

**The National Assembly for Wales**  
**Resource Accounts 2009-10**

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



**respect, probity, good governance**

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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## MANAGEMENT COMMENTARY

These accounts have been prepared in accordance with the Treasury Direction issued under Section 137 of the Government of Wales Act 2006.

The accounting statements herein have to comply with a particular format laid down by Treasury and are supported by explanatory notes. In addition to the detailed financial statements from page 20, the following information might be of particular interest:

- the remuneration of the Assembly's Office Holders and senior staff (page 8);
- the arrangements in place to help safeguard the public funds and assets of the National Assembly for Wales Commission ("the Commission") and the achievement of its aims and objectives (page 27);
- the comparison of actual spend against budgets for the year (page 33);
- salary and related costs of Assembly Members and Assembly staff and numbers employed by the Assembly Commission (page 36);
- Members' travel and other allowances costs (page 41);
- Losses and special payments (page 50);

These accounts set out the financial impact of decisions made by the Commission both within the financial year and arising from previous financial years. To gain a better understanding of what the Commission has achieved over the course of the year, please see the more detailed [Annual Report](#) published alongside these accounts. Information about the Assembly and Commission is also available on the Assembly website at [www.assemblywales.org](http://www.assemblywales.org) and [www.cynulliadcymru.org](http://www.cynulliadcymru.org).

### History, statutory background and principal activities

The National Assembly for Wales ("the Assembly") is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

The Commission was established in May 2007 under Section 27 of the Government of Wales Act 2006 (the 2006 Act) and has a duty to ensure that the Assembly is provided with the property, staff and services it requires. The Commission is made up of five Commissioners: the Presiding Officer is Chairman, and four other Assembly Members are appointed by the Assembly. The Clerk of the Assembly (appointed under Section 26 of the 2006 Act) is the Chief Executive of the Commission and the Accounting Officer. In practice the Commission has delegated its day-to-day responsibilities to the Chief Executive and Clerk, with some exceptions. Its staff, appointed under paragraph 3 of Schedule 2 to the 2006 Act, are referred to as Assembly staff. The Commission is independent of Welsh Government Ministers ("Welsh Ministers").

The Commission provides the infrastructure (including the Senedd and Tŷ Hywel, the Assembly offices) and the salaries and allowances which enable Members to undertake their duties both at the Assembly in Cardiff Bay and in their local offices. It provides the facilities and staff to allow the Assembly and its committees to meet and encourages public awareness of and engagement with the democratic process. The Commission's purpose is to make the Assembly an accessible and effective parliamentary body that inspires the confidence of the people of Wales. To support this, a Strategy for the Third Assembly 2007-2011 guides the work of the Commission to achieve the following goals:

- To promote and widen engagement in devolution;
- To show unity, leadership and a bold response to constitutional change;
- In all our work, to demonstrate respect, probity and good governance;
- To work sustainably;
- To ensure that the Assembly has the best service, provided in the most effective way.

## The Assembly Commission

<i>The Commissioners during 2009-10 were:</i>	<i>Date appointed to the Commission</i>
Rt Hon Lord Elis Thomas AM, Presiding Officer	9 May 2007
William Graham AM	6 June 2007
Lorraine Barrett AM	6 June 2007
Peter Black AM	6 June 2007
Christopher Franks AM	18 September 2007

The Commission has portfolio arrangements whereby Commissioners take a lead interest in specific issues. These are as follows:

**Lord Elis Thomas AM – Chair of the Commission** - with special responsibility for promoting democratic engagement; excellent leadership; developing the Assembly's future legislative powers and external relations.

**Lorraine Barrett AM – Commissioner for the Sustainable Assembly** - this portfolio includes responsibility for equality; language; environment and carbon neutrality; sustainable procurement and estate management.

**Peter Black AM – Commissioner for the Assembly and the Citizen** – this portfolio includes looking at the quality of scrutiny and the legislative process; external communication; ICT; citizenship education; legal matters and Freedom of Information.

**Christopher Franks AM – Commissioner for the Improving Assembly** - this portfolio includes looking at improving services to Members and citizens; involving stakeholders; strategic planning; and considering value for money.

**William Graham AM – Commissioner for Assembly Resources** - this portfolio includes considering the management of Assembly assets; Assembly people (including employees, contractors, services provided to support Assembly Members' Support Staff); the Commission's budget; Members' salaries and allowances; efficiency and good governance.

## Independent Advisers

The Commission appointed the following four independent advisers, all on a 3-year basis, from 5 November 2007:

Mair Barnes	Tim Knighton
Richard Calvert	Professor Robert Pickard

Further background information on the independent advisers is available on the [Assembly's website](#).

## Senior Management and Assembly staff

The senior management team (the Chief Executive and her Directors) employed by the Commission through the year and to the date of signing the accounts, were:

Claire Clancy	Chief Executive and Clerk of the Assembly, Accounting Officer
Dianne Bevan	Chief Operating Officer
Adrian Crompton	Director of Assembly Business
Keith Bush	Director of Legal Services

The Remuneration Report within these accounts contains information about the salary and pension entitlements of the named individuals, and their travel and subsistence claims for the year.

The senior management hold their appointments on a continuing basis.

At the end of the financial year, the Commission employed the following numbers of full time equivalent staff:

	<u>31 March 2010</u>	<u>31 March 2009</u>
Employed staff	362.4	341.9
Seconded staff	2.8	4.4
	<hr/>	<hr/>

The overall sickness absence rate for the year was 3.23% (4.2% 2008-09) against a revised target for the year of 3.18% (equating to 7 days). The Commission's performance in reducing sickness absence will be published on the Wales Audit Office Good Practice Exchange.

### **Review of the Financial Year**

This third year of functioning of operation for the Commission saw continued development and achievements in supporting the Assembly, as set out in the [Annual Report](#) with highlights as follows:

Looking outwards, the year commemorated the 10<sup>th</sup> Anniversary of the Assembly with a programme of events across Wales led by the Presiding Officer. An Assembly Outreach Bus was introduced as a new way of connecting the Assembly with the people of Wales. 1 March 2010 saw the reopening of The Pierhead following extensive refurbishment and enhancement to create an iconic visitor attraction in Cardiff Bay, sitting alongside the Senedd.

Members' expenses came under heightened scrutiny during the year as a result of events elsewhere in the UK. ['Getting it Right for Wales'](#), the report published in July 2009 of the independent panel appointed by the Commission in 2008, produced 108 recommendations, for enhanced arrangements for Members which are prudent, fair, effective and transparent. The Commission accepted all the recommendations and during 2009-10 implemented 47 of them, with work in hand for the remainder. One of the key recommendations was to create an Independent Remuneration Board to set future pay and allowances for Members, which was a key recommendation of the report. The Measure was passed by the Assembly in May 2010 and is awaiting Royal approval; the Board will be established by the Autumn of 2010.

To further demonstrate openness and transparency, during the year the Commission introduced monthly on-line publication of Members' expenses claims.

The Register of Assembly Members' Financial and Other interests continues to be updated and published on the [Assembly's website](#).

A measure was introduced by the Assembly's Standards of Conduct Committee to create an independent statutory Commissioner for Standards to oversee standards of conduct of Members. The National Assembly for Wales Commissioner for Standards Measure 2009 received Royal approval in December 2009.

A full legislative programme was supported through the year. The volume of work necessitated the opening of a fourth committee room in order for business to be accommodated. The Commission began a significant project (UNO) to create a unified information technology network for Members and Assembly staff, separate to that of the Welsh Government, with longer-term benefits for managing information, public engagement, IT procurement and enhancing business continuity. This project was still in progress as at the year-end. A new Change Programme was set up to provide an overall picture of work being undertaken and more focus and control in the delivery of individual changes into the Assembly.

The Commission introduced a Carbon Management Plan with the aim of achieving carbon neutrality by 2015; achieved substantial audit assurance on its key financial controls and budgetary control; became the 47<sup>th</sup> top UK employer in the Stonewall Index and made a successful transition to new accounting requirements under International Financial Reporting Standards.

