of correction	Reason for correction
1	£36,000	Decrease in the following balances and transactions: <ul style="list-style-type: none">• Comprehensive Income and Expenditure Account (lines for supplies and services)• Decrease in Movement in Reserves Statement and supporting Note 1	Incorrect posting of Bad Debt Provision
2	£36,000	Decrease in the following balances within the Balance Sheet: <ul style="list-style-type: none">• Provisions (Current Liabilities)• Short Term Debtors (Current Assets)	Adjustment made to correctly classify the Bad Debt Provision within Short Term Debtors
3	£33,000	Decrease in the following balances and transactions: <ul style="list-style-type: none">• Staff Costs (Comprehensive Income and Expenditure Account)• Short Term Creditors (Balance Sheet)	Decrease in the redundancy accrual included within Short Term Creditors as one employee was re-deployed within the Council and therefore accrual no longer required.
4	Various	Various adjustments made to the Cash Flow and supporting notes	Adjustments made to ensure movements within the Cash Flow and supporting notes mirror those elsewhere within the financial statements
5	Various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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By virtue of paragraph(s) 14, 16 of Part 4 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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