
The Welsh Consolidated Fund
Receipts and Payment Account

1 April 2009 to 31 March 2010

FOREWORD

BACKGROUND

1. The Welsh Consolidated Fund (the Fund) was established on 1 April 2007 under the Government of Wales Act 2006 (the Act). The Act provided a formal legal separation between the National Assembly for Wales and the Welsh Assembly Government and created a new body, called the National Assembly for Wales Commission. The Welsh Consolidated Fund holds the funds for the following:

- the Welsh Assembly Government;
- the National Assembly for Wales Commission;
- the Auditor General for Wales; and
- the Public Services Ombudsman for Wales

2. The Auditor General for Wales authorises payments out of the Fund. Each of the four bodies listed above is able to draw down funds from the Fund, provided they are in accordance with an approved Budget Motion. The total authorised by Budget Motion for drawdown from the Fund for 2009-10 was £13,119,164,000.

SCOPE OF THE ACCOUNT

3. This Account has been prepared under Section 132(1) of the Government of Wales Act 2006 which requires the Welsh Ministers to prepare an account showing payments into and out of the Fund and in accordance with the Accounts Direction issued by HM Treasury, under that Act.

4. The Fund receives, from the Ministry of Justice, sums which have been voted by Parliament. Receipts not authorised to be used to support expenditure are also, by virtue of Section 120(1) of the Government of Wales Act 2006, payable into the Fund.

5. Payments are made out of the Fund if they have been charged on the Fund by any enactment, or if they are authorised by a Budget resolution of the Assembly. Budget resolutions may be passed in respect of relevant persons, namely those mentioned in paragraph 1 above. Approval to draw funds must be obtained from the Auditor General for Wales in accordance with Sections 124 and 129 of the Act.

ACCOUNTING OFFICER

6. The Permanent Secretary of the Welsh Assembly Government is the Principal Accounting Officer for the Fund. The Principal Accounting Officer is responsible for the propriety and regularity of the public finances for which she is answerable, for the keeping of proper records and for the preparation and submission of appropriate accounts as set out in Section 133 of the Act.

WELSH CONSOLIDATED FUND RECEIPTS AND PAYMENTS

7. These accounts show the transactions for the services set out above. The receipts paid into the Fund during the year totalled £13.120 billion with payments from the Fund of £13.126 billion. The balance of the Fund at 31 March 2010 is £551,000. During 2008-09 receipts paid into the Fund totalled £12.251 billion with payments from the Fund of £12.256 billion. The balance of the Fund at 31 March 2009 was £6.598 million.

AUDIT

8. As Accounting Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Fund's auditors are unaware.

The Account is audited by the Auditor General for Wales in accordance with Section 132 of the Government of Wales Act 2006.

AUTHORISATION FOR THE ACCOUNT TO BE ISSUED

9. The Account was authorised by me for issue on 26 August 2010.

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

23 August 2010

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITY

1. Section 132(1) of the Government of Wales Act requires the Welsh Ministers to prepare an account of the payments into and out of the Welsh Consolidated Fund. The accounts are prepared on a cash basis and must properly present the Welsh Consolidated Fund's transactions for the period 1 April 2009 to 31 March 2010. Section 132(5) of the Act requires the Auditor General to lay before the National Assembly for Wales a certified copy of the account.

2. The responsibilities of the Principal Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records, are set out in the Welsh Assembly Government's Accounting Officers' Memorandum, issued by HM Treasury.

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

23 August 2010

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal control which supports the effective operation of the Welsh Consolidated Fund (the Fund), whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Welsh Public Money.

THE PURPOSE OF THE SYSTEM ON INTERNAL CONTROL

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; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the effective operation of the Fund, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The system of internal control has been in place for the year ended 31 March 2010 and up to the date of approval of the annual accounts, and accords with HM Treasury guidance.

RISK AND CONTROL ENVIRONMENT

The operation of the Fund is governed by the provisions of the Government of Wales Act 2006 which sets out the conditions for payments to be made out of the Fund and sums to be paid into the Fund.

Approvals to draw on the Fund by Welsh Ministers must be approved by the Auditor General. Ministers are accountable for the Fund and requests for withdrawals are made on behalf of the Welsh Assembly Government, the Auditor General for Wales, the National Assembly for Wales Commission and the Public Services Ombudsman for Wales under authority of the Budget resolutions passed by the National Assembly for Wales.

