

## **WELSH PURCHASING CONSORTIUM**

### **MANAGEMENT BOARD**

**25th JUNE 2014**

#### **REPORT OF THE TREASURER**

#### **INCOME & EXPENDITURE ACCOUNT & STATEMENT OF BALANCES 2013/14 AND BUDGET MONITORING 2014/15**

##### **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 the City of Cardiff Council. Funding arrangements have been extended since then and are currently guaranteed until 31<sup>st</sup> March 2016. Three new authorities joined the Consortium in 2013/14 increasing members to nineteen.
2. This report outlines the final outturn position for 2013/14. The Income & Expenditure Account & Statement of Balances is attached as Appendix A for approval by the Consortium Management Board.
3. The report also presents the financial monitoring position for 2014/15 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 2013/14**

4. The Income and Expenditure Account for 2013/14 is summarised on page 4 of the Income & Expenditure Account & Statement of Balances and shows total expenditure of £182,977, an underspend against budget of £44,023. This underspend relates to employees savings in respect of the vacant post filled in January, £3,000 on premises due to reduced rental costs following relocation to Carmarthen, £6,592 on travel expenses, £4,611 on supplies and services and £7,160 on support services.
5. The income budget for 2013/14 of £227,000 was based contributions of £13,500 from each of the sixteen member authorities and contributions totalling £11,000 from the five associate members. However, three new members and one associate member joined during 2013/14 with contributions calculated on a pro rate basis. As a result, the total income received was £244,125, an additional £17,125 in excess of the budget.
6. Previously committed expenditure relating to an upgrade of the existing contract management system did not occur due to supplier delays. The

WPC Operational Manager requested that the estimated cost from Proactis of £25,418 was transferred to an earmarked reserve to fund the upgrade which is now scheduled to take place in early 2014/15.

7. The net underspend of £36,088 was transferred to the general reserve at the year end. The balance carried forward is £386,167 and is available to support expenditure on the Welsh Purchasing Consortium in future years.

### **Budget Monitoring 2014/15 – Month 2**

8. The total expenditure budget for 2014/15 is £224,000 and provides funding for the three posts within the central management team. Whilst all three posts are occupied the employee budget is projected to underspent by £9,000, partly as a result of the Workforce Agreement for 2014/15 and partly due to appointment of Procurement Support Officer at the start of the incremental grade. At this stage all other expenditure heads are projected to spend up to budget.
9. The income budget for 2013/14 is £243,000 based on a contribution of £12,150 from each of nineteen member authorities and contributions totalling £12,150 from the six associate members.
10. The current projection is that an underspend of £28,000 will be transferred to the general reserve at 31<sup>st</sup> March 2014.
11. The Proactis upgrade is expected to take place in **June 2014** and will be funded by a drawdown from the Earmarked reserve.

### **Recommendations**

1. That the Consortium note the final outturn position for 2013/14.
2. That the Draft Income & Expenditure Account & Statement of Balances for 2013/14 be approved.
3. That the Consortium note the monitoring position for 2014/15 as at Month 2.



Christine Salter  
Corporate Director Resources & Section 151 Officer  
City of Cardiff Council  
June 2014

Welsh Purchasing Consortium  
Monitoring Position for 2014/15

## Appendix A

Actual 2013/14		Budget 2014/15	Projected 2014/15	Variance 2014/15
£		£	£	£
	<b>Employees</b>			
85,945	Manager	87,000	84,000	-3,000
56,676	Procurement Specialist & Support Officers	81,000	75,000	-6,000
2,720	Other Employee expenses (Training, Insurance)	1,000	1,000	0
<b>145,341</b>		<b>169,000</b>	<b>160,000</b>	<b>-9,000</b>
	<b>Premises</b>			
15,000	Rents & Utilities	14,000	14,000	0
<b>15,000</b>		<b>14,000</b>	<b>14,000</b>	<b>0</b>
	<b>Transport</b>			
1,408	Car Mileage and travelling expenses	8,000	8,000	0
<b>1,408</b>		<b>8,000</b>	<b>8,000</b>	<b>0</b>
	<b>Supplies &amp; Services</b>			
3,271	IT Hardware & Software	5,000	5,000	0
1,870	Consultancy & Legal Advice	7,000	7,000	0
5,248	Other Supplies & Services	3,000	3,000	0
<b>10,389</b>		<b>15,000</b>	<b>15,000</b>	<b>0</b>
	<b>Support</b>			
10,840	Central Support Charge: Prof, IT, Payroll, etc	18,000	18,000	0
<b>10,840</b>		<b>18,000</b>	<b>18,000</b>	<b>0</b>
<b>182,978</b>	<b>Total Expenditure</b>	<b>224,000</b>	<b>215,000</b>	<b>-9,000</b>
	<b>Income</b>			
-230,625	Full Members	-230,850	-230,850	0
-13,500	Associate Members	-12,150	-12,150	0
<b>-244,125</b>	<b>Total Income</b>	<b>-243,000</b>	<b>-243,000</b>	<b>0</b>
-358	Transfer to Accumulated Absences account	0		0
<b>-61,506</b>	<b>Net Expenditure (income)</b>	<b>-19,000</b>	<b>-28,000</b>	<b>-9,000</b>

