

Welsh Purchasing Consortium

**Income & Expenditure Account &
Statement of Balances**

2012/13

Contents

	Page
Explanatory Foreword	3
Introduction to Accounting Statements	5
Statement of Accounting Policies	6
Statement of Responsibilities for the Income & Expenditure Account & Statement of Balances	7
The Interim S151 Officer's Responsibilities	8
Comprehensive Income and Expenditure Account	9
Balance Sheet	10
Notes to the Core Financial Statements	11
Annual Governance Statement	15
Independent Auditor's Report	20

Explanatory Foreword

1. Introduction

1.1 The Welsh Purchasing Consortium (WPC) has been established to support the Member Authorities in delivering joint, collaborative contracts and framework agreements for the procurement of goods and services which will deliver best value for money at all times and maximise efficiency savings for Members.

1.2 The WPC has been in existence since 1974. Following Local Government Reorganisation in 1996 a joint committee was formed consisting of 12 member authorities. Prior to 2008/2009 the Joint Committee did not directly incur any expenditure; the costs were met by the member authorities. As a consequence no financial statements were produced.

Following a successful bid to the Making the Connections Improvement Fund, administered by Welsh Government, four additional Authorities agreed to join an expanded WPC which now consists of the sixteen Authorities in South, West and Mid Wales, namely – Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Ceredigion, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport, Pembrokeshire, Powys, Rhondda Cynon Taf, Swansea, Torfaen, Vale of Glamorgan. In 2008 the sixteen member authorities of the WPC agreed to provide funding over a three year period to support the setting up and operation of a central management team. Since then all sixteen member authorities have agreed to give twelve months notice of an intention to leave the consortium and on this basis funding is currently guaranteed to 31st March 2014.

1.3 In April 2010 the Management Board resolved to admit Associate Members to the WPC. Associate Members pay an annual fee and have access to framework agreements. They may attend Category Group meetings but not the meetings of the Management Board or Officers' Group. In 2012/13 two additional associate members were accepted.

1.4 The WPC is managed and administered by the WPC Joint Committee under powers conferred by the Local Government (Wales) Act 1994.

1.5 Cardiff Council hosts the WPC Central Management Team and Rhondda Cynon Taf provides the secretariat support.

1.6 Cardiff Council administers all cash transactions as the WPC does not operate its own bank account.

1.7 Amendments by the Welsh Government to the Accounts and Audit Regulations for the 2009/10 financial year introduced a new category of 'Minor Joint Committee' where gross income or expenditure is less

than £1m in the current and each of the two preceding years. The WPC falls within this category and the Income & Expenditure Account and Statement of Balances complies with the amended Regulations.

2. Summary of Financial Performance

2.1 The Comprehensive Income and Expenditure Account provides an analysis of WPC costs. Table 1 below gives a summary of the actual expenditure against controllable budgets analysed by Chartered Institute of Public Finance and Accountancy (CIPFA) groupings.

Table 1

	Budget £	Actual £	Variance £
Expenditure			
Employees	165,000	164,972	(28)
Premises	18,000	18,000	0
Transport	8,000	2,680	(5,320)
Supplies & Services	14,800	17,836	3,036
Support Services	17,170	12,528	(4,642)
Total Expenditure	222,970	216,016	(6,954)
Contributions to Reserves	21,300	33,256	11,956
Total Expenditure & Contributions to Reserves	244,270	249,272	5,002
Income			
Contributions from Local Authorities	(244,270)	(238,272)	5,998
Contributions from Associate Members	0	(11,000)	(11,000)
Total Income	(244,270)	(249,272)	(5,002)
Total Net Expenditure	0	0	0

Introduction to Accounting Statements

1 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 adopted.

2 Statement of Responsibilities for the Income & Expenditure Account and Statement of Balances

This sets out the responsibilities of the WPC and the arrangements for the preparation of the Income & Expenditure Account and Statement of Balances. The Statement is to be signed by the Chair of the Joint Committee on behalf of the Committee.