The operation of the Fund is reliant on the core financial management systems of the Welsh Assembly Government to carry out its accounting and payment functions on behalf of the Welsh Ministers. I have received satisfactory assurances from the Director General (DG), Finance on the reliance of these central systems. To review the control environment I require DGs/Directors within the Welsh Assembly Government to complete an internal control questionnaire to provide assurance that key internal controls are in place and operating effectively in every department.

CAPACITY TO HANDLE RISK

As Principal Accounting Officer, I have taken personal responsibility for improving the Welsh Assembly Government's capacity to handle risk. We continue to work with HM Treasury to share good practice via the Risk Improvement Group. My Risk Improvement Manager supports senior management in ensuring that there is a clear and balanced account of risk judgements and management actions. To further build the capacity training has also occurred throughout the year, as business areas have consulted my Risk Improvement Manager for advice on specific issues. There is a risk management area on the Welsh Assembly Government's intranet site, which acts as the focal point for written advice, guidance and good practice on risk management.

The key elements of the Welsh Assembly Government's risk management strategy are set out in its risk management policy and risk management guide, Risk Essentials. This is currently under review.

For the financial year 2009-10 the Welsh Assembly Government has:

- strengthened procedures to manage and account for the receipts and payments of the Fund and revised these to take account of recommendations from external auditors;
- monitored the balance on the account and taken appropriate action to maintain the balances at an appropriate level; and
- ensured that during the year staff have received continuous training on any revision to procedures and arrangements for operating the Fund.

REVIEW OF EFFECTIVENESS

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I take assurance from a wide spectrum of activities and my review of the effectiveness of the system of internal control is informed by the work of the internal auditors; and the executive managers within the Welsh Assembly Government who have responsibility for the development and maintenance of the internal control framework, and for acting on comments made by the external auditors in their management letter and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Strategic Delivery and Performance Board (SDPB) and the Corporate Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Welsh Assembly Government has an Internal Audit Service, which submits regular reports to the Corporate Governance Committee, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control.

Internal Audit Service continues to co-ordinate their work with that of WAO. Co-ordination of audit plans has progressed significantly this year with planned assignments and special investigations being successfully undertaken. An updated joint working protocol has been agreed to underpin the approach taken and quarterly liaison meetings held to share information and agree joint assignments.

The opinion of the Head of Internal Audit, set out in his annual assurance report, is that the Welsh Assembly Government has a sound framework of control which provides substantial assurance regarding the effective and efficient achievement of its objectives. Some issues of concern have been identified by the Internal Audit team relating to travel and subsistence controls and investigations of potential or alleged frauds. These issues do not directly affect the operation of the Fund.

The Corporate Governance Committee arrangements have developed significantly over the last year following the introduction of the new Assembly Government structure. A greater degree of independent input has been secured in all of the Committees. All parts of the new Assembly Government structure are also covered by a Departmental CGC. All CGCs have met regularly to advise the Accounting Officer and DGs throughout the year. I am satisfied that these committees are now operating in an appropriate manner and provide good support to DGs.

INFORMATION GOVERNANCE

As Principal Accounting Officer I am responsible for ensuring that appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments, which require me to assess our risk and ensure appropriate mitigation strategies are in place. Key elements of these measures include the need for departments to establish a baseline of information assets, from which a more robust monitoring regime can be established, and the extent to which information security risk features within departmental risk management plans and processes.

Departments have made good progress in these areas helped during the year by such initiatives as the implementation of a corporate asset register to allow consistency of approach and the formal definition by my Senior Information Risk Owner of the Assembly Government's Information Risk Appetite which has set control measures in context and provided standard advice to staff when assessing and managing information risk. To ensure this momentum is maintained my Internal Audit Service have scheduled a number of information assurance reviews during 2010-11.

Based on my review of internal controls and all other information available to me I am satisfied, that the Welsh Assembly Government, on behalf of the Fund, had in place during the year appropriate controls to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

23 August 2010

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Welsh Consolidated Fund for the year ended 31 March 2010 under Section 132 of the Government of Wales Act 2006. These comprise the Receipts and Payments Account and the related notes. These financial statements have been prepared on a cash basis under Section 132 of the Government of Wales Act 2006.

