
**The Welsh Consolidated Fund
Receipts and Payment Account**

1 April 2015 to 31 March 2016

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 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 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 2015-16 was £13,641,301,000 (2014-15 was £13,627,116,000).

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 Wales Office, 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. For the 2015-16 financial year, Sir Derek Jones KCB was Permanent Secretary and Principal Accounting Officer.

WELSH CONSOLIDATED FUND RECEIPTS AND PAYMENTS

7. These accounts show the transactions relating to the statutory purposes set out above. The receipts paid into the Fund during the year totalled £14,634,370,000 with payments from the Fund of £14,633,703,000. The balance of the Fund at 31 March 2016 is £1,466,000. During 2014-15 receipts paid into the Fund totalled £13,652,272,000 with payments from the Fund of £13,651,811,000. The balance of the Fund at 31 March 2015 was £799,000.

AUDIT

8. As Principal 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.

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

**Sir Derek Jones KCB
Permanent Secretary and Principal Accounting Officer
3 August 2016**

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITY

1. Section 132(1) of the Government of Wales Act 2006 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 2015 to 31 March 2016. 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 his responsibility for the propriety and regularity of the public finances for which the Principal Accounting Officer is answerable, and for the keeping of proper records, are set out in the Welsh Government's Accounting Officers' Memorandum, issued by HM Treasury.

**Sir Derek Jones KCB
Permanent Secretary and Principal Accounting Officer
3 August 2016**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Principal Accounting Officer, I am responsible for ensuring there is a high standard of probity in the management of public funds. I am responsible for maintaining a sound system of internal control that supports the achievement of the Welsh Consolidated Fund (the Fund) whilst safeguarding the public funds and assets for which I am personally responsible and which includes effective arrangements for the management of risk.

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; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the accounts and accords with HM Treasury guidance.

The Risk and Control Framework

Our approach to risk management is set out in our framework document, "Risk Essentials". Under this framework, risks are identified, evaluated and managed at a number of different levels. The Board has been responsible for managing overarching corporate risks which might have prevented or hindered the organisation from achieving its strategic objectives, or may be necessary in order to achieve its objectives. The corporate risk register was reviewed on a periodic basis by the Board and also the Audit and Risk Committee, which replaced the Corporate Governance Committee from 1 July 2015.

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 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 Welsh Government is only able to draw funds with the approval of the Auditor General (Sections 124 and 129). The Auditor General must grant an approval to draw if the request relates to a valid amount charged on the WCF by any enactment (a direct charge) or if the amount requested has been authorised or has been deemed to be authorised by a budget resolution of the Assembly for the purposes of meeting expenditure of the Welsh Government, Assembly Commission, Auditor General or the Ombudsman. The Auditor General may also grant an approval to draw in respect of an amount that has been paid into the WCF by mistake. Before any money can be released from the WCF Ministers must request, and the AGW must grant, an approval to draw. Section 129 allows Ministers and the AGW to agree on the form of such requests. In granting such approvals to draw, the AGW is merely verifying that statutory authority exists to make such payments. This check does not amount to a pre-audit of the amount being requested.

The operation of the Fund is reliant on the core financial management systems of the Welsh Government to carry out its accounting and payment functions on behalf of the Welsh Ministers. To review the control environment, I require the senior management team leading the four groups within the Welsh Government to complete an internal control questionnaire and Statement of Assurance to provide me with their assessment of the effectiveness of their group's internal controls frameworks annually. I have received satisfactory assurances from the Director of Governance in respect of finance and corporate systems and services, on the reliance of these central systems and services which, in the main, sit within the responsibility of the Office of the First Minister and Cabinet Office.

Review of Effectiveness

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including 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 Internal Audit and those Welsh Government officials with responsibility for the development and maintenance of the internal control framework. I also take assurance from management responses to issues identified by the External Auditor (the Auditor General for Wales) in his management letter and other reports. I have been advised on the effectiveness of the system of internal control by the Board and Audit and Risk Committee and, before that, by the Corporate Governance Committee.

The Welsh Government has an Internal Audit Service, which operates in conformance with Public Sector Internal Audit Standards. It undertook a full programme of work based upon an analysis of the major risks facing the organisation. The Head of Internal Audit submitted regular reports to the Audit and Risk Committee (previously the Corporate Governance Committee) on progress in implementing this audit plan and I met regularly with her through the year to discuss audit activity and specific internal control issues. The Head of Internal Audit, in her Annual Assurance report, provided me with “reasonable assurance” on the operation of the framework of governance, control and risk management.

The Internal Audit Service co-ordinates its work with that of the Wales Audit Office. Co-ordination of audit plans continues to progress with both planned assignments and ad hoc reviews being undertaken successfully. A joint working protocol underpins the approach taken and quarterly liaison meetings are held to share information.

