

**LOCAL GOVERNMENT BOUNDARY COMMISSION FOR
WALES**

Commission's annual report and financial statements

31 March 2009

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ANNUAL REPORT
for the year ended 31 March 2009

REPORT OF THE SECRETARY AND ACCOUNTING OFFICER

History and Statutory Background

The Local Government Boundary Commission for Wales (the Commission) was established in June 1974 under the terms of Section 53 of the Local Government Act 1972 for the purposes of keeping under review the areas and electoral arrangements of local government in Wales.

From 1 April 1995 the Commission became an advisory Non-Departmental Public Body funded by Grant-in-aid from the former Welsh Office and after 1 July 1999, an Assembly Sponsored Public Body (ASPB). When the Government of Wales Act 2006 came into effect on 25 May 2007 the Commission became an Assembly Government Sponsored Body (AGSB).

Commission Members, Secretary and Senior Staff

The Commission Members throughout 2008-09 were:

April 2008

Mrs Susan G Smith LLB	(Chair)
Mr Dennis H Roberts BSc DMS MBCS MCMI	(Deputy Chair)
Rev Hywel Meredydd Davies BD	(Member)

May to December 2008

Mrs Susan G Smith LLB	(Chair)
Mr Paul Wood	(Deputy Chair)
Rev Hywel Meredydd Davies BD	(Member)

January to March 2009

Mr Paul Wood	(Chair)
Rev Hywel Meredydd Davies BD	(Deputy Chair)
Mr John Bader	(Member)

Senior managers throughout 2008-09 were:

Mr E H Lewis BSc DPM FRSA FCIPD	(Secretary and Accounting Officer)
Mr S R Halsall	(Deputy Secretary)

The terms of appointment of Commission Members and senior managers can be found in the Remuneration Report (on page 7).

Accounts Direction

The accounts have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers.

Register of Interests

A register of company directorships and other significant interests is maintained and held at the Commission's offices in Caradog House, Cardiff and is available for inspection by the public on request. Alternatively, the register can be accessed from the Commission's web site at:

www.lgbc-wales.gov.uk

Appointment of Auditors

The accounts of the Commission are audited by the Auditor General for Wales under Statutory Instrument 2003 number 749 issued in accordance with the Government for Wales Act 1998. On behalf of the Welsh Assembly Government, the Auditor General for Wales also undertakes Additional Assurance work on the Commission's activities. Audit fees are disclosed in Note 4 to these accounts.

Audit Committee

The Audit Committee was chaired by Rev. H M Davies. Mrs S G Smith, Mr P Wood and Mr J Bader served as members of the Audit Committee. The Audit Committee's main duties are to consider the effectiveness of the Commission's overall internal control and risk management systems and to ensure adequate processes and mechanisms are in place for the assessment and management of risk. It considers the scope of audit coverage and adequacy of management responses to the audit recommendations and advises the Secretary on audit and compliance matters. The Audit Committee met on three occasions during the year 2008-09.

Disclosure of Audit Information

So far as I am aware there is no relevant audit information of which the Commission's auditors are unaware. I have taken all the steps that should be taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of any such information.

Payment Policy

The Commission's payment policy is to pay all invoices within 30 days of receipt. This policy is in accordance with the requirements laid down in Government Accounting and follows the Better Payment Practice Code issued by the Department of Trade and Industry. In 2008-09, the Commission received 360 invoices and paid 99% of these within 30 days.

Pension Scheme

Details of the Commission's pension scheme are disclosed in the Remuneration Report, at pages 7 to 10.

Post Balance Sheet Events

These accounts were authorised for issue on 18 June 2009 by the Accounting Officer. At the date of signing these accounts there were no post balance sheet events to report.

MANAGEMENT COMMENTARY

The Commission's general function, as set out in the Local Government Act 1972, is to "make proposals to the Welsh Assembly Government for effecting changes appearing to the Commission desirable in the interests of effective and convenient local government".