Respective responsibilities of the Principal Accounting Officer and auditor

The Principal Accounting Officer is responsible for preparing the financial statements in accordance with the Government of Wales Act 2006 and in the form prescribed by HM Treasury directions made thereunder and for ensuring the regularity of transactions. These responsibilities are set out in the Statement of Principal Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements properly present the receipts and payments of the Welsh Consolidated Fund, and have been properly prepared in accordance with the Government of Wales Act 2006 and HM Treasury directions made thereunder. I also report whether in all material respects, the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in sections 124 or 130 of the Government of Wales Act 2006 and that money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund. I also report to you whether, in my opinion, the Foreword is consistent with the financial statements.

In addition, I report to you if in my opinion the Welsh Consolidated Fund has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury is not disclosed.

I review whether the Statement on Internal Control reflects the Welsh Minister's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Welsh Minister's corporate governance procedures or of their risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of receipts and payments included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Principal Accounting Officer in the preparation of the financial statements, and of whether the accounting policy is most appropriate to the Welsh Consolidated Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements properly present the receipts and payments of the Welsh Consolidated Fund and have been properly prepared, in accordance with the Government of Wales Act 2006 and directions made there under by HM Treasury; and
- the Foreword is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects:

- the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in Sections 124 or 130 of the Government of Wales Act 2006 Act;
- money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund; and
- the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Gillian Body
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
26 August 2010

**THE WELSH CONSOLIDATED FUND
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	Note	£'000 2009-2010	£'000 2008-2009
<u>Receipts</u>			
Receipts from the Ministry of Justice under Section 118(1) of the Government of Wales Act 2006		13,005,814	12,171,136
Non Domestic Rating receipts	5	81,222	77,664
Principal and interest repayments of loans formerly from the National Loans Fund	6	890	1,810
Other receipts	2	32,558	706
Total Receipts		<u>13,120,484</u>	<u>12,251,316</u>
<u>Payments</u>			
Issues authorised under Assembly Budget resolutions	3	12,923,369	12,156,722
Direct Charges:			
Salaries, related costs and pensions	4	636	640
Expenses of returning officers at Assembly elections		0	571
National Loans Fund repayments of Principal and Interest to the Ministry of Justice	6	1,745	1,745
National Loans Fund repayment of Principal to the Welsh Assembly Government	6	2,666	-
Non Domestic Rating payments by Welsh Ministers	5	185,059	96,023
Surrender to the Secretary of State receipts designated under Section 120(3) of the 2006 Act	2	13,056	704
Total Payments		<u>13,126,531</u>	<u>12,256,405</u>
Net (decrease) /increase in Fund balance		(6,047)	(5,089)
Balance brought forward at 1 April		6,598	<u>11,687</u>
Balance carried forward at 31 March		551	<u>6,598</u>
The notes on pages 11 to 16 form part of this account			

**Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer**

23 August 2010

Note 1

STATEMENT OF ACCOUNTING POLICIES

These accounts are prepared on a cash basis under Section 132 of the Government of Wales Act 2006. In addition, accruals based disclosures are made at Note 8 to assist preparation of the Whole of Government Accounts.

Note 2

OTHER RECEIPTS

The Government of Wales Act 2006 (Designation of Receipts) Order 2007 designates certain receipts (designated receipts). Under the Government of Wales Act 2006 the Welsh Ministers must pay to the Secretary of State sums equal to the amount of the designated receipts. Section 120(6) of the Act provides that sums required for the Welsh Ministers to make payments under this Order are charged on the Welsh Consolidated Fund (WCF).

	Receipts paid into Fund	Receipts surrendered to the Secretary of State	Receipts paid into Fund	Receipts surrendered to the Secretary of State
	2009-10 £000	2009-10 £000	2008-09 £000	2008-09 £000
Welsh Assembly Government	32,558	13,056	688	688
National Assembly for Wales Commission	0	0	16	16
Auditor General for Wales	0	0	0	0
Public Services Ombudsman for Wales	0	0	0	0
Total Designated Receipts	32,558	13,056	704	704
Total Non-Designated Receipts	0	0	2	
TOTAL	32,558	13,056	706	704

During 2009-10 the Welsh Assembly Government paid across to the Fund an amount of £19,502,000 representing excess funding drawn not spent for 2008-09 and receipts in excess of income authorised for 2008-09.