### **Financial performance for the year**

The Commission's expenditure is funded from the Welsh Consolidated Fund. The net resource outturn for 2009-10 was £48.9 million (£44.5million 2008-09).

£12.6 million (£12.4million 2008-09) was for salaries and allowances of Assembly Members including allowances for securing staff and constituency/area based accommodation to assist them in the discharge of their duties. The salary and related costs of staff employed by the Commission was £13.9million (£12.2million 2008-09); accommodation, ICT and other running costs amounted to some £18 million (£19.8million 2008-09); with £0.1million rental income and merchandise sales from the Assembly Shop (£0.1million for 2008-09). Within the ICT costs is £2.9million expenditure for the Commission's major IT project, UNO. The Commission submitted a £1.95million Supplementary Budget during the year to cover the majority of the costs. This budget was approved 20 October 2009.

The above excludes the salary related costs of the Presiding Officer and the Deputy Presiding Officer, Auditor General for Wales and Public Services Ombudsman for Wales. These salaries are paid by the Commission but are a direct charge on the Welsh Consolidated Fund. Consequently, they are excluded from the net resource outturn of the Commission. The total costs for these in 2009-10 was £0.636million (£0.635million 2008-09).

The resulting net resource outturn was within £0.85million (1.7%) of the approved net resource budget of £49.7million for the year (£2.1million/3.7% underspend in 2008-09). 40% of the underspend was attributable to lower than anticipated spending on the Assembly Members' salaries and allowances. The balance of the 2009-10 underspend arose from a combination of savings achieved from delivering more efficient services and reduced administration spend on demand led budgets. Further information on the resource outturn is provided in Note 3 to the accounts and the Commission's budget can be viewed on the [Assembly's website](#).

At 31 March 2010, the Commission's net assets amounted to £60.4 million (£62.7million at 31 March 2009).

### **Future Developments**

It is clear that public sector funding is going to come under significant pressure in coming years. The Commission is a relatively new and developing corporate body that has to grow in the first three years to establish strong foundations which will enable it to meet its future priorities. It must fulfil its statutory duties and, at the same time, it must exercise proper stewardship of public funds. During the coming year every effort will be made to achieve efficiencies, to reduce spend and to prepare appropriate, prudent budgets for future years.

Delivery of services to support the formal legislative, scrutiny and other business of the Assembly remains a priority. Work is now well underway to plan for the fourth Assembly from May 2011 and the period of dissolution that will, for the first time, precede it. The Assembly has triggered the process leading to a referendum on the legislative powers of the Assembly, and it is expected that the referendum will take place by May 2011.

Other key priorities for the Commission over the coming year include: completion of the unified network; implementing the recommendations of the independent review of bilingual services provided by the Assembly published its report in May 2010, implementing the remaining recommendations from '[Getting it Right for Wales](#)'; developing Pierhead as a first class facility to support the Assembly; and taking forward change programmes to better support Assembly business and engagement.

The Commission's strong performance and delivery culture provides a sound foundation to ensure that it can achieve its priorities in a climate of public sector funding restraint. To support more effective resource planning and allocation, the Commission will continue to seek out efficiencies and value for money and will prepare a longer-term Resources Planning Strategy. Alongside existing arrangements for governance, improvements in internal control and change management should ensure that the Commission is ready to meet the inevitable resource challenges in the years ahead.

### **Risks and Uncertainties**

The Commission operates a Risk and Benefits Management Framework to develop a risk-aware culture, managing risks appropriately, and realising opportunities for improvement. Further information is provided in the Statement on Internal Control within these accounts. No breaches of data security were identified during 2009-10.

### **Compliance with our Duties**

The Commission must exercise its functions in accordance with the principles of: equality of opportunity for all; promoting sustainable development; and, treating English and Welsh languages on the basis of equality. Further information is provided in the [Annual Report](#)

The Commission is accredited for its environmental management practices under Green Dragon, Level 5. Further information, including the Annual Environmental Report, is available on the [Assembly website](#).

During 2009-10 the Commission commissioned an independent review of the Assembly's bilingual services, with the report published in May 2010. This is available on the [Assembly's website](#).

### **Pension Liabilities**

The treatment of pension liabilities and details of the relevant pension schemes are set out in the Statement of Accounting Policies within these accounts.

### **Supplier Payment Policy**

The Commission's key performance target for 2009-10 was to pay all suppliers within 10 working days of receipt of invoices not in dispute. Payments performance for the year averaged 93% paid within 10 days (98% average for 2008-09 against a 30 day target).

### **Audit Committee**

The Commission has an Audit Committee (previously called the Corporate Governance Committee) to support the Commission and the Accounting Officer in monitoring and reviewing corporate governance, risk management and control systems. Membership of the Committee consists of three independent advisers (one of which is the Chair) and one Assembly Commissioner. Its membership is Richard Calvert (Chair), William Graham AM, Tim Knighton and Professor Robert Pickard. The Committee's work in 2009-10 included

consideration of the second annual accounts produced by the Commission (2008-09) and preparation for conversion to International Financial Reporting Standards for the 2009-10 accounts; consideration of arrangements to enhance information security and business continuity planning; work undertaken by the Commission following Finance Committee scrutiny of the 2010-11 budget; and, provision of advice regarding assurances which support the Statement on Internal Control. The Committee's Annual Report to the Commission is available on the [Assembly's website](#).

### **Remuneration Committee**

The Commission has a Remuneration Committee to assist the Commission and Chief Executive in ensuring that we meet the highest standards of probity and accountability for the use of public funds and specifically, for appraisal and remuneration policies and systems. Its membership is Tony Morgan (Chair of Audit at Geldards and retired partner at PricewaterhouseCoopers), Professor Robert Pickard and Tim Knighton (two of the Commission's Independent Advisers). During the year the committee's work has included benchmarking the salary scales of senior grades against comparable organisations and commenting on the pay and reward strategy for Assembly staff.

### **Audit**

The Accounts are audited by the Auditor General for Wales in accordance with Section 137 of the 2006 Act. The agreed cost for the audit of the 2009-10 accounts is £61,400 (£57,950 2008-09).

### **Disclosure of Relevant Audit Information**

As Accounting Officer, I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

### **Events Occurring After Year End**

There were no significant events occurring between the year-end and the completion of these accounts.

**Claire Clancy**  
**Chief Executive and Clerk of the Assembly**

**Date: 13 July 2010**



# REMUNERATION REPORT

## Remuneration Policy

The Commission established an independent review panel in August 2008 to look at all aspects of financial support available to Assembly Members; including pay and allowances for travel, accommodation, constituency offices and support staff.

Until April 2009 the basic salary for Assembly Members was directly linked to that of Members of Parliament. Following the panels' report, '[Getting it Right for Wales](#)', published in July 2009, that link was broken with future financial support, including salaries, available to Assembly Members being decided by an independent Remuneration Board to be established in an Assembly Measure.

Future salaries for Assembly Members will be determined by the Remuneration Board and will be fixed at the start of each four year term with inflation being taken in to account and salaries adjusted annually. The report also concluded that the level of salary as at 1 April 2009 was at an appropriate level.

The annual basic salary for Assembly Members, excluding employer's National Insurance and pension contributions as at 1 April 2008 was £51,899 rising to £53,108 on 1 April 2009. Ten Members opted not to draw their full entitlement for the 2009-10 financial year (nine members in 2008-09).

The following Office Holders were entitled to additional salaries to their Member salary as follows:

	From 1 April 2008	From 1 April 2009	From 2 November 2009
Presiding Officer and Leader of the largest opposition party	£40,759	£41,370	£41,370
Deputy Presiding Officer	£25,637	£26,022	£26,022
Opposition Chief Whip and Assembly Commissioners	£11,372	£11,543	£12,000
Leader of opposition parties other than the largest. Chairs of scrutiny committees <sup>1</sup> and Finance and Public Accounts Committees.	£11,372	£11,543	£12,000
Chairs of other committees <sup>2</sup>	£5,950	£6,039	£8,000

This table was subject to audit

<sup>1</sup> Scrutiny committees were Communities and Culture; Enterprise and Learning; Health, Wellbeing and Local Government; Sustainability; Constitutional Affairs; 5 Legislation committees.