The main duties under statute are:

- i) To keep under review all local government areas in Wales for the purpose of considering whether or not to propose to the Welsh Assembly Government changes appearing to the Commission desirable in the interests of effective and convenient local government;
- ii) To consider requests for reviews from local authorities as well as recommendations from principal councils arising out of their own community reviews;
- iii) To consider the results of reviews carried out by either the Commission or local authorities and make recommendations to the Welsh Assembly Government;
- iv) To conduct a review of Wales as a whole, or of any one or more local government areas or parts of such areas in Wales, as directed by the Welsh Assembly Government; and
- v) Under provisions of the new Section 64 inserted in the 1972 Act by Section 6 of the Local Government (Wales) Act 1994 as soon as practicable after the ordinary election of councillors for any of the Welsh principal areas as held in 1995 to:
 - a) Review the electoral arrangement for that area with a view to considering future electoral arrangements; and
 - b) Formulate proposals for these arrangements.

The Commission are required under the Act to carry out reviews of the electoral arrangements of principal councils in Wales at intervals of not less than 10 or more than 15 years from the submission of the last report of the Commission on the previous review.

The Commission conduct their reviews by means of consultation with the principal councils, community councils and other interested parties including the public. The Commission announces and publicises their intention to conduct the review and invites representations from all interested parties for a period of nine weeks. The Commission then take account of representations received when formulating their draft proposals which are published in a report outlining the Commission's decisions in respect of changes (if any) to the existing boundary or electoral arrangements. The Commission announce the publication of their Draft Proposals Report and enter into a further consultation period during which further representations are invited from interested parties. These representations are then taken into account when the Commission formulate their final proposals. The Commission's final proposals are published in a report which is submitted to the Welsh Assembly Government, which may if it thinks fit make an order giving effect to any proposals made by the Commission, either as submitted or with modifications. The Commission publicises the publication of their Final Proposals Report and there is a six

week period during which interested parties may make representations concerning the Commission's proposals to the Welsh Assembly Government.

Review of Activities During 2008-09

Community reviews were the major part of the Commission's work during the year. The Commission completed their review of the community boundaries in the County of Isle of Anglesey, publishing their Report and Proposals in April 2008. The Commission published Draft Proposals for their reviews of communities in the City and County of Swansea and the County Borough of Bridgend (which commenced during 2007-08) in September 2008. Draft Proposals for their review of communities in the County Borough of Caerphilly (which commenced during 2007-08) were published in October 2008. The Commission published Draft Proposals for their review of the communities in the County Borough of Conwy in July 2008 and published the Report and Proposals for this review in February 2009. Report and Proposals for the County Borough of Rhondda Cynon Taff were published in February 2008. During 2008-09 the Commission were directed by the Welsh Assembly Government to conduct reviews of communities in the County Boroughs of The Vale of Glamorgan and Blaenau Gwent. The reviews of communities in the County Boroughs of The Vale of Glamorgan and Blaenau Gwent were commenced in May 2008 with the Draft Proposals Reports being published in February 2009.

The Commission received a Direction from the Minister for Social Justice and Local Government dated 15 March 2008 to conduct a further review of specific community boundaries in the County Borough of Wrexham by 30 September 2008. The Commission published Draft Proposals for this review in July 2008 and published the Report and Proposals in September 2008 meeting the Minister's deadline.

Principal councils are responsible for undertaking reviews of community areas and community electoral arrangements. In February 2009 the Commission submitted their Report and Proposals to the Welsh Assembly Government in respect of their review of the recommendations made by Cardiff City and County Council following that Council's review of communities in their area.

The Commission also completed a review of the boundary between the County of Powys and the County Borough of Merthyr Tydfil publishing their Report and Proposals in July 2008.

The Commission received a Direction from the Minister for Social Justice and Local Government dated 27 February 2009 to conduct a review of part of the boundary between the Preserved Counties of Powys and Mid Glamorgan. The Commission commenced this review in March 2009.