Note 3

ISSUES AUTHORISED UNDER BUDGET MOTIONS

The Annual Budget Motion is passed under Section 125 of the Government of Wales Act 2006. For the period of this account the National Assembly for Wales approved: The Final Budget Motion 2009-10 (GEN- LD 7312) as amended by the Supplementary Budget Motions 2009-10 (GEN-LD 7634) and (GEN-LD 7928).

The following amounts were paid out of the Fund under the authority of the Budget Motions. See also Note 7, which details amounts drawn down and unspent at 31 March 2010.

	2009-10	2008-09
	£000	£000
Welsh Assembly Government	12,872,056	12,112,445
National Assembly for Wales Commission	43,068	36,342
Auditor General for Wales	5,020	4,900
Public Services Ombudsman for Wales	3,225	3,035
TOTAL	12,923,369	12,156,722

During 2009-10 an additional £2,000,000 was drawn from the Fund by the Welsh Assembly Government. This amount was repaid to the Fund in year.

Note 4

SALARIES, RELATED COSTS AND PENSIONS

	National Assembly For Wales Commission				
	Presiding Officer	Deputy Presiding Officer	Auditor General for Wales	Public Services Ombudsman	Total
2009-10	£000	£000	£000	£000	£000
Salaries	94	79	165	138	476
National Insurance Contributions	10	9	19	16	54
Pension Costs	23	19	30	34	106
TOTAL	127	107	214	188	636

Note 4 Contd.

Further detail can be found in the Remuneration Reports within each of the bodies' Annual Accounts for 2009-10, each of which are laid before the National Assembly for Wales.

SALARIES, RELATED COSTS AND PENSIONS

	National Assembly For Wales Commission				
	Presiding Officer	Deputy Presiding Officer	Auditor General for Wales	Public Services Ombudsman	Total
2008-09	£000	£000	£000	£000	£000
Salaries	96	80	170	136	482
National Insurance Contributions	10	9	20	15	54
Pension Costs	21	18	30	35	104
TOTAL	127	107	220	186	640

Note 5

NON DOMESTIC RATING

The Welsh Ministers receive non-domestic rates (NDR) by billing authorities or payments by ratepayers on the central rating list. There is a requirement to redistribute the contributions to local authorities and police authorities by head of resident adult population (Local Government Finance Report 2009-10 Section 4.1). The non-domestic rates are thus pooled and redistributed. The operation of the pool is governed by Schedule 8 to the Local Government Finance Act 1988 and regulations made under Section 141 of that Act. Under the Government of Wales Act 2006 non-domestic rates income must be paid into the Welsh Consolidated Fund and any related non-domestic expenditure is a direct charge on the Fund.

With the approval of Treasury, in order to avoid unnecessary cash transfers between the Welsh Assembly Government (WAG) and authorities, local authorities are permitted to net off the NDR they collect against the funding they require, with differences from one year to the next being allowed for in determining the amount of Revenue Support Grant necessary in any given year. During the period 1 April 2009 to 31 March 2010 gross anticipated non-domestic rate contributions into the pool totalled £831,474,520. During the same period non-domestic rate cash and non-cash payments totalled £894,000,000, including £804,600,000 to local government.

Note 5 Contd.

The payments made through the Consolidated Fund (£185,059,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2008-09 and previous years following receipt of local authority audited claims and reductions in rateable values for central list ratepayers. This figure includes a £75,945,000 payment to WAG to cover payments made by them during 2008-09 to local authorities for central list receipts and a payment of £848,000 to cover payments made by them during 2008-09 to local authorities as a result of recalculation of contributions. This figure also includes payments to WAG totalling £1,341,000 to cover payments made by them during 2009-10 to central list ratepayers as a result of reductions in rateable values.

Receipts into the Fund (£81,222,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2008-09 and previous years following receipt of audited claims from local authorities.

