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

1 April 2016 to 31 March 2017

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 Wales Audit Office; 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 2016-17 was £13,817,025,000 (2015-16 was £13,641,301,000).

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 received by the above mentioned bodies that are not authorised to be used to support their 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. On 6 February 2017 Shan Morgan replaced Sir Derek Jones KCB as 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 Fund had a brought forward a balance of £1,466,000 as at 31 March 2016, with receipts totalling £13,636,136,000 paid in and payments made of £13,637,239,000 during the year, leaving the Fund with a closing balance as at 31 March 2017 of £363,000. During 2015-16 receipts paid into the Fund during the year totalled £14,634,370,000 with payments from the Fund of £14,633,703,000.

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.

**Shan Morgan
Permanent Secretary and Principal Accounting Officer
28 September 2017**

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 2016 to 31 March 2017. 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 their 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.

**Shan Morgan
Permanent Secretary and Principal Accounting Officer
28 September 2017**

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 ensuring a sound system of internal control is maintained in respect of the Welsh Consolidated Fund (the Fund) whilst safeguarding the public funds and assets for which I am personally responsible, which includes effective arrangements for the management of risk in respect of the Fund.

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 provide only 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 for the Fund has been in place for the year ended 31 March 2017 and up to the date of approval of the accounts and accords with HM Treasury guidance.

The Risk and Control Framework

The operation of the Fund is governed by the provisions of the Government of Wales Act 2006 (GOWA) which sets out the conditions for payments to be made out of the Fund and sums to be paid into it. Approvals to draw on the Fund by Welsh Ministers must be approved by the Auditor General for Wales (AGW). Ministers are accountable for the Fund, and requests for withdrawals are made on behalf of the Welsh Government, the National Assembly for Wales Commission, the Wales Audit Office, and the Public Services Ombudsman for Wales (PSOW), under authority of the Budget resolutions passed by the National Assembly for Wales or pursuant to a relevant enactment. The Welsh Government administers the Fund. Hence, the Principal Accounting Officer for the Welsh Government is also responsible for producing and signing the accounts for the Fund.

The Welsh Government, as administrator, is only able to draw funds with the approval of the AGW (GOWA Sections 124 and 129). The AGW must grant an approval to draw if the request relates to a valid amount charged on the Fund 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, Wales Audit Office, and the PSOW. The AGW may also grant an approval to draw in respect of an amount that has been paid into the Fund by mistake.

Before any money can be released from the Fund, 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 essentially only coming to a view on whether the statutory authority (including, where relevant, budget motion approval) exists to make such payments. This process does not amount to a full 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 and, thereby, on the controls operating around those systems. 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 groups' internal controls frameworks annually. To this end, I have received satisfactory assurances from the Director of Governance in respect of the finance and corporate systems and services on the effectiveness of these central systems and services which

sit within the responsibility of his Group and which are the systems and services on which the administration of the Fund relies.

The Welsh Government's approach to risk management is set out in a risk management policy and associated guidance documents. Risks are identified, evaluated and managed at different levels in the organisation. The Welsh Government Board has been responsible for managing overarching corporate risks which might have prevented or hindered the organisation from administering the Fund effectively and compliantly and the Audit Committee reviewed the Risk Register periodically.

With respect to the other bodies funded through the Consolidated Fund, I rely on their Accounting Officers to maintain effective systems of internal control in relation to transactions to pay into or draw down from the Fund and to ensure there is capacity to manage risk in an appropriate and proportionate manner in their organisation. In particular, I rely on the internal controls operated by the National Assembly for Wales Commission over its payroll in respect of those officials whose salary costs are paid through the Commission but which are remunerated by the Fund as a form of direct charge on the Fund. Following the year end I have sought and received assurances from the Clerk to the Assembly Commission, the AGW and the PSOW that internal controls are in place and working effectively in respect of actions relating to the Fund.

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.

Review of Effectiveness

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control relevant to The Fund. With respect to the Welsh Government, 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 AGW) in his reports. I have been advised on the effectiveness of the system of internal control by the Board and Audit and Risk 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 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 AGW. Co-ordination of audit plans continues to progress with both planned assignments and ad hoc reviews being undertaken successfully.

With respect to the other bodies consolidated within the Fund, I rely on their Accounting Officers to undertake their own review of the effectiveness of the governance framework within their own organisations, supported by the range of assurances available to them and I have sought and received confirmation they have sufficient assurance on the effectiveness of their own systems of governance, risk management and internal control relevant to the operation of the Fund.