<sup>2</sup> Other committees were Children and Young People; Equality of Opportunity; European and External Affairs; Petitions; Standards of Conduct.

Of those entitled to such additional salaries, ten Members did not draw their full entitlement in 2009-10 (two in 2008-09).

The Commission does not provide any benefits-in-kind.

Assembly Members are members of the National Assembly for Wales Members' Pension Scheme for which separate annual accounts are published via the [Assembly website](#)

The Commission pays the salaries and related costs of Welsh Ministers and these are disclosed as a note within the Welsh Government Consolidated Resource Accounts though are charged to the Commission's resource accounts.

Four independent advisers to the Commission were appointed on 5 November 2007 for a three-year period and receive non-pensionable emoluments of £5,000 per annum (£7,000 per annum for the Chair of the Audit Committee).

The remuneration of the Chief Executive is determined by the Commission. The remuneration of the three directors is determined by the Chief Executive in consultation with the Commission. A Remuneration Committee made up of three independent members advises the Chief Executive and the Commission. Paragraph 3 of Schedule 2 to the Government of Wales Act 2006 requires the Commission to ensure that the terms and conditions of Assembly staff are broadly in line with those applying to Welsh Government staff. With effect from 1 April 2008, following the Remuneration Committee's consideration of the proposal and agreement /consultation with the Commission, a unified pay scale was created for all staff employed by the Commission including Directors and the Chief Executive.

### Service contracts

Appointments of Commission staff, on terms and conditions set by the Commission, are made on merit on the basis of fair and open competition but also include provision for circumstances when appointments may otherwise be made. These principles are in line with civil service arrangements. Staff are not members of the Civil Service but are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS).

Unless otherwise stated below, Assembly staff covered by this report hold appointments which are open-ended until they reach normal pensionable age under the PCSPS. They may then apply to continue their employment beyond that age. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

### Salaries and pension entitlements

The following sections provide details of the remuneration and pension interests of office holders and senior staff. These are presented in banding ranges for salary and pension.

The Assembly Commissioners, other than the Presiding Officer, are entitled to an annual salary of £11,543 in addition to their Assembly Member pay. Their pension details are not included above because only part of their remuneration relates to their roles as Commissioners. Their accrued pension and CETV as Commissioners cannot be disaggregated from the total amounts accrued.

Name and title	Salary 2009/10	Salary 2008/09	Real increase in pension and related lump sum at age 65	Total accrued pension at age 65 and related lump sum at 31/3/10	CETV at 31/3/09 restated	CETV at 31/3/10	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Office holders</b>							
Lord Elis Thomas AM – <i>Presiding Officer</i>	90-95	90-95	2.5-5	35-40	685	769	70
Rosemary Butler AM – <i>Deputy Presiding Officer</i>	75-80	75-80	0-2.5	15-20	284	325	34

<b>Senior Management</b>							
<b>Name and title</b>	<b>Salary 2009/10</b>	<b>Salary 2008/09</b>	<b>Real increase in pension and related lump sum at age 60</b>	<b>Total accrued pension at age 60 and related lump sum at 31/3/10</b>	<b>CETV at 31/3/09 restated</b>	<b>CETV at 31/3/10</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Claire Clancy – <i>Chief Executive and Clerk of the Assembly</i>	135-140	140-145	5.0-7.5 plus lump sum of 15-20	50-55 plus lump sum of 160-165	883*	1,047	105*
Dianne Bevan – <i>Chief Operating Officer</i>	115-120	115-120	5.0-7.5	50-55	701*	833	83*
Adrian Crompton – <i>Director of Assembly Business</i>	95-100	95-100	2.5-5.0 plus lump sum of 5-10	25-30 plus lump sum of 75-80	326*	393	44
Keith Bush – <i>Director of Legal Services</i>	115-120	105-110	2.5-5.0	15-20	271*	331	56

This table was subject to audit

\*The figures are different from the closing figures in last year's accounts. This is because an incorrect adjustment for market conditions (AMC) factor was used in the calculations. This led to the CETV as at 31/3/09 being overstated with the Real increase in CETV being overstated in 2008-09 by £1,000.

**Salary** Salaries in the above table are the amount earned in the financial year and include all remuneration payable. They do not include National Insurance or Superannuation contributions. The salary costs for the Presiding Officer and Deputy Presiding Officer continue to be a direct charge on the Welsh Consolidated Fund.

### **Cash Equivalent Transfer Values (CETV)**

This 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 the disclosure applies. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

This is the element of the increase in accrued pension funded by the Commission. It excludes increases due to inflation and contributions paid by the member (including the value of any benefits transferred from another pension scheme or arrangement) and is worked out using common market valuation factors for the start and end of the period.

### **Benefits in kind**

No benefits in kind were paid to the Chief Executive & Clerk, Directors, the Presiding Officer or the Deputy Presiding Officer.

## Travel and subsistence

Payments made to the Chief Executive and Directors for travel and subsistence and other expense claims during the year were as follows:

	Claire Clancy <i>Chief Executive &amp; Clerk</i>	Dianne Bevan <i>Chief Operating Officer</i>	Adrian Crompton <i>Director of Assembly Business</i>	Keith Bush <i>Director of Legal Services</i>
	£	£	£	£
Car mileage	-	-	-	-
Taxi/Car hire	-	14	20	9
Air travel	-	-	35	-
Public transport	-	16	11	-
[Accommodation	-	-	-	176
Subsistence/expenses	-	37	197	-
<b>TOTAL</b>	-	<b>67</b>	<b>263</b>	<b>185</b>

This table was subject to audit

## Pensions

Pension benefits for Assembly staff are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). For 2009-10, employer contributions at one of the four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (reduced from 2008-09). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

From 1 October 2002, employees may be in one of four statutory based 'final salary' defined benefit schemes (classic, premium, classic plus and nuvos). The schemes are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under these schemes are increased annually in line with changes to the Retail Price Index. New entrants joining between 1 October 2002 and 29 July 2007 opted between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account). New entrants on or after 30 July 2007 may join the nuvos scheme or opt for a partnership pension account.

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and nuvos. Benefits in Classic accrue at the rate of 1/80<sup>th</sup> of the pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60<sup>th</sup> 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. Classic plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. Nuvos is a career average scheme where benefits accrue at a rate of 2.3 per cent of salary in each year, revalued in line with the Retail Prices Index at the end of each year

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos

Further details about the PCSPS arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

Assembly Members belong to the National Assembly for Wales Members' Pension Scheme which is a defined benefit scheme and applies to the total salary entitlement of members including amounts paid to office holders and Welsh Ministers. The Scheme is administered by Trustees, and is wholly independent to the Assembly Commission. The Scheme's accounts are available at [www.assemblywales.org](http://www.assemblywales.org)

The main benefits of the scheme are an immediate pension of either 1/50<sup>th</sup> or 1/40<sup>th</sup> of final salary for each year of service on retirement at age 65. Pensions are increased annually in line with changes in the Retail Price Index. Members pay a contribution equivalent to 6% of their total salary (including any additional elements receivable for office holders and Welsh Ministers) for an accrual rate of 1/50<sup>th</sup> or 10% of their total salary for an accrual rate of 1/40<sup>th</sup>, with the Commission contributing an employer contribution representing 23.8% of their total salary from 1 April 2009 (23.0% until 31 March 2009).

**Claire Clancy**  
**Chief Executive and Clerk of the Assembly**

**Date: 13 July 2010**

## **STATEMENT OF THE COMMISSION'S AND THE ACCOUNTING OFFICER'S RESPONSIBILITIES**

The Chief Executive and Clerk has prepared the statement of accounts in accordance with the Direction issued by the Treasury and with the accounting principles and disclosure requirements set out in the Financial Reporting Manual. The Resource Accounts are prepared on an accruals accounting basis and give a true and fair view of the Commission's state of affairs at the year-end and of its net resource outturn, resources applied to objectives, operating cost statement, statement of financial position, cash flows and statement of changes in taxpayers' equity for the financial year.