The Commission received a Direction from the Minister for Social Justice and Local Government dated 13 January 2009 to conduct a review of electoral arrangements for the 22 Welsh unitary authorities to be completed by no later than 30 June 2011. In February 2009 the Commission commenced reviews of the electoral arrangements for the first tranche of unitary authorities which were Neath Port Talbot County Borough Council, Flintshire County Council, Denbighshire County Council and Newport City Council.

In October 2008 the Commission held their eleventh Annual Open Meeting, on this occasion at the St. George's Hotel in Llandudno, Conwy. The Commission changed the format of their Annual Open Meeting for 2008-09 to include a facilitated workshop. As this format proved very successful two further facilitated workshops were held in Abergavenny and Carmarthen during December 2008.

The Commission discharged their corporate management obligations in accordance with their Management Statement and Financial Memorandum, the Commissioners' Code of Best Practice, Complaints Procedure, Code of Practice on Public Access to Information and Welsh Language Scheme.

The Commission continued to provide a Secretariat to the Boundary Commission for Wales during 2008-09. Under the Memorandum of Agreement expenditure incurred by the Secretariat of the Boundary Commission for Wales will be met by the Commission's Grant-in-Aid and reclaimed from the Ministry for Justice by the Welsh Assembly Government. During 2008-09 the Commission's expenditure relating to the Boundary Commission for Wales was £37,127 (2007-08; £46,601), as disclosed in notes 3 and 4 to these accounts.

The Commission's annual Operational Plan submitted to the sponsor division includes a draft timetable giving key deadline dates for the various stages of their review work. However, the nature of the Commission's review work means that this timetable may be subject to change as a result of requirements for additional information and other changes in the circumstances surrounding the reviews.

The Commission's Code of Practice on Public Access to Information requires all requests for information covered by the Freedom of Information (Fol) Act to be met within 15 working days. In 2008-09 there were 15 requests for information covered by the Fol Act, 100% of which were provided within 15 working days of receipt of the request.

Future Developments

The Commission will be undertaking the work necessary to complete the reviews of electoral arrangements for Welsh unitary authorities by 30 June 2011 as directed by the Minister for Social Justice and Local Government on 13 January 2009. The increase in the Commission's workload resulting from this review work has necessitated an increase in Secretariat staff.

The Commission also have an ongoing obligation to keep under review the areas of principal councils and to give consideration to any recommendations made by principal councils in respect of community area reviews undertaken by them. During 2009-10 the Commission will complete those community reviews which commenced in 2008-09 and it is also expected that the Commission will undertake further work in respect of community reviews for other principal councils.

The Commission's Secretariat also provides a Secretariat to the Boundary Commission for Wales. It is expected that the Boundary Commission for Wales will undertake an interim review of the boundary between the parliamentary constituencies of Merthyr Tydfil and Rhymney and Brecon and Radnorshire during 2009-10 as a result of the Local Government Boundary Commission's review of the boundary between Merthyr Tydfil and Powys which was completed in 2008-09.

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. The Commission's information technology system is largely provided and maintained by the Welsh Assembly Government as part of their Merlin partnership contract for which the Commission pays a monthly charge in line with the terms and conditions of the contract. The Commission's other assets comprise office furniture and small items of IT equipment. The Commission also uses Geographical Information System software to assist it in carrying out its functions.

Risks and uncertainties

Risks faced by the Commission relate largely to operational and information areas. Operational risks are managed by the establishment of clear desk instructions for staff and the legal vetting of all reports and documents issued. Information requirements are limited to specialised areas including the use Geographical Information System software. Independent checks and site visits to locations under review are undertaken as necessary to reduce the risk of inaccurate information affecting the Commission's decision making process. There are also elements of risk in the areas of health and safety and fraud/theft. Periodic health and safety checks are carried out by senior management and acted upon by the Commission. Integral to the Commission's internal system of control, it has independent accountants which considerably reduces the risk of fraud and money laundering. The Commission's internal auditors produce an annual report which is considered by the Audit Committee and the recommendations made are acted upon.

