

Archwilydd Cyffredinol Cymru  
Auditor General for Wales



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Audit of Financial Statements Report

## **Catalogue Supplies Service Joint Committee**

**Audit year:** 2013/14

**Issued:** September 2014

**Document reference:** CSSAFSR2014

# Status of report

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This document has been prepared for the internal use of Catalogue Supplies Service Joint Committee as part of work performed in accordance with the statutory functions.

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The audit was delivered by KPMG LLP on behalf of the Appointed Auditor. The audit team comprised Darren Gilbert (Director), Matthew Arthur (Manager) and Chloe Stone-Williams (In-charge).

# Contents

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

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## Summary report

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

## Appendices

Final Letter of Representation – Appointed Auditor	7
Proposed audit report of the Appointed Auditor to the Catalogue Supplies Service Joint Committee	10
Summary of corrections made to the draft financial statements	12

# Summary report

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## Introduction

1. Anthony Barrett, as Appointed Auditor, is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Catalogue Supplies Service Joint Committee at 31 March 2014 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 level at which we judge such misstatements to be material for Catalogue Supplies Service Joint Committee is £65,500. 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.
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 Catalogue Supplies Service Joint Committee, for 2013-14, that require reporting under ISA 260.

## Status of the audit

6. We received the draft financial statements for the year ended 31 March 2014 in advance of the 30 June 2014 deadline, 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.

## Proposed audit report

8. It is the Appointed Auditor's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

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## 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 is one misstatement that has been corrected by management. This is set out with explanation in [Appendix 3](#).
12. We also suggested some minor improvements and additions to the disclosures within the financial statements which have all been incorporated into the financial statements by management.

### Other significant issues arising from the audit

13. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
  - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. We have suggested some minor amendments to the Annual Governance Statement in order to reflect the arrangements specific to the Joint Committee; these have been incorporated into the final version of the accounts.
  - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **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 not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

## Independence and objectivity

14. As part of the finalisation process, we are required to provide you with representations concerning our independence.

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- 15.** 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 Wales Audit Office/KPMG and Catalogue Supplies Service Joint Committee that we consider to bear on our objectivity and independence.

# Appendix 1

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## Final Letter of Representation

(Audited Body's Letterhead)

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

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

25 September 2014

Dear Sirs

## Representations regarding the 2013-14 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 2014.

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

## Management Representations

### Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14; in particular the financial statements give a true and fair view in accordance therewith.

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

### Information Provided:

We have provided you with:

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

### Financial statement representations

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.



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The financial statements are free of material misstatements, including omissions. There have been no uncorrected misstatements identified during the audit.

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

## Representations by Catalogue Supplies Service Joint Committee

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Catalogue Supplies Service on 25 September 2014.

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

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## Proposed audit report of the Appointed Auditor to the Joint Committee

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

I have audited the accounting statements and related notes of Catalogue Supplies Service Joint Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004. Catalogue Supplies Service Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the independent auditor**

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

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

### Scope of the audit of the accounting statements

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

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

### **Opinion on the accounting statements of Catalogue Supplies Service Joint Committee**

In my opinion the accounting statements and related notes:

- 
- give a true and fair view of the financial position of Catalogue Supplies Service Joint Committee as at 31 March 2014 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 2013-14.

### **Opinion on other matters**

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

### **Matters on which I report by exception**

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

### **Certificate of completion of audit**

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

**Anthony Barrett**

**Appointed Auditor**

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

**xx September 2014**

# Appendix 3

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## Summary of corrections made to the draft financial statements

During our audit we identified the following misstatement that has been corrected by management. This is a balance reclassification adjustment with no impact on surplus.

Value of correction	Nature of correction	Reason for correction
£23,000	Dr Provisions £23,000 Cr Inventories £23,000	Reclassification of provision against inventory balance to appropriately net off against inventory balance, as provision balance is not separable from inventory.



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