In preparing the accounts the Chief Executive and Clerk has:

- Complied with the accounts direction issued by the Treasury;
- Complied with the relevant accounting and disclosure requirements, and applied suitable accounting policies on a consistent basis;
- Made judgements and estimates which are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepared the accounts on a going concern basis.

The Chief Executive and Clerk of the Assembly is, by virtue of Section 138 of the Government of Wales Act 2006, the Accounting Officer for the Commission. The relevant responsibilities of the Accounting Officer, including the responsibility for the propriety and regularity of the finances of the Commission and for the keeping of proper records, are set out in a memorandum issued by the Treasury.

**Claire Clancy**  
**Chief Executive and Clerk of the Assembly**

**Date: 13 July 2010**

## **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 policies, aims and objectives of the National Assembly for Wales Commission, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Treasury. It is incumbent on me, as the Accounting Officer, to combine these duties with my duty to serve the Commissioners, to whom I am responsible and from whom I derive my authority.

The Assembly Commission sets the strategic aims, objectives, policies and values for the organisation and, in accordance with the provisions of paragraph 7 of Schedule 2 to the Government of Wales Act 2006, has delegated its functions, including its responsibility for the management of staff, to me as Chief Executive and Clerk of the Assembly, subject to certain exceptions and conditions. The work of the Assembly and the Commission attracts significant public interest and media coverage, and has wide-ranging political sensitivities.

During 2009-10 I, as the Accounting Officer, was advised by:

- the Assembly Commission, and the Commission's four independent advisers, in terms of policy, values and strategic direction;
- my three Directors (the Chief Operating Officer, the Director of Assembly Business and the Director of Legal Services), and the Head of Corporate Unit, in terms of service development, delivery and capacity to achieve;
- the Management Board (which includes Directors and all Heads of Service);
- the Assembly Commission's Audit Committee (the Audit Committee - formerly the Corporate Governance Committee) consisting of one Commissioner and three independent advisers to the Commission, one of whom is the Chairman; and
- the Commission's internal and external auditors - the Wales Audit Office, RSM Tenon (formerly known as RSM Bentley Jennison until December 2009) and the newly appointed in-house Head of Internal Audit.

### **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 a continuous process designed to identify and prioritise the risks to the achievement of the Assembly'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 accords with Treasury guidance, and was in place for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts.

### **Capacity to Handle Risk**

My Directors and I have taken the lead in the continued development and embedding of the risk and benefits management framework, consistent with best practice, throughout the organisation. We have reviewed and revised the framework documentation based on our experience of its operation. The Risk and Benefits Management Adviser has worked with the Heads of Service and Risk Champions from each service area and with project managers across the organisation to further improve and embed a culture which realises opportunities through improved handling of risks. The Risk and Benefits Management Framework is a key foundation block in the Commission's system of internal control and corporate governance arrangements.

Effective risk and benefits management takes place at operational and strategic levels. The management of risks at programme and project levels has also been developed and all projects are now required to have risk registers. Key elements of our approach to handling risk are:

- a risk management forum (consisting of Risk Champions from each service area) which meets regularly;
- regular review and reporting of movements and occurrences of all risks;
- in depth Management Board reviews of one strategic risk at each meeting;
- staff awareness of risk management, weakspots and how to suggest improvements; and
- the escalation of significant risks to Directors, to me as Chief Executive and Clerk, and to the Assembly Commission as necessary.

The recent adverse weather conditions and industrial action have demonstrated our ability to respond to planned disruptions effectively, allowing continuation of our critical business activities. This has enhanced awareness and understanding of effective risk and business continuity management. A project is now underway to enhance our ability to respond cohesively to unexpected major disruptions.

### **Internal Control**

The Commission's risk framework forms part of a wider system of internal control to support effective corporate governance. The Audit Committee continues to advise me as Accounting Officer. The Committee's work programme follows the best-practice model for an Audit Committee. During the year the following specific aspects have been developed:

- improvements to budgetary planning, control and monitoring mechanisms through the implementation of a new Budget Framework which was rolled out to all Service Heads;
- raising of awareness and understanding among staff of our governance policies and procedures;
- establishment of a Change Programme and Board to ensure proper governance around programme and project management and effective prioritisation of finite resources. This is particularly important both because of the level of change being undertaken in the organisation and the current economic climate; and
- the 2008-09 financial statements were successfully converted to comply with International Financial Reporting Standards (IFRS). The final audit report providing assurance of the IFRS-compliant accounts was reviewed in January 2010 along with the new format for the 2009-10 IFRS.

A self assessment e-survey was carried out by the Audit Committee in March 2010 which provided a generally positive picture, together with several areas where opportunities exist to improve the effectiveness of the Committee in 2010-11.

### **Information Security**

The Assembly has adopted the Cabinet Office Security Policy Framework and guidance and developed an action plan to meet the requirements. The guidance encompasses governance arrangements, roles and responsibilities as well as detailed guidance on specific physical and information security aspects. The Assembly has made further progress during 2009-10, including:

- A Departmental Security Officer has been designated, the Head of Security. This is in support of the Assembly's Senior Information Risk Owner, the Chief Operating Officer, who has overall responsibility for security. Security risks are managed through the strategic risk register.
- Staff awareness has been raised through induction and other training sessions on Information Security including: Records Management, FOI and the Data Protection Act, supported by written guidance. A new ICT security policy is being developed with the aim of introducing it with the Unification of Network (UNO) project, in September 2010.
- An Information Asset register was developed in 2009 and identified the types and ownership of information held by each service area. A new protective marking policy was also introduced which provided a benchmark to verify that appropriate security measures are being applied.



- An Internal Audit review of Records Management recommended that the Assembly develop an information management strategy to recognise the importance of managing all corporate information. Both this and the security policy framework are due to be discussed and developed during 2010-11.

The updated Action Plan for the Security Policy Framework shows that there has been progress in key aspects of Information Security and I have drawn assurance from this. We will build on this work during 2010-11 to integrate further our policies and procedures on an organisational basis and to enhance awareness and understanding among staff.

### **ICT Infrastructure - Unification of Network (UNO) project**

A major independent review of all the technology used to conduct the Assembly's business and of the services provided to Assembly Members, staff and the public was undertaken during 2008-09. As a result of this review, a project was established to introduce a single network for Assembly Members, their support staff and Assembly staff and to update technology, improve the speed of data sharing and design and deliver an infrastructure and IT service.

The project was established on a formal basis with dedicated resources, following a Commission decision to proceed taken in June 2009. Revised estimates from the contractor for the cost of materials and design work were delivered in February 2010, indicating that the costs will substantially exceed the allocated budget, largely because of enhancement to the initial resilience and business continuity provision. Delay in settling contractual agreements moved a higher proportion of the cost than was anticipated to the 2010-11 financial year.

The project resource has been improved in strength and quantity. Cost control, value for money and firm challenge will remain priorities for the remainder of the project. This has been combined with a rigorous assessment of spending plans for 2010-11, so that the costs can be accommodated within existing resources. The resources dedicated to UNO will impact on the timing of delivery of other projects and will require tight control of available resources.

The Assembly Commission has endorsed continuation of the project due to the extensive and long-term benefits which include:

- a more co-ordinated and efficient use of Assembly resources;
- improved network connectivity;
- the platform for moving to a more integrated approach to delivering services by the most cost effective and most efficient route;
- modernisation of the IT estate, providing the latest technology to improve public engagement; and
- improved business continuity.