3 Comprehensive Income and Expenditure Account

This statement is prepared to record the day-to-day expenditure on an accruals basis, on items such as salaries and wages, running costs of the service and income received to calculate the net operating expenditure of the WPC.

4 Balance Sheet

This statement shows the WPC Joint Committee's financial position as at 31st March 2013. It includes the plant, property and equipment, current assets and liabilities of all activities of the Joint Committee together with the balances and reserves at its disposal.

Statement of Accounting Policies

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the statutory framework established by the Accounts and Audit (Wales) Regulations 2005 (as amended).

1. Debtors and Creditors

The revenue transactions of the Joint Committee are recorded on an accruals basis. All known debts due to the Joint Committee as at 31st March 2013 are taken into account, as are all known liabilities for goods received or work carried out by this date. Where there was insufficient information available to provide actual figures, estimated amounts have been included.

2. Value added Tax

Income and expenditure are shown net of Value Added Tax.

3. Income

Income is credited to the year of account for which it relates regardless of when that income was actually received.

4. Allocation of Central Department Support

Cardiff Council hosts the WPC Central Management Team and hence costs are recharged to the Joint Committee on the basis of the estimated time spent by staff on supporting the Welsh Purchasing Consortium. The staff time analysis is reviewed and updated annually in-line with Cardiff Council's policy for charging external bodies, including Joint Committees, for central departmental support functions.

5. Retirement Benefits

The Joint Committee does not have the legal power to directly employ staff. Staff involved in joint committee activities are therefore employed by a constituent authority. Each constituent authority participates in a defined benefit pension scheme. The joint committee meets the cost of the actual pension contributions and accounts for them in the income and expenditure account. Pension costs are therefore accounted for as if contributions had been made to a defined contribution pension scheme because it is not possible to determine the underlying assets and liabilities in the schemes relating to the staff involved in joint committee activities on a reasonable and consistent basis. Therefore, no liability for future payments of benefits is recognised in the Balance Sheet.

Statement of Responsibilities for the Income & Expenditure Account & Statement of Balances

The Welsh Purchasing Consortium's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that an appropriate officer is appointed to undertake an administration of those affairs. For 2012-13, this officer was Marcia Sinfield, Interim Section 151 Officer of Cardiff Council.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts

Councillor P. Murphy
Chair Welsh Purchasing Consortium
Joint Committee
Date

The Interim Section 151 Officer's Responsibilities

The Interim S151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing these financial statements, the Interim Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Interim Section 151 Officer has also:

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

The Certificate of the Interim Section 151 Officer

The financial statements present fairly the financial position of the Welsh Purchasing Consortium Joint Committee at 31 March 2013 and its income and expenditure for the year then ended.

Marcia Sinfield
Interim Section 151 Officer
Cardiff Council
Date

Comprehensive Income and Expenditure Account for the year ended 31st March 2013

2011/12 £		2012/13 £	Note
	Continuing Operations		
	Expenditure		
161,169	Employees	164,972	1.0
18,000	Premises	18,000	
3,823	Transport	2,680	
10,162	Supplies and Services	17,836	
14,968	Support Services	12,528	
208,122		216,016	
	Income		
(238,272)	Contributions from Local Authorities	(238,272)	2.0
(6,000)	Contributions from Associate Members	(11,000)	3.0
(244,272)		(249,272)	
(36,150)	Net Expenditure (Income)	(33,256)	
	Appropriations to/from Reserves		
339	Accumulated Absences Accrual	(131)	
(35,811)	Total Comprehensive Income and Expenditure	(33,387)	