Based on my review of internal controls and all other information available to me, I am satisfied the Fund had in place during the year appropriate controls to support the achievement of Welsh Ministers' responsibility for managing the Fund, except in respect of the authorisation for payments made to the AGW through the Consolidated Fund in April 2016, as set out in Note 4.

Before the Public Audit (Wales) Act 2013 came fully into force on 1 April 2014, the National Assembly was required, by paragraph 1 of Schedule 3 to that Act, to determine, and then approve, the arrangements for the pay of the AGW. However, in the event, this requirement was overlooked. The drawdown of funds to cover the pay of the AGW continued as had been done before the 2013 Act came into force. The arrangements were regularised by the Assembly Commission in July 2016. Thus, although the payments made were in accordance with contractual obligations owed to the AGW, the drawdown of the funding from the Consolidated Fund for the payment made in April 2016 was "irregular" due to the absence of the Assembly remaking the AGW's remuneration arrangements. For this reason, the Fund accounts for the year ending 31 March 2017 are subject to qualification by its external auditor.

As a result of the irregular payment set out in Note 4 to the Fund Accounts and described above, steps have been taken to investigate how this issue occurred and what needs to be done to prevent its re-occurrence. A meeting of the parties who receive payments through the Fund has taken place to discuss the appropriate controls and processes which need to operate, and I have been satisfied by those parties that the actions proposed will prevent any future re-occurrence.

From my own review of the matters required to be included within this Governance Statement, I am satisfied, for the 2016/17 financial year, a sound governance framework and system of internal control were in place. They supported the achievement of the Fund's purpose and safeguarded public funds 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.

Shan Morgan
Permanent Secretary and Principal Accounting Officer
28 September 2017

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 2017 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 2006 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. I consider that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the qualified regularity audit opinion.

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 and Annual Governance Statement, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing my audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate and 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 2017; and
- have been properly prepared in accordance with the Government of Wales Act 2006 and HM Treasury's directions issued thereunder.

Basis for qualified regularity opinion

As I set out in my Report below, the April 2016 payment of £16,743 to the National Assembly for Wales Commission made in respect of the Auditor General for Wales' remuneration and related costs, was not made in accordance with the authorities that govern such payments from the Welsh Consolidated Fund as set out in Section 124 of the Government of Wales Act 2006. As this transaction is material to the financial statements, I have qualified my regularity opinion accordingly.

Opinion on regularity

In my opinion, in all material respects:

- except for the irregular expenditure of £16,743 explained in the paragraph above, 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
- except as mentioned above, the financial transactions conform to the authorities which govern them.

Opinion on other matters

In my opinion the information in the Foreword and Annual Governance Statement 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 on the qualification of my regularity opinion on these financial statements

This Report explains the basis for the qualification of my regularity opinion on the Welsh Consolidated Fund's 2016-17 financial statements.

Note 4 to the financial statements records salaries, national insurance contributions and pension contributions of the Auditor General for Wales of £201,000 in 2016-17 which are paid by the National Assembly for Wales Commission ('the Commission'). The Commission draws down funding from the Welsh Consolidated Fund to make these payments.

In May 2016 payments from the Welsh Consolidated Fund in respect of the Auditor General's salary were suspended when it became apparent that the National Assembly for Wales had failed to meet the legislative arrangements required for his remuneration under the transitional provisions in the Public Audit (Wales) Act 2013. The oversight was identified by the Assembly Commission and rectified on the 14 July 2016, following consultation with the Permanent Secretary of the Welsh Government, the First Minister and the Wales Audit Office, when the National Assembly for Wales made arrangements under Section 7(6) of the Public Audit (Wales) Act 2013 to approve the continuation of payments to the Auditor General for Wales.

The National Assembly for Wales approved the remuneration arrangements of the Auditor General prior to the enactment of the Public Audit (Wales) Act 2013. However the transitional provisions of the Public Audit (Wales) Act 2013 required the formal re-approval of these arrangements following consultation with the First Minister. These requirements were not met until 14 July 2016 when, following consultation with the First Minister, the National Assembly for Wales made an arrangement under Section 7(6) of the Public Audit (Wales) Act 2013 to approve the continuation of payments to the Auditor General on the same pre-existing terms and conditions.