### **Assembly Members**

In addition to their salaries, Members are entitled to various allowances intended to reimburse costs which they incur in order to carry out their duties. Entitlement to these allowances is defined by rules set out in 'Determinations' made by the Commission under Standing Orders, supplemented by Commission guidance on how to apply those rules. Although there are robust controls to ensure costs re-claimed have actually been incurred (and the allowances system is subject to audit by the Wales Audit Office), the responsibility for ensuring that expenses have been incurred reasonably in order to enable them to do their work falls on Members. There is therefore an unavoidable limit to the effectiveness of internal controls under current arrangements.

The Assembly Commission established an Independent Review Panel during 2008-09 to undertake a detailed review of financial support for Assembly Members, and surrounding controls. Its report '[Getting it Right for Wales](#)' was published in July 2009 and all 108 recommendations were accepted by the Commission. A formal project was then established to oversee their implementation around half of which have already been implemented. The remainder will be implemented through the formal Fourth Assembly Programme.

A key recommendation of the Panel is the establishment of an independent Remuneration Board to take over the Commission's role in setting Members' pay and allowances. This Board should be in place before the end of 2010 following enactment of the National Assembly for Wales (Remuneration) Measure.

Another recommendation was that Internal Audit should be used to provide assurance that the framework of internal control over the new arrangements is robust and operating as intended. For 2009-10, this review focussed on the project management arrangements and concluded that satisfactory arrangements were in place. The Panel also recommended that the Wales Audit Office should perform checks on a sample of claims submitted by Assembly Members. For 2009-10, the WAO undertook such an examination and concluded there were no significant errors in costs claimed by Assembly Members, although some aspects of administering the claims could be strengthened.

The Commission publishes regular information on amounts claimed by Members. This opens up this use of public funds to detailed public scrutiny, supplements internal controls and adds greatly to the effectiveness of overall control of this area of expenditure. The Wales Audit Office has confirmed that the Commission has complied with its commitment to publish such information.

The proper use of Assembly resources by Members, either directly or via the Allowances system, falls within the remit of the Assembly's Commissioner for Standards – an independent officer appointed by the Assembly. The Commissioner provides advice and assistance on any matters of principle relating to the conduct of Assembly Members, and is an independent investigator of complaints that Members of the Assembly have breached any Code, Protocol or Resolution of the Assembly. The Commissioner draws my attention to any relevant issues which arise in the course of his investigations.

During the year, the Assembly passed the Commissioner for Standards Measure which will establish the office of Standards Commissioner on a statutory basis and strengthen the office holder's powers of investigation. The Measure incorporates a specific duty on the part of the Commissioner to notify the Accounting Officer of any relevant issues that come to light during the course of an investigation, such as ambiguity in the relevant rules or weaknesses in the system of control.

## **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, the Directors who have responsibility for the development and maintenance of the internal control framework, the Audit Committee, 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 my Directors and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the systems in place.

The Internal Audit Annual Report 2009-10 reported an opinion that the Assembly has "adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives". The internal audit reports produced during the year recorded:

- substantial assurance for: Payroll/HR; Key Financial Controls; Budgetary Control and Corporate Governance;
- adequate assurance for Performance Monitoring; and
- reasonable progress on the follow up review of previous audits.

Reports were also produced for: an advisory internal audit on the Processes for Members' Allowances; a Review of Procurement; and a further value added internal audit on Records Management.

The Audit Committee supported the view that, to ensure maximum benefit and added value from the internal audit process, a number of improvements were needed. To address this, a new in-house Head of Internal Audit was appointed in November 2009 and a new internal audit strategy and programme have been endorsed by senior management and the Audit Committee.

The core of our review of effectiveness was a self-review process, completed between December 2009 and March 2010. This covered the Corporate Governance and Corporate Planning frameworks, leadership and business management arrangements, and awareness of the control environment and engagement with it. Directors provided me with an interim Assurance Statement for their area of responsibility, followed up with a final Assurance Statement at the year-end.

A number of actions were identified following our review last year and these have been progressed satisfactorily during the year as follows:

- we started to publish comprehensive information about allowances paid to Members in June 2009 and have done so on a monthly basis from October;
- a new in-house Head of Internal Audit was appointed in November 2009 and a strategy has been developed;
- progress against the Security Policy Framework action plan has been monitored. The Departmental Security Officer has convened a meeting of key people in April 2010 to take forward the development of key strategies and integration of policies and guidance which will be key to progressing this agenda;
- establishment of the "Supporting Excellence in Project Management Forum", the training of SROs and further planned training for the development of organisational expertise on project management;
- raising of awareness and understanding among staff of our governance policies and procedures through a programme of hotshot sessions and use of internal communications methods;
- development of staff skills in sound financial management; and
- establishment of a Change Programme to facilitate the effective prioritisation of resources in areas of greatest impact and benefit.

## **Forward Look**

The financial year 2010-11 will be particularly demanding. We must maintain standards and services to the Assembly and its Members within a tighter budget settlement and a likely increase in workloads. In addition, we are committed to delivering on a number of ambitious projects of strategic importance, including:

- the provision of a single unified network for Assembly Members and Assembly staff. This will require significant resources – both financial and people – to bring the project to a successful conclusion in 2010-11. Spending plans for other work have been re-prioritised to achieve this;
- implementation of the remaining recommendations from the "Getting It Right for Wales" report;
- preparing for the period leading up to and beyond the Fourth Assembly in 2011; and
- responding to recommendations of the independent panel on bilingual services.

All these demands mean that it will be even more crucial for us to have strong risk management, financial management and governance arrangements working effectively. For the longer term, to secure future successful delivery, we will need to continue to achieve an appropriate balance between the growing demands placed on us, resources made available to us, and increased efficiencies. The exercise we have undertaken in respect of the 2009-10 and 2010-11 budgets to fund additional costs has laid the foundations for this. We are also working with the Wales Audit Office to seek out best practice in finding efficiencies.

This year's review has identified the following areas in which we need a sharper emphasis:

- continued challenge and improvements to budgetary control mechanisms, ensuring that we have excellent systems in place for times of financial stringency;
- seeking additional assurance and benchmarking with external sources on budgetary processes to test and demonstrate the strength of our systems, and to draw on best practice;
- realising and demonstrating the benefits of the Change Programme and the projects within it within the financial constraints we face;

- engaging and communicating more effectively with all stakeholders (including Members/groups of Members), particularly in connection with the Fourth Assembly Programme which incorporates the implementation of the remaining recommendations from the “Getting it Right for Wales” report;
- further improving information and briefing to the Chair of the Assembly’s Finance Committee to facilitate improved understanding and confidence of the committee;
- recent changes to EU procurement remedies have added additional sanctions to those already available to the courts. As contract and performance management become increasingly important under a more stringent financial environment, we will need to decide whether resources need to increase to cope with the level of risk now being faced; and
- improving our ability to respond to disruptions from unexpected events by securing enhanced specialist resources to facilitate finalising and testing business continuity plans.

In summary, I am satisfied that the weaknesses that have been identified through the review process have been addressed, or are in the process of being addressed, and that the system of internal control has developed effectively over the course of the year.

**Claire Clancy**  
**Chief Executive and Clerk of the National Assembly for Wales**  
Date: 13 July 2010

## **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 National Assembly for Wales Commission for the year ended 31 March 2010 under the Government of Wales Act 2006. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the Statement of Operating Costs by Aim and Objectives 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 been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government of Wales Act 2006 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer'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 HM Treasury directions issued under the Government of Wales Act 2006. I report to you whether, in my opinion, the information which comprises the management commentary and included 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 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 National Assembly for Wales Commission 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 National Assembly for Wales Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the National Assembly for Wales Commission's 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. I consider the implications for my certificate 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 National Assembly for Wales 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 Government of Wales Act 2006 and directions made thereunder by HM Treasury, of the state of the National Assembly for Wales Commission's affairs as at 31 March 2010, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, 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 HM Treasury directions issued under the Government of Wales Act 2006; and
- information which comprises the Management Commentary and included 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.

