

WELSH PURCHASING CONSORTIUM

MANAGEMENT BOARD

24th JUNE 2015

REPORT OF THE TREASURER

ANNUAL RETURN FOR THE YEAR ENDED 31st MARCH 2015 AND BUDGET MONITORING 2015/16

Background

1. In 2008 the sixteen member authorities of the Welsh Purchasing Consortium agreed to provide funding over a three year period to support the setting up and operation of a central management team to be based in Cardiff Council. Funding arrangements have been extended since then and are currently guaranteed until 31st March 2016. Three new authorities joined the Consortium in 2013/14 increasing members to nineteen.
2. This report outlines the final outturn position for 2014/15. The Annual Return for the year ended 31st March 2015 is attached as Appendix A for approval by the Consortium Management Board.
3. The report also presents the financial monitoring position for 2015/16 based on the first two months of the financial year, as set out in the monitoring statement attached as Appendix B.

Final Outturn Position for 2014/15

4. The Annual Return for the year ended 31st March 2015 shows total expenditure of £225,792. A breakdown of this is detailed in the attached monitoring statement. Employee savings of £7,690 against budget are a result of the 2014-15 workforce package and also the appointment of a procurement support officer at the start of the incremental grade. Premise costs are overspent against budget by £1,421 as full year costs of rent and NNDR come into effect. Transport costs are £5,749 less than budget. Supplies & services are overspent by £17,220. £10,000 of this relates to the Proactis upgrade, £7,634 on legal advice. The Proactis upgrade is funded by earmarked reserve. Support Service costs are underspent by £3,410.
5. The income received in 2014/15 is based on contributions of £12,150 from each of the nineteen member authorities and contributions totalling £12,150 from the six associate members.
6. The net underspend after funding the £10,000 cost of the Proactis upgrade from earmarked reserve is £27,995.

7. The net underspend of £27,995 was transferred to the general reserve at the year end. The balance carried forward is £407,457 and of this £230,850 will be made available to replace the annual contribution from each of the nineteen member authorities in 2015-16.

Budget Monitoring 2015/16 – Month 2

8. The total expenditure budget for 2015/16 is £228,000 and provides funding for the three posts within the central management team. All three posts are occupied and the employee budget projected to be fully spent. At this stage premise, transport and support costs are assumed to be in line with last years spend. Supplies and services headings are projected to budget apart from the audit fee which is assumed to be in line with last years charge.
9. The income budget for 2015/16 is £12,150 based on contributions from the six associate members.
10. The current projection indicates an underspend of £24,509 will be transferred to the general reserve at 31st March 2015.

Recommendations

1. That the Consortium note the final outturn position for 2014/15.
2. That the Annual Return for the Year Ended 31st March 2015 (section 3) be approved.
3. That the Consortium note the monitoring position for 2015/16 as at Month 2.

Christine Salter
Corporate Director Resources & Section 151 Officer
The City of Cardiff Council
June 2015

Small Local Government Bodies in Wales Annual Return for the Year Ended 31 March 2015

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies (ie, those with annual income and expenditure below £2.5 million) must prepare their accounts in accordance with proper practices.