With respect to the accounts of the Auditor General for Wales, the National Assembly for Wales Commission and the Public Services Ombudsman for Wales, I have relied upon and taken assurance from the signing of the accounts for each of these bodies, both by their respective Accounting Officer and by their external auditor.

Based on my review of internal controls and all other information available to me, I am satisfied that 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.

INFORMATION GOVERNANCE

There is no information held for which information governance issues are relevant. Consequently, I have nothing to report in respect of this matter.

From my own review of the matters required to be included within this Governance Statement, I am satisfied that, for the 2015/16 financial year, a sound governance framework and system of internal control were in place. They supported the achievement of the Welsh Government’s policies, aims and objectives; facilitated effective exercise of Welsh Ministers’ functions; and safeguarded public funds and assets for which I, as Principal Accounting Officer, was personally responsible. These matters of governance and control are in accordance with the responsibilities that are assigned to the Principal Accounting Officer in HM Treasury’s Welsh Government Accounting Officers’ Memorandum.

Sir Derek Jones KCB
Permanent Secretary and Principal Accounting Officer
3 August 2016

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 2016 under 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

As explained more fully in the Statement of the Principal Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for the preparation of financial statements in accordance with the Government of Wales Act and HM Treasury directions issued thereunder and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Welsh Consolidated Fund's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements.

I am also required to obtain evidence sufficient to give reasonable assurance that 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 and the financial transactions conform to the authorities which govern them.

In addition, I read all the financial and non-financial information in the Foreword, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the Welsh Consolidated Fund for the year ended 31 March 2016; and
- have been properly prepared in accordance with the Government of Wales Act 2006 and HM Treasury's directions issued thereunder.

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;

- 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.

Opinion on other matters

In my opinion the information in the Foreword is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury's guidance; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas

**Auditor General for Wales
24 Cathedral Road
Cardiff
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16 August 2016

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	note	2015-16 £000	2014-15 £000
<u>Receipts</u>			
Receipts from the Wales Office under Section 118(1) of the Government of Wales Act 2006		13,392,591	13,547,659
Non Domestic Rating receipts	5	173,281	78,313
Principal repayments of loans from the National Loans Fund	6	79	68
Receipts of Assembly elections	8	-	120
HRAS Exit Scheme	10	919,000	-
Other receipts	2	149,419	26,112
Total Receipts		14,634,370	13,652,272
<u>Payments</u>			
Issues authorised under Assembly Budget resolutions	3	13,527,473	13,486,209
Direct Charges:			
Salaries, related costs and pensions	4	682	645
Expenses of returning officers at Assembly elections	8	-	263
National Loans Fund repayments of Principal and Interest to the Wales Office	6	1,745	1,745
Non Domestic Rating payments by Welsh Ministers	5	158,849	144,591
HRAS Exit Scheme	10	919,000	-
Surrender to the Secretary of State of receipts designated under Section 120(3) of the 2006 Act	2	25,954	18,358
Total Payments		14,633,703	13,651,811
Net increase in Fund balance		667	461
Balance brought forward at 1 April		799	338
Balance carried forward at 31 March		1,466	799

The notes on pages 9 to 14 form part of this account

Sir Derek Jones KCB
Permanent Secretary and Principal Accounting Officer
3 August 2016

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, balances to and from the Welsh Government are disclosed 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 2015-16 £000	Receipts surrendered to the Secretary of State 2015-16 £000	Receipts paid into fund 2014-15 £000	Receipts surrendered to the Secretary of State 2014-15 £000
Welsh Government	148,721	25,954	25,775	18,358
National Assembly for Wales Commission	-	-	-	-
Auditor General for Wales	698	-	337	-
Public Service Ombudsman for Wales	-	-	-	-
Total Designated Receipts	149,419	25,954	26,112	18,358
Total Non-Designated Receipts	-	-	-	-
TOTAL	149,419	25,954	26,112	18,358

During 2015-16 the Welsh Government paid across to the Fund an amount of £122,767,000 and the Auditor General for Wales paid across an amount of £698,000. This represents excess funding drawn not spent for 2014-15 and receipts in excess of income authorised for 2014-15. The National Assembly for Wales Commission and the Public Services Ombudsman for Wales did not repay their respective funds of £119,000 and £3,000, these were deemed as drawn against 2015-16 authorised grant.

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 Annual Budget Motion 2015-16 (GEN-LD 10032) as amended by the Supplementary Budget Motions 2015-16 (GEN-LD 10257 and GEN-LD 10564).

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 2016.