Balance Sheet as at 31st March 2013

31/03/12		31/03/13	Note
£		£	
	Plant, Property & Equipment		
0	Operational Assets	0	
0	Land & Buildings	0	
0	Assets Under Construction	0	
0	Vehicles, Plant, Furniture & Equipment	0	
0		0	
	Current Assets		
0	Inventories	0	
14,892	Short-term Debtors	2,500	5.0
302,232	Cash in Hand	355,974	
317,124		358,474	
	Current Liabilities		
(2,084)	Short-term Creditors	(10,178)	6.0
315,040	Net Current Assets	348,296	
315,040	NET ASSETS	348,296	
	Represented By:		
	Revenue Reserves:		
316,693	General Reserve	350,080	7.0
(1,653)	Accumulated Absences Accrual Adjustment	(1,784)	8.0
315,040	TOTAL RESERVES	348,296	

Notes to the Core Financial Statements

1.0 Remuneration

- 1.1 The Accounts and Audit (Wales) (Amendment) Regulations 2010 requires that the number of employees, whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. The following table includes all staff who fall within this category. The figures include all taxable remuneration received in the year but exclude employers pension contributions and any expenses that are not chargeable to UK income tax.

£	Number of Employees	
	2011/12	2012/13
60,000 – 64,999	1	1

- 1.2 Further disclosure is required in respect of the individual remuneration of senior employees whose salary is £60,000 or more but less than £150,000, identified by job title. The following post falls within the definition of senior employee:

2012/13 Post Title	Salary £	Taxable Benefits £	Employers Pension Contribution £	Total Remuneration £
WPC Procurement Manager	64,032	93	14,663	78,788

Comparative figures for 2011/12 are as follows:

2011/12 Post Title	Salary £	Taxable Benefits £	Employers Pension Contribution £	Total Remuneration £
WPC Procurement Manager	64,032	134	14,087	78,253

2.0 Contributions Received from Member Authorities

2.1 The joint agreement provides for contributions towards estimated expenditure for each year to be notified in advance to each authority, and to be made in one instalment.

2.2 Contribution rates have been agreed as equal proportions to the 16 member authorities:

31/03/12 £	Authority	31/03/13 £
14,892	Blaenau Gwent CBC	14,892
14,892	Bridgend CBC	14,892
14,892	Caerphilly CBC	14,892
14,892	Cardiff Council	14,892
14,892	Carmarthenshire CC	14,892
14,892	Ceredigion CC	14,892
14,892	Merthyr Tydfil CBC	14,892
14,892	Monmouthshire CC	14,892
14,892	Neath Port Talbot CBC	14,892
14,892	Newport CC	14,892
14,892	Pembrokeshire CC	14,892
14,892	Powys CC	14,892
14,892	Rhondda Cynon Taf CBC	14,892
14,892	City & County of Swansea	14,892
14,892	Torfaen CBC	14,892
14,892	Vale of Glamorgan Council	14,892
238,272		238,272

3.0 Contributions from Associate Members

3.1 Contributions were received from Associate Members as follows:

31/03/12 £	Organisation	31/03/13 £
2,500	Mid & West Wales Fire & Rescue Service	2,500
2,500	South Wales Fire & Rescue Service	2,500
1,000	National Library of Wales	1,000
-	Valleys to Coast	2,500
-	Gwalia Housing	2,500
6,000		11,000

4.0 Related Party Transactions

4.1 In accordance with International Accounting Standard (IAS) 24, *Related Party Disclosures*, the WPC have a duty to disclose any material transactions with a "related party". This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

4.2 The WPC is managed and administered by the WPC Joint Committee under powers conferred by the Local Government (Wales) Act 1994. Each of the sixteen member authorities is represented on this Joint Committee. Members of the Committee have direct control over the WPC's financial and operating policies. During 2012/13, there were no transactions with companies in which members had an interest.