**Gillian Body**

**Auditor General for Wales**

**24 Cathedral Road**

**Cardiff**

**CF11 9LJ**

**14 July 2010**

## STATEMENT OF NATIONAL ASSEMBLY FOR WALES SUPPLY

### a) Summary of Outturn 2009–10

		Budget			Outturn			2009-10 £'000	Outturn Restated 2008-09 £'000
		Gross Expend	Income	Net Total	Gross Expend	Income applied	Net Total	Net total outturn compared with budget: saving/ (excess)	
Note									
Revenue	3	46,041	(160)	45,881	44,558	(111)	44,447	1,434	44,281
Capital	3	3,820		3,820	4,405		4,405	(585)	260
<b>Total</b>		49,861	(160)	49,701	48,963	(111)	48,852	849	44,541

Explanations of variances between budget and outturn are provided in note 3.

### b) Net cash requirement 2009-10

		Budget	Outturn	2009-10 £'000	Restated 2008-09 £'000
Note				Net total outturn compared with budget: saving/(excess)	
Net cash requirement	5	44,301	43,626	675	38,024

### c) Summary of income payable to the Welsh Consolidated Fund

In 2009-10 the Assembly Commission is due to pay £139.23 (£15,964.98 2008-09) to the Welsh Consolidated Fund. This money represents the bank interest received during the year.

## OPERATING COST STATEMENT

For the year ended 31 March 2010

	Note	2009-10 £'000	Restated 2008-09 £'000
<b>Administration Costs</b>			
Members, Office holders and staff salary costs	7a	20,050	18,178
Members' Other Costs	7b	7,154	7,072
Other administration costs	8	17,990	19,773
<b>Gross Administration Costs</b>		45,194	45,023
Operating income	6	(111)	(123)
<b>Net Operating Cost</b>		<b>45,083</b>	<b>44,900</b>

All activities are continuing



## STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

		31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	Note	£'000	£'000	£'000
<b>Non-current assets:</b>				
Property, plant and equipment	9	70,064	68,097	69,966
Intangible assets	10	441	103	138
<b>Total non-current assets</b>		70,505	68,200	70,104
<b>Current Assets</b>				
Inventories	11	27	27	34
Trade and other receivables	12	1,151	1,187	956
Cash and cash equivalents	13	675	1,233	2,915
<b>Total current assets</b>		1,853	2,447	3,905
<b>Total assets</b>		72,358	70,647	74,009
<b>Current liabilities</b>				
Trade and other payables	14	(5,953)	(6,002)	(5,695)
<b>Total current liabilities</b>		(5,953)	(6,002)	(5,695)
<b>Non-current assets plus net current assets/(liabilities)</b>		66,405	64,645	68,314
<b>Non-current liabilities</b>				
Other Payables	14	(163)	-	-
Provisions	15	(5,878)	(1,984)	(1,310)
<b>Total non-current liabilities</b>		(6,041)	(1,984)	(1,310)
<b>Assets less liabilities</b>		60,364	62,661	67,004
<b>Taxpayers' Equity</b>				
General Fund		61,833	60,224	63,910
Pension Fund Reserve		(5,873)	(1,967)	(1,310)
Revaluation Reserve		4,393	4,393	4,393
Donated Asset Reserve		11	11	11
		60,364	62,661	67,004

**Claire Clancy**  
Chief Executive and Clerk of the Assembly

**Date: 13 July 2010**

## CASH FLOW STATEMENT

For the year ended 31 March 2010

	Note	2009-10 £'000	Restated 2008-09 £'000
<b>Cash flows from Operating Activities</b>			
Net operating cost	4	(45,083)	(44,900)
<b>Adjustments for non-cash transactions:</b>			
Adjustment for cost of capital charge	8	2,162	2,284
Depreciation & Amortisation	8	2,100	2,164
Decrease in inventories	11	-	7
Decrease/(Increase) in trade and other receivables	12	36	(231)
<i>Less movements in receivables relating to items not passing through the Operating Cost Statement</i>		-	(5)
Increase in trade and other payables	14	114	307
<i>Less movements in payables relating to items not passing through the Operating Cost Statement</i>	13	558	1,684
Pension Finance Costs & other provisions	5	256.	304
<b>Net cash outflow from Operating Activities</b>		<b>(39,857)</b>	<b>(38,386)</b>
<b>Cash flows from Investing Activities</b>			
Purchase of property plant and equipment	9	(4,033)	(260)
Purchase of intangible assets	10	(372)	-
<b>Net cash outflow from Investing Activities</b>		<b>(4,405)</b>	<b>(260)</b>
<b>Cash flows from Financing Activities</b>			
From the Welsh Consolidated Fund (Supply)		44,301	39,257
From the Welsh Consolidated Fund (direct charges)		636	640
Payments to the Welsh Consolidated Fund		(1,233)	(2,933)
<b>Net cash inflow from Financing Activities</b>		<b>43,704</b>	<b>36,964</b>
Net/(decrease) in cash and cash equivalents		(558)	(1,682)
Cash and cash equivalents at beginning of year	13	1,233	2,915
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>675</b>	<b>1,233</b>

The notes on pages 28 to 54 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Pension Reserve	Total Reserves
		£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2008 (as originally reported)</b>		64,686	3,896	11	(1,310)	67,283
Changes in accounting policy - IFRS		(776)	497	-	-	(279)
Restated balance at 1 April 2008		63,910	4,393	11	(1,310)	67,004
<b>Changes in taxpayers' equity for 2008-09</b>						
Pension Fund Reserve Movement		-	-	-	(657)	(657)
Non-cash charges – cost of capital	8	2,284	-	-	-	2,284
Pension fund cost		287	-	-	-	287
Net operating cost for the year	4	(44,900)	-	-	-	(44,900)
<b>Total recognised income and expense for 2008-09</b>		(42,329)	-	-	(657)	(42,986)
Net Funding from the Welsh Consolidated Fund - Supply		39,257	-	-	-	39,257
Direct Charges	4	635	-	-	-	635
Amount payable to the Welsh Consolidated Fund						
-Supply		(1,233)	-	-	-	(1,233)
-Consolidated Fund Extra Receipts	4	(16)	-	-	-	(16)
<b>Balance at 31 March 2009</b>		60,224	4,393	11	(1,967)	62,661
<b>Changes in taxpayers' equity for 2009-10</b>						
<b>Pension Fund Reserve Movement</b>	15	-	-	-	(3,906)	(3,906)
Non-cash charges – cost of capital	8	2,162	-	-	-	2,162
Pension fund cost		268	-	-	-	268
Net operating cost for the year	4	(45,083)	-	-	-	(45,083)
<b>Total recognised income and expense for 2009-10</b>		(42,653)	-	-	(3,906)	(46,559)
Welsh Consolidated Fund –Supply		44,301	-	-	-	44,301
-Direct Charges	4	636	-	-	-	636
Amount payable to the Welsh Consolidated Fund						
-Supply		(675)	-	-	-	(675)
<b>Balance at 31 March 2010</b>		61,833	4,393	11	(5,873)	60,364

## STATEMENT OF OPERATING COSTS BY AIM AND OBJECTIVES

The National Assembly is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Assembly Government to account. The Assembly aspires to be an accessible and effective parliamentary body that inspires the confidence of the people of Wales.

The strategic objectives are:

1. To promote and widen engagement in devolution.
2. To show unity, leadership and a bold response to constitutional change.
3. In all our work, to demonstrate respect, probity and good governance.
4. To work sustainably.
5. To ensure that the Assembly has the best service, provided in the most effective way.

