
The Welsh Consolidated Fund
Receipts and Payment Account

1 April 2008 to 31 March 2009

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 2008-2009 was £12,295,265,000.

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 £12.251 billion with payments from the Fund of £12.256 billion. The balance of the Fund at 31 March 2009 is £6.598 million. During 2007-08 receipts paid into the Fund totalled £11.908 billion with payments from the Fund of £11.896 billion. The balance of the Fund at 31 March 2008 was £11.687 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 2009.

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

26 August 2009

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 2008 to 31 March 2009. 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

26 August 2009

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 2009 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, Finance on the reliance of these central systems. To review the control environment each head of department within the Welsh Assembly Government is required 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.

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.

For the financial year 2008-09 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 and internal 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. 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 comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board 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 together with recommendations for improvement. The Corporate Governance Committee reports to the Strategic Delivery and Performance Board.

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 but relate mostly to grants management and therefore do not directly affect the operation of the Fund.

The UK Government has put in place a core set of mandatory minimum measures to protect information in Government Departments, which requires me to assess our risk and ensure that appropriate mitigation strategies are in place. To comply with this requirement two new questions were added to the internal control questionnaire for 2008-09, designed to determine the extent to which departments had established a baseline of information assets, from which a more robust monitoring regime could be established, and the extent to which information security risk features within departmental risk management plans and processes.

These new questions, and the role of departmental Information Asset Owners, are newly established, and whilst responses by departments to the two questions is generally positive, and I am of the opinion that the work performed by departments to date has laid a good foundation on which to enhance information security risk management and processes, I consider that the Welsh Assembly Government is partially compliant in both of the areas. I will be expecting further improvement in 2009-10 by departments and will be asking Internal Audit Services to assess progress as part of their normal audit work.

Based on my review of internal controls and all other information available to me I am satisfied, subject to the issues raised in the preceding paragraphs, that the Welsh Assembly Government 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

26 August 2009

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 2009 under section 132 of the Government of Wales Act 2006. These statements comprise the Receipts and Payments Account and related notes.

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 Treasury. The Principal Accounting Officer is also responsible for ensuring the regularity of financial transactions and preparation of the Foreword and Statement on Internal Control. These responsibilities are set out in the Statement of 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 the balance held, and have been properly prepared in accordance with Treasury directions issued under the Government of Wales Act 2006. I also report whether in all material respects, the sums paid out of the Welsh Consolidated Fund were in accordance with 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.

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.

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.

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 the Treasury.

Opinion on Regularity

In my opinion, in all material respects:

- The sums paid out of the Welsh Consolidated Fund were in accordance with 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.

Jeremy Colman

Auditor General for Wales

24 Cathedral Road

Cardiff

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26 August 2009

**THE WELSH CONSOLIDATED FUND
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	£'000 2008-2009	£'000 2007-2008
<u>Receipts</u>			
Receipts from the Ministry of Justice under Section 118(1) of the Government of Wales Act 2006		12,171,136	11,826,000
Non Domestic Rating receipts	5	77,664	74,508
Principal and interest repayments of loans formerly from the National Loans Fund	6	1,810	1,750
Other receipts	2	706	5,803
Total Receipts		<u>12,251,316</u>	<u>11,908,061</u>
<u>Payments</u>			
Issues authorised under Assembly Budget resolutions	3	12,156,722	11,863,281
Direct Charges:			
Salaries, related costs and pensions	4	640	588
Expenses of returning officers at Assembly elections	7	571	7,425
National Loans Fund repayments of Principal and Interest to the Ministry of Justice	6	1,745	1,750
Non Domestic Rating payments by Welsh Ministers	5	96,023	17,527
Surrender to the Secretary of State receipts designated under Section 120(3) of the 2006 Act	2	704	5,803
Total Payments		<u>12,256,405</u>	<u>11,896,374</u>
Net (decrease) /increase in Fund balance		(5,089)	11,687
Balance brought forward at 1 April		<u>11,687</u>	-
Balance carried forward at 31 March		<u>6,598</u>	<u>11,687</u>

The notes on pages 11 to 16 form part of this account

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

26 August 2009

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 9 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
	2008-09 £000	2008-09 £000	2007-08 £000	2007-08 £000
Welsh Assembly Government	688	688	5,770	5,770
National Assembly for Wales Commission	16	16	33	33
Auditor General for Wales	0	0	0	0
Public Services Ombudsman for Wales	0	0	0	0
Total Designated Receipts	704	704	5,803	5,803
Total Non-Designated Receipts	2			
TOTAL	706	704	5,803	5,803

During 2008-2009 a receipt of £2000 was received from the National Assembly for Wales Commission representing receipts in excess of income authorised for 2007-2008. This receipt was classed as a non-designated receipt.