4.3 Cardiff Council hosts the WPC Central Management Team and Rhondda Cynon Taf provides the secretariat support.

5.0 Short-term Debtors

5.1 Short-term Debtors in the Balance Sheet consists of:

31/03/12		31/03/13
£		£
14,892	Other Local Authorities	0
0	Other Entities & Individuals	2,500
14,892		2,500

6.0 Short-term Creditors

6.1 Short-term Creditors in the Balance Sheet consists of:

31/03/12		31/03/13
£		£
0	Other Local Authorities	350
2,084	Other Entities & Individuals	9,828
2,084		10,178

7.0 General Reserve

7.1 An amount of £33,387 was transferred to the General Reserve. This relates to the contributions received from the 16 Authorities and 5 Associate Members signed up to the WPC which remain unspent at the 31st March 2013 and will be used to fund expenditure incurred in future years.

7.2 The reserve is wholly owned by the 16 Local Authorities on an equal share basis.

8.0 Accumulated Absences Account

8.1 The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve 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 General Reserve is neutralised by transfers to and from the Account.

Annual Governance Statement 2012/13: Welsh Purchasing Consortium

Scope of Responsibility

The Welsh Purchasing Consortium (WPC) has been established to support the Member Authorities in delivering joint collaborative contracts and framework agreements for the procurement of goods and services which will deliver best value for money at all times and maximise efficiency savings for Members.

The WPC has been in existence since 1974 and was reformed following Local Government Reorganisation in 1996. Following a successful bid to the Making the Connections Improvement Fund Carmarthenshire, Ceredigion, Pembrokeshire and Powys agreed to join an expanded WPC which now consists of the sixteen Authorities in South, West and Mid Wales, namely :- Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Ceredigion, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport, Pembrokeshire, Powys, Rhondda Cynon Taf, Swansea, Torfaen and Vale of Glamorgan. Cardiff Council acts as the host Authority in terms of employing the WPC Central Management Team and managing the operational budget.

This statement is a reflection of the principles set out in the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government and also meets the requirements of regulation 4 of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control by the WPC Joint Committee.

The Purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values by which the WPC is directed and controlled and its activities through which it accounts to and engages with the community. It enables the WPC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The aim is, therefore, to provide reasonable, rather than absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the WPC'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.

The Governance Framework

The WPC's key objectives are laid out in its Constitution which details how the sixteen Authorities will work together. This includes an agreement on the financial obligations of the member Authorities.

In order to effectively deliver its priorities, the following components are in place to make up the overall Internal Control Framework:

- The Facilitation of Policy and Decision Making
- Establishing and Monitoring of WPC's Objectives
- Performance Management and the Reporting of Performance Management
- Compliance with Established Policies, Procedures, Laws and Regulations
- Identifying, Assessing and Managing the Risks to WPC's objectives
- The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised
- The Financial Management of the WPC

The Facilitation of Policy and Decision Making

Responsibility for decision making in relation to the functions of the WPC is set out in the Constitution which was approved by Member Authorities during 2011 and 2012.

Membership of the WPC Management Board comprises nominated Members and Officers of the Member Authorities. Voting rights can be exercised by a Member or an Officer on a one vote per Authority basis.

This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

Establishing and Monitoring of the WPC's objectives

The WPC Procurement Manager maintains the Forward Work Plan which sets out the key aims and objectives in the short and medium term.

Performance Management and the Reporting of Performance Management

The Forward Work Plan is maintained by the Central Management Team and is monitored and updated by the WPC Officers Group and subsequently reported quarterly to the WPC Management Board. This enables Member Authorities to track progress against the key aims and objectives, monitor performance against targets and support remedial action where required.

Compliance with Established Policies, Procedures, Laws and Regulations

WPC is managed and administered by the WPC Management Board under powers conferred by the Local Government (Wales) Act 1994.

The Agreement is made pursuant to the powers contained in the Section 101 of the 1972 Act and the Section 20 of the 2000 Act and any Regulations made there under and all other enabling powers.

Policies and Procedures are as laid down in the WPC Constitution.

Identifying, Assessing and Managing the Risks to the WPC's objectives

The Forward Work Plan includes a Register of identified risks.