Risks are also managed by the establishment of a risk management policy together with a risk register which is reviewed annually. In addition to this the Commission maintains a Business Continuity Plan which is updated as necessary.

Sickness Absence

During 2008-09 one member of the Commission's senior permanent staff was absent on sick leave for a total of 19 days.

Information

The Local Government Boundary Commission for Wales has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

There were no personal data related incidents during 2008-09.

Financial Results

The net operating cost for the year amounted to £571,515 (2007-08; £376,293) and this has been transferred to the general reserve. Grant-in-aid received from the Welsh Assembly Government amounted to £556,978 (2007-08; £372,716) and this has been credited direct to the general reserve.

EDWARD H LEWIS

Secretary and Accounting Officer

18 June 2009

REMUNERATION REPORT

Powers to make remuneration to Commission Members are set out in Schedule 8 paragraph 2 of the Local Government Act 1972. This function was transferred to the National Assembly for Wales under SI 1999 Transfer of Functions Order No 672. Annual increases to the remuneration of Chairs and Members of AGSBs are authorised by the First Minister.

The appointments for current Commissioners were renewed on 1st January 2005. The appointment of the Chair, Mrs Susan Smith, was for a term of 4 years and ran until 31st December 2008. The appointment of the Deputy Chair, Mr Dennis Roberts, was for a term of 3 years and was extended for a further 4 months running until 30th April 2008. The appointment of the Member, Rev. Hywel Meredydd Davies was for a term of 3 years and runs until 31st December 2009. The appointment of Mr Paul Wood is for a term of 5 years running from 1st May 2008 until 31st December 2008 as Deputy Chair and from 1st January 2009 until 30th April 2013 as Chair. Mr John Bader was appointed Commission Member on 1st January 2009 for a term of 5 years until 31st December 2013. Rev. Davies took over from Mr Wood as Deputy Chair from 1st January 2009.

The Secretary to the Commission, Mr Edward Lewis, is directly employed by the Commission and took office on 1 April 2001 under a two and one half year, fixed term contract (renewable), based upon a three-day working week. His contract was renewed as open ended from 1 October 2003. On 1 January 2007 the post of Secretary changed from part time to full time with the agreement of the Welsh Assembly Government. The Commission's Secretary is deemed to be the equivalent of the Welsh Assembly Government's Executive Band 2. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Assembly Government and no performance bonuses are applicable.

The Commission's Deputy Secretary, Mr Steve Halsall, is directly employed by the Commission on an open ended full time basis and took office on 1 April 2006. The Commission's Deputy Secretary is deemed to be the equivalent of the Welsh Assembly Government's Management Band 1. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Assembly Government and no performance bonuses are applicable.

Commission Members' Remuneration (*)

	2008-09	2007-08
Name	Fees	Fees
	£'000	£'000
Mrs S G Smith (Chair)	5	6
Mr D H Roberts (Deputy Chair)	0	5
Rev H M Davies (Member / Deputy Chair)	6	4
Mr P J Wood (Deputy Chair / Chair)	6	-
Mr D J Bader (Member)	1	-

The Commission members' remuneration related entirely to fees for services rendered during the year. Pension contributions are not payable.

Senior Managers' Salary and Pension Entitlements

Salaries (*)

	2008-09	2007-08
Name	Salary	Salary
	£'000	£'000
Mr E H Lewis (Secretary)	50-55	50-55
Mr S R Halsall (Deputy Secretary)	40-45	35-40

'Salary' includes gross salary, no amounts for overtime or allowances were paid. During 2008-09 there were no payments made in respect of performance pay or bonuses.

Benefits-in-Kind and Gifts Register

None of the Commission's Members or staff received any benefits-in-kind during the year. The Commission operates a gifts register, no gifts or hospitality were given or received during the year.