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 2008-09 (GEN- LD 6926) as amended by the Supplementary Budget Motion 2008-09 (GEN-LD 7410).

The following amounts were paid out of the Fund under the authority of the Budget Motions. See also Note 8, which details amounts drawn down and unspent at 31 March 2009.

	2008-09 £000	2007-08 £000
Welsh Assembly Government	12,112,445	11,820,081
National Assembly for Wales Commission	36,342	36,417
Auditor General for Wales	4,900	4,200
Public Services Ombudsman for Wales	3,035	2,583
TOTAL	12,156,722	11,863,281

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
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

The National Assembly for Wales Commission Resource Accounts 2008-2009 show a total salary and related costs and pensions figure for the Presiding Officer and Deputy Presiding Officer of £124,000 and £105,000 respectively. A request for drawdown of the final monthly instalment of £5000 relating to 2007-2008 was not submitted by the National Assembly for Wales Commission until after the financial year end. This amount was paid to the Commission in May 2008.

Note 4 Contd.

Further detail can be found in the Remuneration Reports within each of the bodies' Annual Accounts for 2008-2009, each of which are laid before the National Assembly for Wales.

SALARIES, RELATED COSTS AND PENSIONS

	National Assembly For Wales Commission				Total
	Presiding Officer	Deputy Presiding Officer	Auditor General for Wales	Public Services Ombudsman	
2007-08	£000	£000	£000	£000	£000
Salaries	81	65	166	132	444
National Insurance Contributions	9	8	19	15	51
Pension Costs	19	16	29	29	93
TOTAL	109	89	214	176	588

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 2008-2009 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 2008 to 31 March 2009 gross anticipated non-domestic rate contributions into the pool totalled £812,309,224. During the same period non-domestic rate cash and non-cash payments totalled £868,000,000, including £781,200,000 to local government.

Note 5 Contd.

The payments made through the Consolidated Fund (£96,023,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2007-2008 and previous years following receipt of local authority audited claims and reductions in rateable values for central list ratepayers. This figure includes a £74,414,000 payment to WAG to cover payments made by them during 2007-08 to local authorities for central list receipts. Receipts into the Fund (£77,664,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2007-2008 and previous years following receipt of audited claims from local authorities. Central list receipts were paid out to local authorities by WAG on behalf of the Fund (see Note 9).

Further information on NDR is contained within the Welsh Assembly Government Consolidated Annual Report and Accounts 2008-2009 and the Pooling of Non-Domestic Rates and Redistribution to Local Authorities in Wales Account 2008-2009.

Note 6

NATIONAL LOANS FUND

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

Note 7

EXPENSES OF RETURNING OFFICERS AT ASSEMBLY ELECTIONS

The payment through the Consolidated Fund during 2008-09 represents the payment to WAG following settlement of all final costs associated with the Assembly Elections for 2007. The Account for 2007-2008 identified a figure due to WAG in respect of these costs of £592,000 (see Note 9).

Note 8

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 2009, 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 2008-2009 for the year end 31 March 2009 reported the following amounts due to the Fund:

Excess of funding drawn not spent - £19,477,000
Receipts in excess of income authorised - £26,000

The excess funding drawn not spent for 2007-2008 (£55,439,000) was not repaid to the Fund but deemed as drawn against 2008-2009 authorised grant.

See also Note 9.

Note 8 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 - £1,233,000

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

The excess funding drawn not spent for 2007-2008 (£2,915,000) was not repaid to the Fund but deemed as drawn against 2008-2009 authorised grant. The receipts in excess of income authorised for 2007-2008 (£2,000) was repaid to the Fund in 2008-2009.

Auditor General for Wales

The Auditor General for Wales annual accounts for the year end 31 March 2009 did not report any unspent excess of funding drawn from the Fund or any unsurrendered receipts due to the Fund.

There were no reported balances for 2007-2008.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales annual account for the year end 31 March 2009 reported the following amount due to the Fund:

Excess of funding drawn not spent - £29,000

Receipts in excess of income authorised - £2,000

The excess funding drawn not spent for 2007-2008 (£14,000) was not repaid to the Fund but deemed as drawn against 2008-2009 authorised grant. There were no receipts in excess of income authorised for 2007-2008.

Note 9

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 net creditor for WAG made up as below, reflecting transfers arising from 2008-2009 activity still to be made as at 31 March 2009.

	31 March 2009 £000	31 March 2008 £000
NDR paid by WAG on behalf of the Fund	(76,793)	(74,414)
Excess receipts due to the Fund (income over amount authorised)	26	32,939
Funding drawn not spent	19,477	55,439
Designated Receipts	12,827	464
National Loans Fund Repayments	(1,810)	-
Returning officers expenses not drawn down	-	(592)
	<hr/> (46,273) <hr/>	<hr/> 13,836 <hr/>

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