Further information on NDR is contained within the Welsh Assembly Government Consolidated Annual Report and Accounts 2009-10 and the Pooling of Non-Domestic Rates and Redistribution to Local Authorities in Wales Account 2009-10.

Note 6

NATIONAL LOANS FUND

The repayment of interest to the National Loans Fund is a direct charge on the Fund. Provision for the repayment of the loan principal element is the responsibility of WAG. For administrative purposes the repayment of interest and principal pass through the Fund. During 2009-10 the Fund paid WAG £2,666,000 to cover interest payments they had paid over to the Fund in 2008-09 (£1,810,000) and 2009-10 (£856,000). A receipt of £31,000 is due back to the Fund in 2010-11 from WAG to cover the loan principal element of repayments made to the Ministry of Justice (MOJ) in 2008-09.

A receipt of £65,000 received into the Fund in March 2009 was paid over to the Ministry of Justice in April 2009.

A receipt of £1,000 due to be paid over to the MOJ in April 2010 was received into the Fund in March 2010.

Note 7

AMOUNTS DRAWN AND UNSPENT AND EXCESS OF INCOME OVER AMOUNTS AUTHORISED

The amounts drawn down and received by bodies covered by the Fund but unspent as at 31 March 2010, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Assembly Government

Welsh Assembly Government Consolidated Annual Report and Accounts 2009-10 for the year end 31 March 2010 reported the following amounts due to the Fund:

Excess of funding drawn not spent - £49,039,000
Receipts in excess of income authorised - £618,000

The excess funding drawn not spent for 2008-09 (£19,477,000) was repaid to the Fund during 2009-10. The receipts in excess of income authorised for 2008-09 (£26,000) was repaid to the Fund during 2009-10.

See also Note 8.

Note 7 Contd.

National Assembly for Wales Commission

The National Assembly for Wales Commission Resource Account for the year end 31 March 2009 reported the following amounts due to the Fund:

Excess of funding drawn not spent - £675,000

Receipts in excess of income authorised – No excess receipts to report

The excess funding drawn not spent for 2008-09 (£1,233,000) was not repaid to the Fund but deemed as drawn against 2009-10 authorised grant.

Auditor General for Wales

The Auditor General for Wales annual accounts for the year end 31 March 2010 did not report any unspent excess of funding drawn from the Fund or any un-surrendered receipts due to the Fund.

There were no reported balances for 2008-09.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales annual account for the year end 31 March 2010 reported the following amount due to the Fund:

Excess of funding drawn not spent - £5,000

Receipts in excess of income authorised – No excess receipts to report

The excess funding drawn not spent for 2008-09 (£29,000) was not repaid to the Fund but deemed as drawn against 2008-09 authorised grant. The receipts in excess of income for 2008-09 (£2,000) were offset against the October 2009 funding requirement.

Note 8

WELSH ASSEMBLY GOVERNMENT BALANCE

The accounts for the Fund are prepared on a cash basis under Section 132(1) of the Act. If this WCF account were to be prepared on a resource basis, the balance sheet would include a debtor for WAG made up as below, reflecting transfers arising from 2009-10 activity still to be made as at 31 March 2010.

	31 March 2010 £000	31 March 2009 £000
NDR paid by WAG on behalf of the Fund	-	(76,793)
Excess receipts due to the Fund (income over amount authorised)	618	26
Funding drawn not spent	49,039	19,477
Designated Receipts	15,266	12,827
National Loans Fund Repayments	-	(1,810)
	<hr/> 64,923	<hr/> (46,273)

WELSH CONSOLIDATED FUND

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTIONS 132(2) AND (3) OF THE GOVERNMENT OF WALES ACT 2006

1. The account of payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years shall properly present those payments.
2. When preparing the account of the payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years the Welsh Ministers shall comply with cash (receipts and payments) accounting principles and the account will contain the following:
 - A Foreword (explaining the background and scope of the account);
 - A Statement of Accounting Officer's Responsibilities;
 - A Statement on Internal Control;
 - A Receipts and Payments Account; and
 - Such notes as are required to ensure a proper understanding of the account, including an explanation of the movement on financial year-end balances.
3. This direction shall be reproduced as an appendix to the statement of account.



DAVID WATKINS
Head of the Financial Reporting Policy Team, HM Treasury

04 January 2007