	Corporate Unit		Legal Services		Business Directorate		Operations Directorate		Total	
	2009-10 £'000	Restated 2008-09 £'000	2009-10 £'000	Restated 2008-09 £'000	2009-10 £'000	Restated 2008-09 £'000	2009-10 £'000	Restated 2008-09 £'000	2009-10 £'000	Restated 2008-09 £'000
Strategic Objective 1	184	168	90	70	1,101	1,035	4,372	4,354	<b>5,747</b>	5,627
Strategic Objective 2	184	168	180	139	1,311	1,228	2,232	2,286	<b>3,907</b>	3,821
Strategic Objective 3	644	587	90	70	599	565	5,754	7,113	<b>7,087</b>	8,335
Strategic Objective 4	276	252	60	46	434	420	4,192	4,429	<b>4,962</b>	5,147
Strategic Objective 5	551	504	180	139	2,309	2,083	7,057	6,256	<b>10,097</b>	8,982
Subtotal of Net Operating Costs	1,839	1,679	600	464	5,754	5,331	23,607	24,438	<b>31,800</b>	31,912
Direct charges on the Welsh Consolidated Fund									<b>636</b>	635
Income payable to the Welsh Consolidated Fund									-	(16)
Members' salaries, allowances and related costs									<b>12,647</b>	12,369
Net operating costs									<b>45,083</b>	<b>44,900</b>

See note 4 Reconciliation of Net Resource outturn to Net Operating Costs

# NOTES TO THE RESOURCE ACCOUNTS

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2009–10 International Financial Reporting Manual (iFReM) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the Government of Wales Act 2006. The accounting policies contained in the iFReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the iFReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The Commission's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. In addition to the primary statements prepared under IFRS the FReM also requires the National Assembly to prepare two additional statements of supply and by strategic objectives.

### 1.1 *Accounting convention*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets in accordance with International Financial Reporting Standards (IFRS)

### 1.2 *Property, Plant & Equipment*

The minimum level for capitalisation of a tangible asset is £5,000 inclusive of irrecoverable VAT. The IT threshold is where the grouped value of related asset purchases exceeds £5,000. Professional valuations are obtained for Land & Buildings every three years as a minimum. Other tangible assets are not revalued as, in the opinion of the Commission, the amounts involved would not be material.

### 1.3 *Asset impairment*

Property, plant and equipment are reviewed annually, to ensure that assets are not carried above their recoverable amounts. Where these values are less than the carrying amount of the assets, an impairment loss is charged to the Statement of Net Expenditure.

### 1.4 *Assets under construction*

Assets under construction are carried at historic cost as this is considered to be a satisfactory proxy for fair value. Once brought into use, the asset is transferred to the appropriate asset category and will be included in subsequent revaluations and impairment reviews.

### 1.5 *Intangible Assets*

Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset (3 or 5 years).

### 1.6 *Donated Assets*

Donated assets are capitalised at current value on receipt and are normally revalued in the same way as purchased assets. The value of donated assets is reflected in the donated asset reserve, which is credited with the value of the original donation and subsequent revaluations.

### 1.7 Depreciation

Freehold land, assets under construction, historic documents and records and works of art are not depreciated. Depreciation is provided at a rate calculated to write off the valuation of buildings and other tangible assets by equal instalments over their estimated useful lives. Assets are analysed into relevant component parts to reflect the differing economic lives. Assets are not depreciated in the year of acquisition. Asset lives are normally as follows:

Buildings:	50 years or an alternative period provided by a qualified valuer.
Fixed plant:	10 years, or an alternative period provided by the supplier at the time of purchase or valuation.
ICT related equipment:	3 years
Fixtures , fittings & office equipment:	5 years
Intangible assets (software):	3 or 5 years
Motor Vehicles:	4 years
Donated assets:	Assessed on receipt of asset

### 1.8 Realised Element of Depreciation from Revaluation Reserve

Depreciation is charged on the revalued amount of assets. An element of the depreciation therefore may arise due to an increase in valuation and would be in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to such an excess would be an unrealised gain on valuation, and is transferred from the Revaluation Reserve to the General Fund, if material.

### 1.9 Operating Cost Statement

Operating income and costs relate directly to the operating activities of the Commission. Income includes charges for goods and services provided on a full cost basis to external customers. Income and costs are shown net of Value Added Tax where it is recoverable.

### 1.10 Capital Charge

A charge, reflecting the cost of capital utilised by the Commission, is included in operating costs. The charge is calculated at the Government standard rate of 3.5% on the average of net relevant assets. Net relevant assets are defined as all assets less liabilities except for donated assets and cash balances with the Office of the Paymaster General.

### 1.11 Inventories

Inventories, including goods held for resale, are stated at the lower of cost and net realisable value.

### 1.12 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Foreign currency imprests are translated into sterling at the exchange rate ruling at the time of funding.

### 1.13 Pensions

The Principal Civil Service Pension Scheme (PCSPS) - Staff employed directly by the Commission and staff seconded to the Commission are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). It is an unfunded multi-employer defined benefit scheme and 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 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

The Assembly Members' Pension Scheme (AMPS) - A pension scheme for the Members of the Assembly was originally established under the Government of Wales Act 1998 and continues in force under the Government of Wales Act 2006. The scheme is a defined benefit scheme, and applies to the salary of Members and to any Office Holder salary. The cost of pension cover provided for the Members is by payment of charges calculated on an accruing basis, with liability for payment of future benefits charged to the accounts of the AMPS. Any liabilities of the fund arising from a deficit on assets will be met through increased funding by the Commission. In reporting on the assets and liabilities of the Scheme, the Commission has followed International Accounting Standard 19. The AMPS prepares its own Annual Accounts, separate to the Commission's Accounts, and these are available on the Assembly website

#### *1.14 Operating Lease Charge*

Rentals payable under operating leases are charged to the operating cost statement in the period to which they relate.

#### *1.15 Value Added Tax*

The Commission is treated as a Crown Body for the purposes of the Value Added Tax Act 1994 and accordingly for the purposes of Section 41 of that Act (application to the Crown) it is treated as a government department, and is exempt for VAT on the provision of Assembly goods and services. The Commission is standard rated for VAT on its trading activities, such as the Assembly shop.

#### *1.16 Cash and Cash equivalents*

Cash and cash equivalents comprise cash in hand and current balances with bank and OPG, which are readily convertible to known amount of cash and which are subject to insignificant risk to changes in value.

#### *1.17 Employee Benefits*

Salaries, wages and the cost of all employment related benefits, including the liability associated with untaken annual leave, are recognised in the period in which the service is received from employees.

## **2. First-time adoption of International Financial Reporting Standards (IFRS)**

### **Overview of IFRS reconciliations**

For all periods up to and including the year ended 31 March 2009, the National Assembly for Wales prepared its annual report and accounts in accordance with Generally Accepted Accounting Practice (UK GAAP). For the year ending 31 March 2010, the National Assembly for Wales is required to prepare its annual report and accounts in accordance with IFRS.

Accordingly, these accounts have been prepared in compliance with IFRS applicable for periods beginning on or after 1 April 2009: The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2009, the comparative information presented in these financial statements for the year ended 31 March 2008 and in the preparation of the opening IFRS balance sheet at 1 April 2008.

### **IAS 19 Employee Benefits**

Under UK GAAP, amendments to FRS 17 were issued in December 2006 which aligned the disclosure requirements of IAS 19 and FRS 17, as a result the implementation of IAS19 had no impact on the disclosures of pensions in the accounts. However under IAS 19, Employee Benefits prescribes the accounting and disclosure by employers for employee benefits to include and other forms of remuneration such as wages and salaries as well as pension benefits and termination benefits.

The effect of adopting IAS 19 on the Statement of Financial Position as at 1 April 2008 was to increase creditor accruals by £313k. The effect on the Statement of Financial Position as at the 31 March 2009 increased creditor accruals by a further £40k.

### **IAS 16 Property Plant and Equipment**

IAS 16 requires that each part of an item of property, plant and equipment that has a cost that is significant in relation to the total cost of the item should be depreciated separately.

The effect of adopting IAS 16 on the Statement of Financial Position as at 31 March 2009 decreased overall asset value due to an increase in depreciation by £497k.