Pension Benefits (*)

Name	Accrued pension at pension age as at 31/03/09 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/09*	CETV at 31/3/08	Real increase in CETV	Employer contributions to partnership pension accounts
	£'000	£'000	£'000	£'000	£'000	
Mr E H Lewis Secretary	0 - 5 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	95	80	12	-
Mr S R Halsall Deputy Secretary	15 - 20 plus lump sum of 35 - 40	0 - 2.5 plus lump sum of 0 - 2.5	335	291	18	-

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

Civil Service Pensions

The Secretary and Deputy Secretary are ordinary members of the Principal Civil Service Pension Scheme. The employer's contributions to the scheme amounted to 23.2% of the Secretary's salary and 19.5% of the Deputy Secretary's salary.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £27,441 were payable to the PCSPS (2007-08 £30,706) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Rates will change from 2009-10. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Classic Scheme : Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Premium Scheme : Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum of up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic Plus Scheme : This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Nuvos Scheme : Scheme members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI

Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased in line with the Retail Prices Index.

The accrued pension quoted is the pension the member is entitled to receive when they reach 60 or immediately on ceasing to be an active member of scheme if they are already 60.

Of the Commission's staff two are members of the Classic Scheme, one is a member of the Classic-Plus Scheme and one was a member of the Nuvos Scheme.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

* This information is subject to audit.

EDWARD H LEWIS
Secretary and Accounting Officer
18 June 2009

STATEMENT OF THE COMMISSION'S AND THE SECRETARY'S RESPONSIBILITIES

Under the Government of Wales Act 2006, Welsh Ministers have directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis determined by the Welsh Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net operating costs, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- i) Observe the accounts direction issued by the Welsh Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ii) Make judgements and estimates on a reasonable basis;
- iii) State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- iv) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer for the Welsh Assembly Government has designated the senior official, the Secretary, as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are as set out in the Accounting Officers' Memorandum.

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, set by the Welsh Assembly Government Minister, whilst safeguarding the public funds and Commission's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Commission's risk management register is reviewed regularly by the Audit Committee. The Commission liaises with their sponsor division in the Welsh Assembly Government also. As Accounting Officer, I meet regularly with the Principal Accounting Officer for the Welsh Ministers providing me with the opportunity to raise any issue of concern with him.

The purpose of the system of 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 achievement of the Commission'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 system of internal control has been in place in the Commission for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Management Statement and Financial Memorandum (MSFM) and Memorandum of Agreement (MOA)

The Commission's MSFM is currently being reviewed and amended by the Welsh Assembly Government and the Commission. It is expected that a final version will be completed by early 2009-10. The Commission has a MOA in place with the Ministry of Justice which sets out the terms and conditions under which the Commission's Secretariat acts as a Secretariat for the Boundary Commission for Wales.

Capacity to handle risk

As Accounting Officer, I lead the risk management process through regular internal reviews and through maintaining a risk register. Staff are trained or equipped to manage risk in a way appropriate to their authority and duties. The guidance issued is in the form of comprehensive desk instructions, which are periodically updated. The results of internal and external audit reviews are examined to identify any improvements that can be made to working practices.

The risk and control framework

The key elements of the risk management strategy are through a local assessment of risks. The way in which the Commission's risks are identified, evaluated and controlled are by maintaining a risk register with risk appetites and risk priorities being determined by discussion with the Audit Committee. The key way in which risk management is embedded in the activity of the organisation is through regular team meetings.

Review of effectiveness

As 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 Commission 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. Key factors in the process are:-

- The establishment of key risk indicators;
- The maintenance of a risk register;
- Reports from the Accounting Officer to the Audit Committee on internal control activities;
- An Audit Committee which meets three times per annum;
- Management meetings held monthly to consider plans and strategic direction of the Secretariat.