Consequently payments to fund Auditor General remuneration and related costs of £196,000 and £200,000 which were made in 2014-15 and 2015-16 respectively by the Welsh Consolidated Fund to the Commission, therefore lacked due authority. These payments are outside the scope of my opinion on the 2016-17 financial statements.

The April 2016 payment of £16,743 to the Commission in respect of the Auditor General's remuneration and related costs, however, was also made prior to the 14 July 2016 re-approval. As such it was not made in accordance with the authorities that govern such payments from the Welsh Consolidated Fund as set out in Section 124 of the Government of Wales Act 2006. As this transaction is material to the financial statements, I have therefore qualified my regularity opinion.

The Welsh Government's Principal Accounting Officer has taken steps to ensure such irregular transactions do not re-occur, as set out in the Annual Governance Statement.

Huw Vaughan Thomas

**Auditor General for Wales
24 Cathedral Road
Cardiff
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28 September 2017

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	note	2016-17 £000	2015-16 £000
<u>Receipts</u>			
Receipts from the Wales Office under Section 118(1) of the Government of Wales Act 2006		13,525,626	13,392,591
Non Domestic Rating receipts	5	82,786	173,281
Principal repayments of loans from the National Loans Fund	6	91	79
HRAS Exit Scheme	10	-	919,000
Other receipts	2	27,633	149,419
Total Receipts		13,636,136	14,634,370
<u>Payments</u>			
Issues authorised under Assembly Budget resolutions	3	13,569,761	13,527,473
Direct Charges:			
Salaries, related costs and pensions	4	707	682
Expenses of returning officers at Assembly elections	8	6,704	-
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	31,295	158,849
HRAS Exit Scheme	10	-	919,000
Surrender to the Secretary of State of receipts designated under Section 120(3) of the 2006 Act	2	27,027	25,954
Total Payments		13,637,239	14,633,703
Net (decrease)/increase in Fund balance		(1,103)	667
Balance brought forward at 1 April		1,466	799
Balance carried forward at 31 March		363	1,466

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

Shan Morgan
Permanent Secretary and Principal Accounting Officer
28 September 2017

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 2016-17 £000	Receipts surrendered to the Secretary of State 2016-17 £000	Receipts paid into fund 2015-16 £000	Receipts surrendered to the Secretary of State 2015-16 £000
Welsh Government	27,490	27,027	148,721	25,954
National Assembly for Wales Commission	-	-	-	-
Wales Audit Office	143	-	698	-
Public Service Ombudsman for Wales	-	-	-	-
Total Designated Receipts	27,633	27,027	149,419	25,954
Total Non-Designated Receipts	-	-	-	-
TOTAL	27,633	27,027	149,419	25,954

During 2016-17 the Welsh Government paid across to the Fund an amount of £463,000, this amount being included within the total receipts of £27,490,000 paid into the fund by the Welsh Government, and the Wales Audit Office paid across an amount of £143,000. Representing excess funding drawn not spent for 2015-16 and receipts in excess of income authorised for 2015-16.

The National Assembly for Wales Commission and the Public Services Ombudsman for Wales did not repay their respective funds of £236,000 and £36,000, these were deemed as drawn against 2016-17 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 2016-17 (GEN-LD 10600) as amended by the Supplementary Budget Motions 2016-17 (GEN-LD 10676 and GEN-LD 10922).

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 2017.

	2016-17	2015-16
	£000	£000
Welsh Government	13,506,990	13,470,703
National Assembly for Wales Commission	51,800	46,373
Wales Audit Office	6,728	6,146
Public Service Ombudsman for Wales	4,243	4,251
TOTAL	13,569,761	13,527,473

Note 4

SALARIES, RELATED COSTS AND PENSIONS 2016-17

	National Assembly for Wales Commission			Wales Audit Office		Public Services Ombudsman for Wales	Total
	Presiding Officers £000	Deputy Presiding Officers £000	Standards Commissioner £000	Auditor General for Wales £000	Wales Audit Office Chair £000	Public Services Ombudsman £000	£000
Salaries	136	77	17	153	25	144	552
National Insurance Contributions	13	9	1	20	2	19	64
Pension Costs	16	12	-	28	-	35	91
TOTAL	165	98	18	201	27	198	707

Both Presiding Officer and Deputy Presiding Officer stood down at the end of the Assembly's Fourth Term and were replaced in May 2016. The departing Presiding Officer: Dame Rosemary Butler, DBE; received a resettlement allowance which is included in the Presiding Officers' salaries figure.