**Balance on the Reserve**

Balance Brought Forward 1st April 2014  
Projected Surplus for 2014/15

386,167  
28,000

Estimated balance on reserve at 31st March 2014

**414,167**

Earmarked Reserve as at 1st April 2014  
(Proactis Upgrade)

**25,418**

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**Welsh Purchasing Consortium**

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

**2013/14**

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## Contents

	<b>Page</b>
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 S151 Officer's Responsibilities	8
Comprehensive Income and Expenditure Account	9
Balance Sheet	10
Notes to the Core Financial Statements	11
Annual Governance Statement	16
Independent Auditor's Report	21

## 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 – The sixteen member authorities referred to in the report are Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Ceredigion, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport, Pembrokeshire, Powys, Rhondda Cynon Taf, Swansea, Torfaen, Vale of Glamorgan. During 2013-14, Flintshire, Denbighshire and Wrexham joined the consortium, increasing authority members to nineteen. All member authorities have agreed to give twelve months notice of an intention to leave the consortium and on this basis, funding was guaranteed to 31<sup>st</sup> March 2016 at the WPC Board meeting held 30<sup>th</sup> April 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 2013/14 an additional associate member was accepted increasing numbers to 6.
- 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 City of Cardiff Council hosts the WPC Central Management Team and Rhondda Cynon Taf provides the secretariat support.
- 1.6 City of 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**

	<b>Budget £</b>	<b>Actual £</b>	<b>Variance £</b>
<b>Expenditure</b>			
Employees	168,000	145,340	(22,660)
Premises	18,000	15,000	(3,000)
Transport	8,000	1,408	(6,592)
Supplies & Services	15,000	10,389	(4,611)
Support Services	18,000	10,840	(7,160)
<b>Total Expenditure</b>	<b>227,000</b>	<b>182,977</b>	<b>(44,023)</b>
Contributions to Reserves	0	61,148	61,148
<b>Total Expenditure &amp; Contributions to Reserves</b>	<b>227,000</b>	<b>244,125</b>	<b>17,125</b>
<b>Income</b>			
Contributions from Local Authorities	(216,000)	(230,625)	(14,625)
Contributions from Associate Members	(11,000)	(13,500)	(2,500)
<b>Total Income</b>	<b>(227,000)</b>	<b>(244,125)</b>	<b>(17,125)</b>
<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>



## **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 31<sup>st</sup> March 2014. 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 2013-14 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 31<sup>st</sup> March 2014 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 2013-14, this officer was Christine Salter, Corporate Director, Resources and Section 151 Officer of City 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 Section 151 Officer's Responsibilities

The 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 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 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 Section 151 Officer

The financial statements present fairly the financial position of the Welsh Purchasing Consortium Joint Committee at 31 March 2014 and its income and expenditure for the year then ended.



**Christine Salter**  
**Corporate Director Resources and Section 151 Officer**  
**City of Cardiff Council**

Date 16.6.14

### Comprehensive Income and Expenditure Account for the year ended 31<sup>st</sup> March 2014

2012/13 £		2013/14 £	Note
	<b>Continuing Operations</b>		
	<b>Expenditure</b>		
164,972	Employees	145,340	1.0
18,000	Premises	15,000	
2,680	Transport	1,408	
17,836	Supplies and Services	10,389	
12,528	Support Services	10,840	
<b>216,016</b>		<b>182,977</b>	
	<b>Income</b>		
(238,272)	Contributions from Local Authorities	(230,625)	2.0
(11,000)	Contributions from Associate Members	(13,500)	3.0
<b>(249,272)</b>		<b>(244,125)</b>	
<b>(33,256)</b>	<b>Net Expenditure (Income)</b>	<b>(61,148)</b>	
	<b>Appropriations to/from Reserves</b>		
(131)	Accumulated Absences Accrual	(358)	
0	Proactis Upgrade Reserve	25,418	
<b>(33,387)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(36,088)</b>	

### Balance Sheet as at 31<sup>st</sup> March 2014

31/03/13		31/03/14	Note
£		£	
	<b>Plant, Property &amp; Equipment</b>		
0	Operational Assets	0	
0	Land & Buildings	0	
0	Assets Under Construction	0	
0	Vehicles, Plant, Furniture & Equipment	0	
<b>0</b>		<b>0</b>	
	<b>Current Assets</b>		
0	Inventories	0	
2,500	Short-term Debtors	11,250	5.0
355,974	Cash in Hand	402,742	
<b>358,474</b>		<b>413,992</b>	
	<b>Current Liabilities</b>		
(10,178)	Short-term Creditors	(4,549)	6.0
<b>348,296</b>	<b>Net Current Assets</b>	<b>409,443</b>	
<b>348,296</b>	<b>NET ASSETS</b>	<b>409,443</b>	
	<b>Represented By:</b>		
	<b>Revenue Reserves:</b>		
350,080	General Reserve	386,167	7.0
0	Proactis Upgrade Reserve	25,418	
(1,784)	Accumulated Absences Accrual Adjustment	(2,142)	8.0
<b>348,296</b>	<b>TOTAL RESERVES</b>	<b>409,443</b>	