In 2003 the Commission's information technology system was replaced by that used by the Welsh Assembly Government. This system is maintained by the Welsh Assembly Government's contractors who manage the maintenance of IT equipment and back-up of data thereby reducing the Commission's own exposure to the risk of system failure.

EDWARD H LEWIS

Secretary and Accounting Officer

18 June 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 Local Government Boundary Commission for Wales for the year ended 31 March 2009 under the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Accounting Officer and auditor

The Secretary as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of The Commission's and Secretary's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited 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 give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the information which comprises the Report of the Secretary and Accounting Officer and the Management Commentary, given in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I report to you if in my opinion the Local Government Boundary Commission for Wales 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 regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Local Government Boundary Commission for Wales' 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 form an opinion on the effectiveness of the Local Government Boundary Commission for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Secretary and Accounting Officer, the Management Commentary and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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 financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Local Government Boundary Commission'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and 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 and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and directions made thereunder by Welsh Ministers, of the state of the Local Government Boundary Commission for Wales affairs as at 31 March 2009 and of the net operating costs, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and Reports) Order 2003 and Welsh Ministers' directions made thereunder; and
- information which comprises the Report of the Secretary and Accounting Officer and the Management Commentary, given within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales 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 CF11 9LJ
9 July 2009

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

OPERATING COST STATEMENT for the year ended 31 March 2009

	Notes	2009	2008
		£	£
EXPENDITURE			
Staff costs	3	290,436	209,462
Depreciation	5	7,768	6,464
Notional cost of capital charge		(94)	223
Other operating charges	4	273,240	160,385
Gross Operating Costs		571,350	376,534
Interest received		(137)	(273)
Loss on disposal of fixed assets		-	-
Reversal of notional cost of capital charge		94	(223)
Amount surrendered to the Welsh Assembly Government		208	255
Net Operating Costs transferred to the General Reserve		571,515	376,293

All activities are classed as continuing

The notes on pages 19 to 24 form part of these accounts.

STATEMENT OF RECOGNISED GAINS AND LOSSES for the year ended 31 March 2009

	2009	2008
	£	£
Revaluation of Fixed Assets	-	-
Total recognised losses for the year	-	-

The notes on pages 19 to 24 form part of these accounts.

Note: The Commission has no gains or losses other than the net operating cost.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

BALANCE SHEET as at 31 March 2009

	Notes	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	5		16,479		17,219
CURRENT ASSETS					
Debtors and prepayments	6	1,796		1,421	
Cash at bank and in hand		1,557		15,587	
		3,353		17,008	
CREDITORS					
Amounts falling due within one year	7	(29,774)		(29,632)	
NET CURRENT LIABILITIES			(26,421)		(12,624)
TOTAL NET ASSETS			(9,942)		4,595
FINANCED BY:					
General Reserve	8		(9,942)		4,595
Government Grant Reserve	8		-		-
GOVERNMENT FUNDS			(9,942)		4,595

The notes on pages 19 to 24 form part of these accounts

EDWARD H LEWIS

Secretary and Accounting Officer
18 June 2009

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

CASH FLOW STATEMENT for the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash outflow from operating activities	9	(565,382)	(362,437)
Returns on investment		137	273
Surrender of bank interest to Welsh Assembly Government		(208)	(255)
Capital expenditure	5	(5,555)	(9,107)
Financing			
Welsh Assembly Government funding Grant-in-Aid	2	556,978	372,716
(DECREASE) / INCREASE IN CASH		(14,030)	1,190
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the period		(14,030)	1,190
Net funds at 1 April		15,587	14,397
Net funds at 31 March		1,557	15,587

The notes on pages 19 to 24 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

1. ACCOUNTING POLICIES

1.1 Accounting Convention

These financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounts are prepared under the historical cost convention.

1.2 Valuation of fixed assets

Fixed assets are stated at their value to the Commission by reference to historic cost less depreciation. Fixed assets are capitalised at the cost of acquisition and installation where that cost exceeds £500. In the opinion of the Commission, there is no material difference between the historic and current replacement cost of office furniture and equipment. Computer software costs are written off as incurred.