Note 4 (continued)

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

In April 2016 the Assembly Commission made a request for a payment of £16,743 from the Welsh Consolidated Fund. This request was approved by the Auditor General's office, and paid from the WCF. As this payment was not in accordance with the revised authorities that govern such payments from the WCF as set out in Public Audit (Wales) Act 2013, it was not in accordance with Section 124 of the Government of Wales Act 2006. The AGW has qualified his opinion on the Accounts on this basis.

Two subsequent payments from the Fund in respect of the Auditor General's salary were suspended by the Auditor General's office. The oversight was rectified on the 14 July 2016, following consultation with the Permanent Secretary of the Welsh Government, the First Minister and the Wales Audit Office, when the National Assembly for Wales made arrangements under Section 7(6) of the Public Audit (Wales) Act 2013 to approve the payments to the AGW.

Additionally, payments made of £200,000 in 2015-16 and £196,000 in 2014-15 to fund the Auditors General's remuneration whilst appropriately requested by the Assembly and approved by the Auditor's General's Office were not in accordance with the Public Audit (Wales) Act 2013, and therefore were also not in accordance with Section 124 of the Government of Wales Act 2006.

Further detail can be found in the Remuneration Reports within the bodies' Annual Accounts for 2016-17, each of which are laid before the National Assembly for Wales.

Note 5

NON DOMESTIC RATING

The Welsh Ministers receive non-domestic rates collected from ratepayers by Billing Authorities or paid directly to the Welsh Ministers by ratepayers on the central rating list. The Welsh Ministers are required to redistribute the contributions to Receiving Authorities in proportion to the resident adult population (aged 18 or over) in each administrative area (Local Government Finance Report 2016-17 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 2016 to 31 March 2017 gross anticipated non-domestic rate contributions into the pool totalled £982,962,000 (2015-16 £971,611,000). During the same period non-domestic rate cash payments totalled £977,000,000, including £928,150,000 to local government (2015-16 £956,000,000 and £889,080,000).

The payments made through the Consolidated Fund - £31,295,000 (2015-16 £158,849,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2015-16 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 £197,000 (2015-16 £20,821,000) to cover payments made by them during 2016-17 to central list ratepayers as a result of reductions in rateable values.

Receipts into the Fund - £82,786,000 (2015-16 £173,281,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2015-16 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 2016-17 and the Non-Domestic Rating Account (Wales) 2016-17.

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 2016-17 the Fund received £91,000 (2015-16 £79,000) from WG to cover the principal payments element. The Fund paid a total of £1,745,000, £1,655,000 relating to interest (2015-16 £1,745,000 and £1,667,000 respectively) 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 2017, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Government

Welsh Government Consolidated Annual Report and Accounts 2016-17 for the year end 31 March 2017 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £749,000
Receipts in excess of income authorised – £nil

The receipts in excess of income authorised for 2015-16 of £463,000 were repaid to the Fund during 2016-17.

See also Note 9.

National Assembly for Wales Commission

The National Assembly for Wales Commission Resource Account for the year end 31 March 2017 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £74,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2015-16 was £236,000 these were deemed as drawn against 2016-17 authorised grants.

Wales Audit Office

The Wales Audit Office annual account for the year end 31 March 2017 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £495,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2015-16 was £143,000 were repaid to the Fund in 2016-17.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales's annual account for the year end 31 March 2017 reported the following amount due to the Fund:

Excess of funding drawn not spent – £34,000
Receipts in excess of income authorised – £5,000

The excess funding drawn not spent for 2015-16 £36,000, was not repaid to the Fund but deemed as drawn against 2016-17 authorised grants.

Note 8

EXPENSES OF RETURNING OFFICERS AT ASSEMBLY ELECTIONS

The expenses of the returning officers at Assembly elections for the Welsh Government election on the 6 May 2016 were £6,704,000 (of this £3,882,615 related to postal charges). As at 31 March 2017 the Welsh Government had yet to draw £420,279 to cover expenses and surrender excess payments of £46,480, as detailed in note 9.

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 2016-17 activity still to be made as at 31 March 2017.

	31 March 2017 £000	31 March 2016 £000
Funding drawn not spent	749	463
Designated Receipts	2,341	2,169
Returning officers expenses not drawn down	(420)	-
Excess of Returning officers expenses drawn	46	-
	<hr/> 2,716 <hr/>	<hr/> 2,632 <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 2 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