The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised

Cardiff Council, as host Authority, is responsible for ensuring that the operational budget is managed by the WPC. Cardiff Council also provides financial advice for decision making.

The Financial Management of the Welsh Purchasing Consortium

The system of financial management is based on a framework of regular management information, Financial Procedure Rules and a system of delegation and accountability. The WPC operational budget is managed within this framework. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Procedure Rules are those of Cardiff Council as host Authority and these can be found on the Council's intranet site. Not all the rules apply to the WPC as many are specific to the role of the Council. The key controls for financial management are to ensure that it is promoted and reviewed for compliance.

Financial reports comprising expenditure forecasting and budget monitoring are presented regularly to the WPC Management Board.

Responsibility for management and financial information reporting rests with Cardiff Council and the WPC Procurement Manager.

The WPC'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).

Review of the Effectiveness of the System of Internal Control

Regulation 4 of the Accounts and Audit (Wales) Regulations 2005 requires authorities to carry out an annual review of the effectiveness of the system of internal control.

The review of the effectiveness of internal control is informed by:-

- The senior managers within the authority who have responsibility for the development and maintenance of internal control;
- The work of Internal Audit;
- Views and comments from any committee or the Management Board;
- The external auditors and other review agencies and inspectorates.

External Audit

The Wales Audit Office undertakes the external audit requirements of the WPC. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit Practice, and in the context of the 'Statement of Responsibilities' issued by the Auditor General for Wales.

Internal Audit

Cardiff Council operates an independent internal audit function whose role is to review internal control arrangements. This function operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK.

Significant Governance Issues

The System of Internal Control, as summarised above, operated satisfactorily in 2012/2013.

Monitoring

No significant issues were identified throughout the year however, should any significant issues have arisen processes were in place to manage and monitor these.

Certification by the Chair of the Joint Committee and the WPC Procurement Manager

The Treasurer to the WPC and the WPC Management Board are content that the process followed has been robust and has ensured the engagement of the WPC Procurement Manager, the Central Management Team and the Officers' Group.

The WPC Management Board will continue to review the effectiveness of the systems of internal control and the plans to provide improvements in review processes, address weaknesses to ensure continuous improvement of the system of internal control are in place.

On the basis of this process, the legal and financial advice of the statutory officers, and the WPC's constitution and working arrangements we certify that we approve the Annual Governance Statement 2012/13.

Councillor P. Murphy
Chair Welsh Purchasing Consortium
Joint Committee
Date

Robert Jones
Procurement Manager Welsh Purchasing Consortium
Date

Independent auditor's report to the Welsh Purchasing Consortium Joint Committee

I have audited the accounting statements and related notes of the Welsh Purchasing Consortium Joint Committee for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Income and Expenditure Statement and the Balance Sheet. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounts.

This report is made solely to the Welsh Purchasing Consortium Joint Committee in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose as set out in the Statement of the Responsibilities prepared by the Auditor General for Wales.

Respective responsibilities of the responsible financial officer and the independent auditor

The Interim Section 151 Officer is responsible for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and proper practices.

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 the Welsh Purchasing Consortium 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 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 the Welsh Purchasing Consortium Joint Committee

In my opinion the accounting statements and related notes:

- presents fairly the financial position of the Welsh Purchasing

Consortium Joint Committee as at 31 March 2013 and of its income and expenditure for the year then ended; and

- have been properly prepared in accordance with generally accepted practices.

Opinion on other matters

In my opinion, the information contained in the 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 Annual 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 carried out the audit of the accounts of the Welsh Purchasing Consortium 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

Date: 27th September 2013

Electronic Publication of Financial Statements

The maintenance and integrity of the Welsh Purchasing Consortium Joint Committee and Cardiff Council websites are the responsibility of the Committee and Council.

The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the statement of accounts since they were initially presented on the web site.