1.3 Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation over their estimated useful lives. All fixed assets are depreciated over five years. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

1.4 Government Grants

The Local Government Boundary Commission for Wales receives Grant-in-Aid from the Welsh Assembly Government to fund its general revenue and capital activities. In accordance with the FReM this Grant-in-aid is regarded as financing and is credited to the General Reserve on receipt.

Government grants receivable for specific capital expenditure are credited to the Government Grant Reserve and released to the operating cost statement account over the expected useful lives of the relevant assets by equal amounts. The Commission has not received any specific capital grant in the current or prior years.

1.5 Value Added Tax (VAT)

The Commission is not registered for VAT. All expenditure and fixed asset purchases are inclusive of relevant VAT.

1.6 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Commission recognises the expected cost of these elements on a systematic and rational basis over the period

during which it benefits from employee's services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payments of future benefits is a charge on the PCSPS.

1.7 Notional Cost of Capital

As directed by the Welsh Assembly Government, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% of average capital employed.

1.8 Management of Financial Risk

The Commission has no borrowings and relies primarily on Welsh Assembly Government grants for its cash requirements. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

1.9 Financial Instruments

Financial Assets and Financial liabilities which arise from contracts for the purchase or sale of non financial items are recognised when performance occurs, i.e. when receipt or delivery of the goods or services is made.

The Commission does not have any significant financial instruments. Short term instruments can include cash, trade debtors and trade creditors. Where applicable, the current value is the same as the fair value at the balance sheet date.

1.10 Operating Leases

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. An operating lease is also in place for the photocopier. These lease costs are charged to the operating cost statement in the year during which the costs are incurred.

2. GRANT-IN-AID

	2009	2008
	£	£
Grant-in-aid received from the Welsh Assembly Government	556,978	372,716
	<u>556,978</u>	<u>372,716</u>

3. STAFF AND MEMBERS' COSTS

	2009 £	2008 £
Commission Members' Remuneration	18,402	14,324
Salaries		
Directly employed	123,497	109,900
Inward secondment	88,142	40,031
Employers National Insurance		
Directly employed (including Commission Members)	14,315	12,420
Inward secondment	4,621	2,081
Other Pension costs		
Directly employed	27,441	23,392
Inward secondment	14,018	7,314
Total	<u>290,436</u>	<u>209,462</u>
Average number of staff employed during the financial year	<u>Number</u>	<u>Number</u>
Directly employed	4	3
Inward secondment	5	3

The emolument of the Chair of the Commission was £4,706 (Mrs S Smith, 1 April 2008 to 31 December 2008) (2007-08: £5,782). Mr P Wood (Deputy Chair 1 May 2008 to 31 December 2008, Chair 1 January 2009 to 31 March 2009) received £6,372. Rev. H Davies received £5,588. The other Members received less than £5,000 each. Further details of remuneration can be found in the Remuneration Report, at pages 7 to 10.

The above costs include £6,464 (2007-08; £17,767) in respect of staff resources expended on behalf of the Boundary Commission for Wales.

4. OTHER OPERATING COSTS

	2009 £	2008 £
Travel and Subsistence:		
Staff	12,534	4,889
Commission members	4,571	4,825
Course Fees and Staff Training	8,895	5,034
Auditor General for Wales – annual audit fee	8,514	6,470
– other audit fees	718	604
Internal Audit Fees	3,986	3,986
Advertising	25,868	8,280
Translation	21,164	6,889
Printing, postage and stationery	29,267	16,878
Telephone and contracts	1,597	826
Accommodation costs	84,164	77,740
Hire of office machinery	1,562	1,350
Legal and professional	10,034	6,622
Non-capital computer costs	55,299	14,637
Other	5,067	1,355
	<u>273,240</u>	<u>160,385</u>

The above costs include £30,662 (2007-08; £28,844) in respect of travel and subsistence, printing, telephone and accommodation expended on behalf of the Boundary Commission for Wales. Costs for the Boundary Commission for Wales are calculated as the percentage of staff time spent on parliamentary issues, with the exception of accommodation costs which are set at a fixed rate of 36%. Other operating costs for the Boundary Commission for Wales have not therefore fallen to the same extent as those in respect of staff costs (Note 3).

