
The Welsh Consolidated Fund
Receipts and Payment Account

1 April 2010 to 31 March 2011

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 2010-11 was £13,448,518,000.

SCOPE OF THE ACCOUNT

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

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

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

ACCOUNTING OFFICER

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

WELSH CONSOLIDATED FUND RECEIPTS AND PAYMENTS

7. These accounts show the transactions for the services set out above. The receipts paid into the Fund during the year totalled £13.380 billion with payments from the Fund of £13.371 billion. The balance of the Fund at 31 March 2011 is £9,618,000. During 2009-10 receipts paid into the Fund totalled £13.120 billion with payments from the Fund of £13.126 billion. The balance of the Fund at 31 March 2010 was £551,000.

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.

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

13 September 2011

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 2010 to 31 March 2011. 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

13 September 2011

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Principal Accounting Officer, I have responsibility 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, in accordance with the responsibilities assigned to me in Managing Welsh Public Money.

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 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 efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2011 and up to the date of approval of the accounts, and accords with HM Treasury guidance.

CAPACITY TO HANDLE RISK

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

For the financial year 2010-11 the Welsh Assembly Government has:

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

THE RISK AND CONTROL FRAMEWORK

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

REVIEW OF EFFECTIVENESS

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

The Welsh Assembly Government has an Internal Audit Service, which operates to standards defined in the Government's Internal Audit Standards. They undertake a full programme of work based upon an analysis of the major risks facing the organisation. The Head of Internal Audit submits regular reports to the Corporate Governance Committee on progress in implementing the plan. He also prepares an annual independent opinion on the adequacy and effectiveness of the system of internal control. I regularly meet with him to discuss the current activity and specific internal control issues.

Internal Audit Service continues to co-ordinate their work with that of WAO. Co-ordination of audit plans has progressed significantly this year with planned assignments and special investigations being successfully undertaken. An updated joint working protocol has been agreed to underpin the approach taken and quarterly liaison meetings held to share information and agree joint assignments. WAO undertook an interim audit on the Fund during the year and produced an Audit Strategy, agreed with the Welsh Assembly Government and endorsed by the Corporate Governance Committee.

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.

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

As Principal Accounting Officer I am responsible for ensuring that appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments, which require me to assess our risk and ensure appropriate mitigation strategies are in place.

Information risk continues to be supported by the Welsh Assembly Government's accreditation against ISO 27001 – the international standard for information security management. This provides assurances that the corporate IT system and associated security policies comply with the requirements of the standard and are aligned with recommended procedures. The Internal Compliance Programme for 2010-11, conducted by Internal Audit Services, and the external accreditation inspections concluded that the Welsh Assembly Government has robust processes in place and has met its commitments under the standard.

Dame Gillian Morgan
Permanent Secretary and Principal Accounting Officer

13 September 2011

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 2011 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 Accounting Officer is responsible for preparing the financial statements, in accordance with the Government of Wales Act 2006 and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board'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 and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements.

I also report whether in all material respects, the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in sections 124 or 130 of the Government of Wales Act 2006 and that money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund.

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 2011; and
- have been properly prepared, in accordance with the Government of Wales Act 2006 and directions made thereunder by HM Treasury.

Opinion on Regularity

In my opinion,

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

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 Statement on Internal Control does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- I have not received all of 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
CF11 9LJ
23 September 2011

**THE WELSH CONSOLIDATED FUND
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2010-2011 £000	2009-2010 £000
<u>Receipts</u>			
Receipts from the Ministry of Justice under Section 118(1) of the Government of Wales Act 2006		13,244,000	13,005,814
Non Domestic Rating receipts	5	70,691	81,222
Principal and interest repayments of loans formerly from the National Loans Fund	6	39	890
Other receipts	2	65,184	32,558
Total Receipts		<u>13,379,914</u>	<u>13,120,484</u>
<u>Payments</u>			
Issues authorised under Assembly Budget resolutions	3	13,219,658	12,923,369
Direct Charges:			
Salaries, related costs and pensions	4	608	636
Expenses of returning officers at Assembly elections	8	3,284	0
National Loans Fund repayments of Principal and Interest to the Ministry of Justice	6	1,745	1,745
National Loans Fund repayment of Interest to the Welsh Assembly Government	6	-	2,666
Non Domestic Rating payments by Welsh Ministers	5	130,026	185,059
Surrender to the Secretary of State receipts designated under Section 120(3) of the 2006 Act	2	15,526	13,056
Total Payments		<u>13,370,847</u>	<u>13,126,531</u>
Net (decrease) /increase in Fund balance		9,067	(6,047)
Balance brought forward at 1 April		551	6,598
Balance carried forward at 31 March		<u>9,618</u>	<u>551</u>
The notes on pages 11 to 16 form part of this account			

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

13 September 2011

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
	2010-11 £000	2010-11 £000	2009-10 £000	2009-10 £000
Welsh Assembly Government	65,184	15,526	32,558	13,056
National Assembly for Wales Commission	0	0	0	0
Auditor General for Wales	0	0	0	0
Public Services Ombudsman for Wales	0	0	0	0
Total Designated Receipts	65,184	15,526	32,558	13,056
Total Non-Designated Receipts	0	0	0	0
TOTAL	65,184	15,526	32,558	13,056

During 2010-11 the Welsh Assembly Government paid across to the Fund an amount of £49,657,000 representing excess funding drawn not spent for 2009-10 and receipts in excess of income authorised for 2009-10.