## 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	
	2012/13	2013/14
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:

2013/14 Post Title	Salary £	Taxable Benefits £	Employers Pension Contribution £	Total Remuneration £
WPC Procurement Manager	64,032	22	15,304	79,358

Comparative figures for 2012/13 are as follows:

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

## **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:

2.3 The 3 new member authorities paid a pro-rata annual contribution based on date of joining in 2013/14.

<b>31/03/13 £</b>	<b>Authority</b>	<b>31/03/14 £</b>
14,892	Blaenau Gwent CBC	13,500
14,892	Bridgend CBC	13,500
14,892	Caerphilly CBC	13,500
14,892	City of Cardiff Council	13,500
14,892	Carmarthenshire CC	13,500
14,892	Ceredigion CC	13,500
14,892	Merthyr Tydfil CBC	13,500
14,892	Monmouthshire CC	13,500
14,892	Neath Port Talbot CBC	13,500
14,892	Newport CC	13,500
14,892	Pembrokeshire CC	13,500
14,892	Powys CC	13,500
14,892	Rhondda Cynon Taf CBC	13,500
14,892	City & County of Swansea	13,500
14,892	Torfaen CBC	13,500
14,892	Vale of Glamorgan Council	13,500
-	Denbighshire Council	5,625
-	Flintshire Council	5,625
-	Wrexham Council	3,375
<b>238,272</b>		<b>230,625</b>

## **3.0 Contributions from Associate Members**

3.1 Contributions were received from Associate Members as follows:

<b>31/03/13 £</b>	<b>Organisation</b>	<b>31/03/14 £</b>
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



-	<b>Valleys to Coast</b>	<b>2,500</b>
-	<b>Gwalia Housing</b>	<b>2,500</b>
-	<b>Wales Probation Service</b>	<b>2,500</b>
<b>6,000</b>		<b>13,500</b>

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#### 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 nineteen member authorities is represented on this Joint Committee. Members of the Committee have direct control over the WPC's financial and operating policies. During 2013/14, 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:

31/03/13		31/03/14
£		£
0	Other Local Authorities	11,250
2,500	Other Entities & Individuals	0
<b>2,500</b>		<b>11,250</b>

#### 6.0 Short-term Creditors

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

31/03/13		31/03/14
£		£
350	Other Local Authorities	1,167
9,828	Other Entities & Individuals	3,382
<b>2,084</b>		<b>4,549</b>

## 7.0 General Reserve

7.1 An amount of £36,088 was transferred to the General Reserve. This relates to the contributions received from the 19 Authorities and 6 Associate Members signed up to the WPC which remain unspent at the 31<sup>st</sup> March 2014 and will be used to fund expenditure incurred in future years.

7.2 The reserve balance as at 1<sup>st</sup> April 2013 of £350,080 is wholly owned by the 16 Local Authorities on an equal share basis. The surplus of £36,088 from 2013/14 is not shared equally between the 19 members as it is apportioned on the basis of joining date.

7.3 The balance of the reserve as at 31<sup>st</sup> March 2014 was £386,167 and each authority's share is detailed below.

31/03/13 £	Authority Share of Reserve	31/03/14 £
21,880	Blaenau Gwent CBC	24,004.65
21,880	Bridgend CBC	24,004.65
21,880	Caerphilly CBC	24,004.65
21,880	City of Cardiff Council	24,004.65
21,880	Carmarthenshire CC	24,004.65
21,880	Ceredigion CC	24,004.65
21,880	Merthyr Tydfil CBC	24,004.65
21,880	Monmouthshire CC	24,004.65
21,880	Neath Port Talbot CBC	24,004.65
21,880	Newport CC	24,004.65
21,880	Pembrokeshire CC	24,004.65
21,880	Powys CC	24,004.65
21,880	Rhondda Cynon Taf CBC	24,004.65
21,880	City & County of Swansea	24,004.65
21,880	Torfaen CBC	24,004.65
21,880	Vale of Glamorgan Council	24,004.65
-	Denbighshire Council	808.98
-	Flintshire Council	808.98
-	Wrexham Council	474.84
350,080		386,167.28

## 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 2013/14: 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 consisted 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. During 2013/14, Flintshire, Denbighshire and Wrexham also agreed to join, increasing member authorities to nineteen. City of 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**

City of Cardiff Council, as host Authority, is responsible for ensuring that the operational budget is managed by the WPC. City of 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 City 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 City of 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**

City of 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 2013/2014.

### **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 2013/14.

**Councillor P. Murphy**  
**Chair Welsh Purchasing Consortium**  
**Joint Committee**  
**Date**

**Robert Jones**  
**Procurement Manager Welsh Purchasing Consortium**  
**Date**

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

The Independent auditor is Wales Audit Office. The above statements reflect the unaudited position as at the date of publication.

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