5. TANGIBLE FIXED ASSETS

	Computer Equipment	Office Furniture & Equipment	Total
	£	£	£
Cost or Valuation			
At 1 April 2008	56,373	32,476	88,849
Additions	3,128	3,900	7,028
Disposals	-	-	-
At 31 March 2009	<u>59,501</u>	<u>36,376</u>	<u>95,877</u>
Depreciation			
At 1 April 2008	50,283	21,347	71,630
Provided during the year	2,542	5,226	7,768
Eliminated on disposal	-	-	-
At 31 March 2009	<u>52,825</u>	<u>26,573</u>	<u>79,398</u>
Net Book Value			
At 31 March 2009	<u>6,676</u>	<u>9,803</u>	<u>16,479</u>
At 1 April 2008	<u>6,090</u>	<u>11,129</u>	<u>17,219</u>

6. DEBTORS AND PREPAYMENTS

	2009	2008
	£	£
Prepayments	1,796	1,421
Other debtors	-	-
	<u>1,796</u>	<u>1,421</u>

At 31 March 2009 the Commission did not hold any debtor or prepayment balances with other public sector bodies.

7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	15,388	11,882
Taxation and social security	1,449	1,293
Accruals	12,937	16,457
	<u>29,774</u>	<u>29,632</u>

At 31 March 2009 the Commission held the following balances with other public sector bodies: Department for Work and Pensions £7,686; Welsh Assembly Government £1,751; Companies House £3,903; and HM Revenue and Customs £1,449.

8. GENERAL RESERVE

	Notes	2009 £	2008 £
Net Operating Costs for the Year		571,515	376,293
Welsh Assembly Government Grant-in-Aid	2	(556,978)	(372,716)
		<hr/>	<hr/>
Net Decrease in General Fund		(14,537)	(3,577)
General Reserve at 1 April		4,595	8,172
General Reserve at 31 March		<u>(9,942)</u>	<u>4,595</u>

9. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating costs	(571,350)	(376,534)
Adjustment for notional charge – cost of capital	(94)	223
Depreciation	7,768	6,464
Decrease / (Increase) in debtors	(375)	191
Increase in creditors	(1,331)	7,219
	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(565,382)</u>	<u>(362,437)</u>

10. OPERATING LEASES

During 2008-09 the Commission incurred leasing costs of £83,254 in respect of accommodation and £1,560 in respect of the photocopier. At 31 March 2009 the Commission is committed to making payments of £86,600 under operating lease agreements in 2009-10 comprising:

Committed expenditure in 2009-10 for leases expiring:	Land and Buildings £	Other Leases £
Within one year	-	-
Within two to five years	£85,000	£1,600
In over five years	-	-

Note: Lease charges are not fixed and charges for 2009-10 have been estimated

11. SPECIAL PAYMENTS AND LOSSES

The Commission did not make any special payments in 2008-09 and had no losses.

12. RELATED PARTY TRANSACTIONS

The Welsh Assembly Government is regarded as a related party. During the year, the Commission has had various material transactions with the Welsh Assembly Government.

The Secretariat of the Commission also acts as Secretariat to the Parliamentary Boundary Commission for Wales (BCW). The BCW is a Non-Departmental Public Body sponsored by the Ministry for Justice (MoJ). The MoJ is regarded as a related party.

The Commission has no other related party transactions.

None of the Commission members, key managerial staff or other related parties has undertaken any material transactions with the Commission during the year.