	2015-16	2014-15
	£000	£000
Welsh Government	13,470,703	13,430,393
National Assembly for Wales Commission	46,373	45,700
Auditor General for Wales	6,146	5,974
Public Service Ombudsman for Wales	4,251	4,142
TOTAL	13,527,473	13,486,209

Note 4

SALARIES, RELATED COSTS AND PENSIONS 2015-16

	National Assembly for Wales Commission			Wales Audit Office		Public Services Ombudsman for Wales	Total
	Presiding Officer £000	Deputy Presiding Officer £000	Standards Commissioner £000	Auditor General for Wales £000	Wales Audit Office Chair £000	Public Services Ombudsman £000	
Salaries	96	81	19	153	25	143	517
National Insurance Contributions	12	9	1	20	2	17	61
Pension Costs	23	19	-	27	-	35	104
TOTAL	131	109	20	200	27	195	682

SALARIES, RELATED COSTS AND PENSIONS 2014-15

	National Assembly for Wales Commission			Wales Audit Office		Public Services Ombudsman for Wales	Total
	Presiding Officer £000	Deputy Presiding Officer £000	Standards Commissioner £000	Auditor General for Wales (restated) £000	Wales Audit Office Chair £000	Public Services Ombudsman £000	
Salaries	96	80	18	153	25	123	495
National Insurance Contributions	12	9	1	20	2	15	59
Pension Costs	23	19	-	23	-	26	91
TOTAL	131	108	19	196	27	164	645

Further detail can be found in the Remuneration Reports within each of the bodies' Annual Accounts for 2015-16, each of which are laid before the National Assembly for Wales.

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 2010-11 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 Government (WG) 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 2015 to 31 March 2016 gross anticipated non-domestic rate contributions into the pool totalled £971,611,000 (2014-15 £959,866,000). During the same period non-domestic rate cash payments totalled £956,000,000, including £889,080,000 to local government (2014-15 £1,041,000,000 and £968,130,000).

The payments made through the Consolidated Fund - £158,849,000 (2014-15 £144,591,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2014-15 and previous years following receipt of local authority audited claims and reductions in rateable values for central list ratepayers. This figure includes payments to WG totalling £20,821,000 (2014-15 £2,738,000) to cover payments made by them during 2015-16 to central list ratepayers as a result of reductions in rateable values.

Receipts into the Fund - £173,281,000 (2014-15 £78,313,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2014-15 and previous years following receipt of audited claims from local authorities.

Further information on NDR is contained within the Welsh Government Consolidated Annual Report and Accounts 2015-16 and the Pooling of Non-Domestic Rates and Redistribution to Local Authorities in Wales Account 2015-16.

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 WG, for administrative purposes the repayment of principal also passes through the Fund. During 2015-16 the Fund received £79,000 (2014-15 £68,000) from WG to cover the principal payments element. The Fund paid a total of £1,745,000, £1,667,000 relating to interest (2014-15 £1,745,000 and £1,677,000) to the Wales Office.

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 2016, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Government

Welsh Government Consolidated Annual Report and Accounts 2015-16 for the year end 31 March 2016 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £463,000
Receipts in excess of income authorised – £nil

The receipts in excess of income authorised for 2014-15 of £122,767,000 were repaid to the Fund during 2015-16.

See also Note 9.

National Assembly for Wales Commission

The National Assembly for Wales Commission Resource Account for the year end 31 March 2016 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £236,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2014-15 was £119,000 these were deemed as drawn against 2015-16 authorised grants.

Auditor General for Wales

The Auditor General for Wales annual account for the year end 31 March 2016 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £143,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2014-15 was £698,000 were repaid to the Fund in 2015-16.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales's annual account for the year end 31 March 2016 reported the following amount due to the Fund:

Excess of funding drawn not spent – £36,000
Receipts in excess of income authorised – No excess receipts to report

The excess funding drawn not spent for 2014-15 £3,000, was not repaid to the Fund but deemed as drawn against 2015-16 authorised grants.

Note 8

EXPENSES OF RETURNING OFFICERS AT ASSEMBLY ELECTIONS

There were no additional charges in 2015-16.

Note 9

WELSH 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 the Welsh Government made up as below, reflecting transfers arising from 2015-16 activity still to be made as at 31 March 2016.

	2015-16	2014-15
	£000	£000
Funding drawn not spent	463	122,767
Designated Receipts	2,169	4,115
Returning officers expenses not drawn down	-	-
Excess of Returning officers expenses drawn	-	-
	<hr/> 2,632	<hr/> 126,882 <hr/>

Note 10

HRAS Exit Scheme

Following agreement between HM Treasury (HMT) and the Welsh Government, the eleven stock retaining Local Housing Authorities (LHAs) in Wales exited from the historic Housing Revenue Account Subsidy (HRAS) System.

The agreement with HMT required LHAs to buy themselves out of the HRAS at a cost of £919m which LHAs had to borrow from the Public Works Loan Board (PWLB). HMT required all transactions to take place on a single day. On 2nd April 2015 £919,000,000 was transferred into the WCF and on to the Wales Office.

Appendix

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