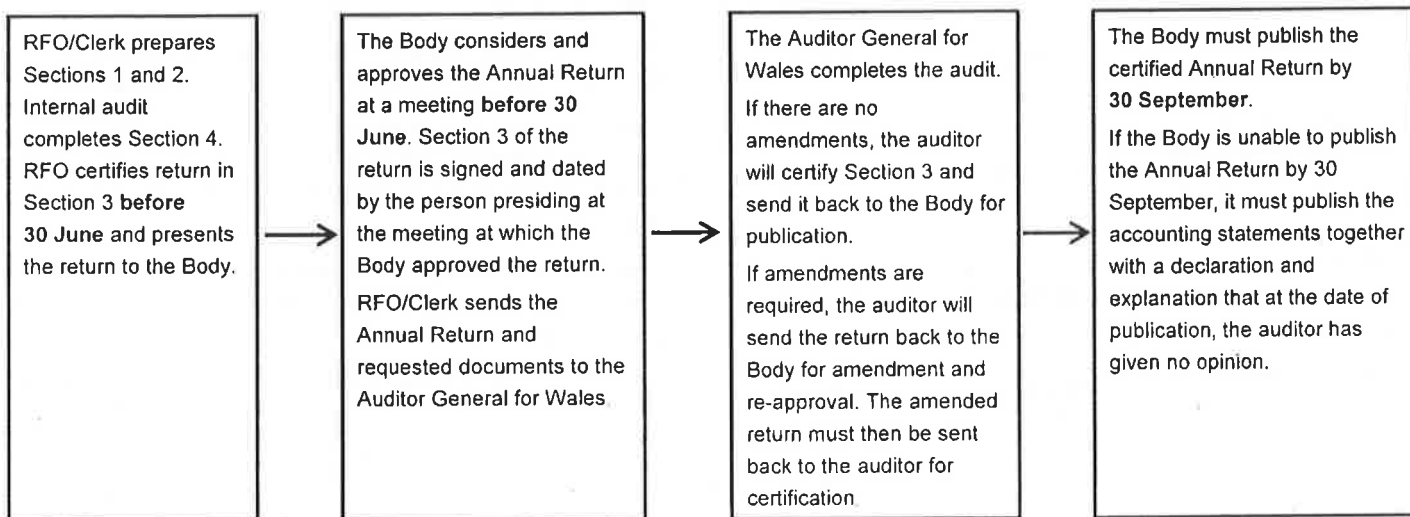
The following legislation defines proper practices as the One Voice Wales/SLCC Guidance publication *Governance and accountability for local councils in Wales – A Practitioners' Guide (2011)* (the Practitioners' Guide):

- Port health authorities: Accounts and Audit (Wales) Regulations 2014, Regulation 4(b)
- Small joint committees: Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, Regulation 25(1)

The Practitioners' Guide requires that smaller bodies prepare their accounts in the form of an annual return. This Annual Return meets the requirements of the Practitioners' Guide.

Please complete all sections highlighted in pink. Incomplete or incorrect returns may require additional external audit work and incur additional costs. Further guidance is included in Section 5 and in Section 2 which includes references to where the Practitioners' Guide has further information.

Under the Accounts and Audit (Wales) Regulations 2014, the Body must formally approve the return and certify Section 3 before the return is sent to the auditor. The Body must approve the Annual Return by 30 June. Unless the Annual Return needs to be amended, the auditor will certify the return and send it back to the Body for publication with no further approval by the Body required. The accounts approval and audit arrangements follow the process as set out below.



Your external audit team will advise you what additional information is needed for the audit.

Please send the original Annual Return (ie, not a photocopy), together with any additional information requested, to your external auditor by the date specified by the auditor. Unless requested, please do not send any original financial records to the external auditor.

Audited and certified returns are sent back to the Body for publication or display of Sections 1, 2 and 3.

Section 1 – Accounting statements for: **Welsh Purchasing Consortium**

	Year ending		Notes and guidance for compilers				
	31 March 2014 (£)	31 March 2015 (£)					
			Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the Body's underlying financial records for the relevant year.				
1. Balances brought forward	348,295	402,738	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to Line 7 of the previous year.				
2. (+) Income from local taxation and/or levy	244,125	243,000	Total amount of local taxation, rates and/or levy received or receivable in the year including funding from a sponsoring body.				
3. (+) Total other receipts	0	0	Total income or receipts as recorded in the cashbook less income from local taxation and/or levy (Line 2). Include any grants received here.				
4. (-) Staff costs	(145,340)	(161,310)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.				
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the Body's borrowing (if any).				
6. (-) Total other payments	(44,342)	(64,481)	Total expenditure or payments as recorded in the cashbook minus staff costs (Line 4) and loan interest/capital repayments (Line 5).				
7. (=) Balances carried forward	402,738	419,947	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).				
8. (+) Debtors and stock balances	13,500	2,875	Income and expenditure accounts only: Enter the value of debts owed to and stock balances held at the year-end.				
9. (+) Total cash and investments	402,742	434,308	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	(13,504)	-(17,236)	Income and expenditure accounts only: Enter the value of monies owed by the Body (except borrowing) at the year-end.				
11. (=) Balances carried forward	402,738	419,947	Total balances should equal Line 7 above: Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long-term assets owned by the Body as at 31 March.				
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).