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 2010-11 (GEN- LD 7814) as amended by the Supplementary Budget Motions 2010-11 (GEN-LD 8406).

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 2011.

	2010-11	2009-10
	£000	£000
Welsh Assembly Government	13,167,759	12,872,056
National Assembly for Wales Commission	42,730	43,068
Auditor General for Wales	5,074	5,020
Public Services Ombudsman for Wales	4,095	3,225
TOTAL	13,219,658	12,923,369

Note 4

SALARIES, RELATED COSTS AND PENSIONS

	National Assembly For Wales Commission				Total
	Presiding Officer	Deputy Presiding Officer	Auditor General for Wales	Public Services Ombudsman	
2010-11	£000	£000	£000	£000	£000
Salaries	96	80	143	138	457
National Insurance Contributions	10	9	17	16	52
Pension Costs	23	19	24	33	99
TOTAL	129	108	184	187	608

Note 4 Contd.

Further detail can be found in the Remuneration Reports within each of the bodies' Annual Accounts for 2010-11, each of which are laid before the National Assembly for Wales.

SALARIES, RELATED COSTS AND PENSIONS

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

Note 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 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 2010 to 31 March 2011 gross anticipated non-domestic rate contributions into the pool totalled £825,879,000. During the same period non-domestic rate cash and non-cash payments totalled £935,000,000, including £841,500,000 to local government.

Note 5 Contd.

The payments made through the Consolidated Fund (£130,026,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2009-10 and previous years following receipt of local authority audited claims and reductions in rateable values for central list ratepayers. This figure includes payments to WAG totalling £539,000 to cover payments made by them during 2010-11 to central list ratepayers as a result of reductions in rateable values.

Receipts into the Fund (£70,691,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2009-10 and previous years following receipt of audited claims from local authorities.

Further information on NDR is contained within the Welsh Assembly Government Consolidated Annual Report and Accounts 2010-11 and the Pooling of Non-Domestic Rates and Redistribution to Local Authorities in Wales Account 2010-11.

Note 6

NATIONAL LOANS FUND

The repayment of interest to the National Loans Fund is a direct charge on the Fund. Provision for the repayment of the loan principal element is the responsibility of WAG, for administrative purposes the repayment of principal also passes through the Fund. During 2010-11 the Fund received £39,000 from WAG to cover the principal payments element. The fund paid a total of £1,745,000 (£1,706,000 relating to interest) to the Ministry of Justice.

A receipt of £1,000 due to be paid over to the Ministry of Justice in April 2011 was received into the Fund in March 2011.

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 2011, 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 2010-11 for the year end 31 March 2011 reported the following amounts due to the Fund:

Excess of funding drawn not spent – No excess funding drawn
Receipts in excess of income authorised - £5,055,000

The excess funding drawn not spent for 2009-10 (£49,039,000) was repaid to the Fund during 2010-11. The receipts in excess of income authorised for 2009-10 (£618,000) was repaid to the Fund during 2010-11.

See also Note 9.

Note 7 Contd.

National Assembly for Wales Commission

The National Assembly for Wales Commission Resource Account for the year end 31 March 2011 reported the following amounts due to the Fund:

Excess of funding drawn not spent - £99,000

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

The excess funding drawn not spent for 2009-10 (£675,000) was not repaid to the Fund but deemed as drawn against 2010-11 authorised grant.

Auditor General for Wales

The Auditor General for Wales annual account for the year end 31 March 2011 reported the following amounts due to the Fund:

Excess of funding drawn not spent - £629,000

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

There were no reported balances for 2009-10.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales annual account for the year end 31 March 2011 reported the following amount due to the Fund:

Excess of funding drawn not spent – No excess funding drawn down

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

The excess funding drawn not spent for 2009-10 (£5,000) was not repaid to the Fund but deemed as drawn against 2009-10 authorised grants.

Note 8

EXPENSES OF RETURNING OFFICERS

The expenses of the returning officers for the Welsh Assembly Government referendum on the 3rd March and the Assembly election on the 5th May were £4,379,000. During 2010-11 £3,284,000 was paid from the fund. As at 31st March 2011 the Welsh Assembly Government had yet to draw down a further £1,095,000, as detailed in note 9.

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 debtor for WAG made up as below, reflecting transfers arising from 2010-11 activity still to be made as at 31 March 2011.

	31 March 2011	31 March 2010
	£000	£000
NDR paid by WAG on behalf of the Fund	-	-
Excess receipts due to the Fund (income over amount authorised)	5,055	618
Funding drawn not spent	-	49,039
Designated Receipts	19,381	15,266
National Loans Fund Repayments	-	-
Returning officers expenses not drawn down	(1,095)	-
	<hr/> 23,341 <hr/>	<hr/> 64,923 <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