Section 2 – Annual Governance Statement

We acknowledge as the members of the Body, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Body's accounting statements for the year ended 31 March 2015, that:

	Agreed?		'YES' means that the Body:	PG Chap.
	Yes	No*		
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	Yes		Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	Yes		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Body to conduct its business or on its finances.	Yes		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	Yes		Has given all persons interested the opportunity to inspect and ask questions about the Body's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes		Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the Body's accounting records and control systems throughout the year and have received a report from the internal auditor.	Yes		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	Yes		Has responded to matters brought to its attention by internal and external audit.	6, 8, 23
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.	Yes		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
9. Trust funds – in our capacity as trustee, we have: <ul style="list-style-type: none"> Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 	Yes	No	N/A	3, 6
			N/A	



* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Section 3 – Certification and approval

Approval and certification of the accounts and annual governance statement

The Body is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of an Annual Return which:

- summarises the Body's accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to the external auditor's responsibilities.

<p>Certification by the RFO</p> <p>Certificate under Regulation 15(1) Accounts and Audit (Wales) Regulations 2014</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Body, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2015.</p>	<p>Approval by the Body</p> <p>Approval of accounting statements under Regulation 15(2) Accounts and Audit (Wales) Regulations 2014 and the Annual Governance Statement</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Body under body minute reference:</p> <p>INSERT MINUTE REFERENCE</p>
<p>RFO signature: </p>	<p>Chair signature: </p>
<p>Name: C. SALTER</p>	<p>Name: NAME REQUIRED</p>
<p>Date: 12-6-15</p>	<p>Date: DD/MM/YYYY</p>

External Audit Certificate

The external auditor conducts the audit in accordance with guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met. We certify that we have completed the audit of the Annual Return for the year ended 31 March 2015 of:

Body

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the Body/meeting are included in our report to the Body dated _____.]
 (* Delete as appropriate)

External auditor's signature:
 For and on behalf of the Auditor General for Wales
 External auditor's name:

Date:

Section 4 – Annual internal audit report to: Welsh Purchasing Consortium

The Body's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2015.

The internal audit has been carried out in accordance with the Body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Body.

	Agreed?			
	Yes	No*	N/A	Not covered**
1. Appropriate books of account have been properly kept throughout the year.	Yes			
2. The Body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes			
3. The Body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes			
4. The annual precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	Yes			
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Yes			
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			N/A	
7. Salaries to employees and allowances to members were paid in accordance with Body approvals, and PAYE and NI requirements were properly applied.	Yes			
8. Asset and investment registers were complete and accurate, and properly maintained.			N/A	
9. Periodic and year-end bank account reconciliations were properly carried out.	Yes			
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	Yes			
11. Trust funds (including charitable trusts). The Body has met its responsibilities as a trustee.			N/A	

For any risk areas identified by the Body (list any other risk areas below or on separate sheets if needed) adequate controls existed:	Agreed?			
	Yes	No*	N/A	Not covered**

13.

14.

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

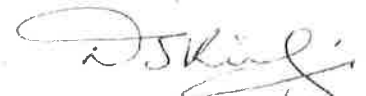
Name of person who carried out the internal audit:

B PAREKH

D KING

Signature of person who carried out the internal audit:

B Parekh



Date: 01 June 2015

Section 5 – Guidance notes on completing the 2015 Annual Return

1. Please note the changes to the accounts approval and audit process for this year. These are described on the front cover of this Annual Return.
2. For guidance please read the Practitioners' Guide (*Governance and accountability for local councils: A Practitioners' Guide 2011 (Wales)*) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
3. **The Wales Audit Office Good Practice Exchange (www.wao.gov.uk/good-practice/finance/community-council-money) provides further information on the accounts and audit process along with guidance on governance matters.**
4. Please make sure that all sections are completed (ie, no empty pink boxes) by the appropriate person and the certificates in Section 3 are properly signed and dated. Avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are properly initialled and an explanation for them is provided to the auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited.
5. Use the checklist provided below. Use a second pair of eyes, perhaps your internal auditor or the Chair, to review your Annual Return for completeness before sending a copy to the auditor.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the copy Annual Return covers all your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Body holds any investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to Line 9 in Section 1. More help on bank reconciliation is available in the Practitioners' Guide*.
7. Please **explain fully** any significant variances in the accounting statements. The auditor wants to know that **you** understand the reasons for the change. Please include a relevant and quantified analysis as shown in the Practitioners' Guide examples and not just a copy of your detailed accounts.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful. Please ensure that you enclose all the information that the auditor has asked for. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances this may incur additional costs for which the auditor is entitled to charge additional fees.
9. Please make sure that Section 1 adds up! Also please ensure that the balance carried forward from the previous year (Line 7 of 2014) equals the balance brought forward in the current year (Line 1 of 2015).
10. **Do not complete the External Audit Certificate in Section 3.** The external auditor completes this after the external audit work has been completed.
11. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit to the Body.

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
On submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2015 agree to Line 9?		
Approval	Has the RFO certified Section 3 (Regulation 15 (1)) no later than 30 June 2015?		
	Has the Body approved the accounting statements before 30 June 2015 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
All sections	Have all pink boxes in Sections 1 and 2 been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		

If accounts are amended after receipt of external auditor's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Body's approval of the amendments before re-submission to the auditor?		

Welsh Purchasing Consortium
Final Outturn Position for 2014-15 and Month 2 Monitoring Position for 2015-16

Appendix B

Actual 2014/15		Budget 2015/16	Projected 2015/16	Variance 2015/16
£		£	£	£
	Employees			
83,691	Manager	87,000	87,312	312
76,832	Procurement Specialist & Support Officers	81,000	80,629	-371
787	Other Employee expenses (Training, Insurance)	1,000		-1,000
161,310		169,000	167,941	-1,059
	Premises			
15,421	Rents & Utilities	16,000	15,421	-579
15,421		16,000	15,421	-579
	Transport			
2,251	Car Mileage and travelling expenses	4,000	2,251	-1,749
2,251		4,000	2,251	-1,749
	Supplies & Services			
13,313	IT Hardware & Software	5,000	5,000	0
12,184	Consultancy & Legal Advice	7,000	7,000	0
3,435	Other Supplies & Services	3,000	3,000	0
3,288	Audit Fee	6,000	3,288	-2,712
32,220		21,000	18,288	-2,712
	Support			
14,590	Central Support Charge: Prof, IT, Payroll, etc	18,000	14,590	-3,410
14,590		18,000	14,590	-3,410
225,792	Total Expenditure	228,000	218,491	-9,509
	Income			
-230,850	Full Members	0.00	0	0.00
-12,150	Associate Members	-12,150.00	-12,150	0.00
-243,000	Total Income	-12,150.00	-12,150	0.00
-787	Transfer to Accumulated Absences account	0	0	0
-17,995	Net Expenditure (income)	215,850	206,341	-9,509

Balance on the Reserve

Balance Brought Forward 1st April 2014	379,463
Projected Surplus for 2014-15	27,995
Estimated balance on reserve at 31st March 2015	<u><u>407,457</u></u>

Balance on the Reserve (Proactis Upgrade)

Balance Brought Forward 1st April 2014	25,418
Contribution required 2014-15	-10,000
Estimated balance on reserve at 31st March 2015	<u><u>15,418</u></u>

Budgeted Contribution from Reserve to WPC 2015-16	-230,850
Estimated Surplus to Reserve from WPC 2015-16	-24,509
Estimated balance on reserve at 31st March 2016	<u><u>152,099</u></u>