## Restatement of total reserves on transition to IFRS

	General Fund £000	Revaluation reserve £000	Donated asset reserve £000	Pension reserve £000	Total £000
Taxpayers equity under UK GAAP as at 31 March 2009	61,551	3,896	11	(1,967)	63,491
<b>IFRS adjustments:</b>					
IAS 16	(994)	497	-	-	(497)
IAS 19	(333)	-	-	-	(333)
<b>Total IFRS adjustments</b>	<b>(1,327)</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>(830)</b>
<b>IFRS as at 31 March 2009</b>	<b>60,224</b>	<b>4,393</b>	<b>11</b>	<b>(1,967)</b>	<b>62,661</b>

## Restatement of Operating Cost Statement for the year ending 31 March 2009

<b>Net expenditure for the year under UK GAAP</b>	<b>44,369</b>
Adjustments for:	
IAS 16 adjustment	497
AS 19 adjustment	54
Cost of Capital adjustment	(20)
<b>Net expenditure for the period under IFRS</b>	<b>44,900</b>

## Restatement of Statement of National Assembly for Wales Supply for the year ending 31 March 2009

<b>Net total outturn for the year under UK GAAP</b>	<b>44,010</b>
Adjustments for:	
IAS 16 adjustment	497
IAS 19 adjustment	54
Cost of Capital adjustment	(20)
<b>Net outturn for the period under IFRS</b>	<b>44,541</b>

### 3. Analysis of net resource outturn 2009-10

	Outturn £'000	Analysis of Approved Budget £'000	Outturn compared with Approved Budget £'000	Restated Outturn 2008-09 £'000
<i>Revenue expenditure</i>				
Members' salaries, allowances and related costs	12,647	13,335	688	12,369
Staff salaries and related costs	13,921	13,900	(21)	12,246
Staff travel and subsistence costs	135	210	75	159
Recruitment/other HR costs	205	176	(29)	160
ICT costs	3,618	3,878	260	4,017
Accommodation and facilities costs	7,696	7,169	(527)	8,350
Training and development costs	211	250	39	393
Promoting awareness and understanding	564	621	57	548
Other administrative costs	1,299	2,302	1,003	1,698
Depreciation and notional interest charges	4,262	4,200	(62)	4,448
<b>Gross Revenue Expenditure</b>	<b>44,558</b>	<b>46,041</b>	<b>1,483</b>	<b>44,388</b>
<i>Revenue Income</i>				
Sales - the Assembly Shop	(18)	(40)	(22)	(31)
Accommodation rental income	(86)	(90)	(4)	(76)
Miscellaneous income	(7)	(30)	(23)	-
<b>Gross Revenue Income Applied</b>	<b>(111)</b>	<b>(160)</b>	<b>(49)</b>	<b>(107)</b>
<b>NET REVENUE EXPENDITURE</b>	<b>44,447</b>	<b>45,881</b>	<b>1,434</b>	<b>44,281</b>
<b>CAPITAL EXPENDITURE - CREATION OF FIXED ASSETS</b>	<b>4,405</b>	<b>3,820</b>	<b>(585)</b>	<b>260</b>
<b>NET RESOURCE OUTTURN</b>	<b>48,852</b>	<b>49,701</b>	<b>849</b>	<b>44,541</b>

The net resource outturn for 2009-10 was within 1.7% of the approved budget for the year (2008-09 3.7%).

Explanations for significant variations from budget are as follows:

*Members' salaries, allowances and related costs:* the underspend relates to lower than estimated demand for travel, subsistence and Assembly Members' office and additional costs allowances.

*Information and communications technology costs:* the delay of two projects to 2010-11 and the reclassification of other ICT work as capital expenditure has led to the surplus.

*Accommodation and facilities costs:* the overspend arises from reclassifying administration costs relating to the Pierhead refurbishment.

*Other Administrative costs:* In addition to the reclassification of Pierhead costs, lower than anticipated use of demand led budgets contributed to the surplus.

*Capital expenditure:* as explained above, the deficit is a result of classifying ICT projects as capital, reducing the revenue cost.

#### 4. Reconciliation of resource outturn to net operating cost

	Note	<b>2009-10 £000</b>	<b>Restated 2008-09 £'000</b>
Net Resource Outturn	3	48,852	44,541
Capital expenditure	9 & 10	(4,405)	(260)
Income payable to the Welsh Consolidated Fund	6	-	(16)
Direct charges on the Welsh Consolidated Fund		636	635
<b>Net operating cost</b>		<b>45,083</b>	<b>44,900</b>

The direct charges on the Welsh Consolidated Fund £636,091 (£634,642 for 2008-09) are in respect of the salary costs of the Presiding Officer, Deputy Presiding Officer, Auditor General for Wales and Public Services Ombudsman for Wales. These salaries are paid by the Commission but, as a direct charge on the Fund, are excluded from the net resource outturn.

## 5. Reconciliation of net resources to cash requirement

	Note	Budget £'000	Outturn £'000	Net total outturn compared with budget: saving/ (excess) £'000	Restated Outturn 2008-09 £'000
Resource Outturn	3	49,701	48,852	849	44,541
<u>Accruals adjustments</u>					
Non-cash items	See below	(4,700)	(4,518)	(182)	(4,752)
Changes in working capital other than cash		(700)	(708)	8	(1,765)
<b>Net cash requirement</b>		<b>44,301</b>	<b>43,626</b>	<b>675</b>	<b>38,024</b>

	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2009-10 £'000	Restated Outturn 2008-09 £'000
<b>Non-cash items</b>					
Depreciation and amortisation	9 & 10	(1,700)	(2,100)	400	(2,164)
Cost of Capital Charges	8	(2,500)	(2,162)	(338)	(2,284)
FRS17 Pension Finance Cost and other provision movements		(500)	(256)	(244)	(304)
		(4,700)	(4,518)	(182)	(4,752)

## 6. Analysis of income payable to the Welsh Consolidated Fund

	Forecast 2009-10 £'000	Outturn 2009-10 £'000	Restated Outturn 2008-09 £'000
Retainable operating income	160	111	107
Non-Retainable operating income (bank interest)	-	-	16
	160	111	123
Amount authorised to be retained	(160)	(111)	(107)
Amount payable to the Welsh Consolidated Fund	-	-	16

## 7a. Members and staff numbers and related costs

Staff costs comprise:

		2009-10 £'000	Restated 2008-09 £'000
	Staff	Members & Office Holders	Total
		Total	Total
Salaries			
	Staff, Members and Office Holders	10,827	4,380
	Seconded staff	245	-
Social security costs			
	Staff, Members and Office Holders	826	443
Other pension costs			
	Staff, Members and Office Holders	2,023	1,306
Total Members, Office holders and staff salary costs		<b>13,921</b>	<b>6,129</b>
		<b>20,050</b>	<b>18,178</b>

The Commission pays the salary and related costs of Welsh Ministers, as explained in the Remuneration Report within these accounts. Amounts paid to the Welsh Ministers are disclosed within the Welsh Assembly Government's Consolidated resource accounts.

The average number of whole-time equivalent persons employed by the Commission across the year (including senior management) was as follows:

	<b>2009-10</b>	<b>2008-09</b>
Permanent Staff	339.0	301.2
Seconded Staff	3.0	5.3
Temporary/Casual Staff	7.0	13.7
Fixed Term Appointments	3.3	2.4
<b>Total</b>	<b>352.3</b>	<b>322.6</b>

There are 60 Assembly Members. At the year-end there were 10 Office Holders (other than Ministers), 1 First Minister, 9 Welsh Ministers, 3 Deputy Ministers and 1 Counsel General.

The Commission consists of the Presiding Officer and four elected Members (see Management Commentary for detail). The role of a Commissioner was remunerable at £11,543 per annum from 1 April 2009 (£11,372 per annum from 1 April 2008). All senior managers and staff are employees of the Commission.

### **Principal Civil Service Pension Scheme**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which the Assembly Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation is carried out every four years, with the latest as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2009-10, employer's contributions of £2.002m (£1.808m 2008-09) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (amended from the salary bands in 2008-09). The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £21,000 (£21,000 2008-09) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 7% to 15% per cent of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,100 (£1,000 2008-09) or 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the Statement of Financial Position date were £1,800 (£1,000 2008-09). There were no contributions prepaid at that date.

There were no early retirements on ill-health grounds during the year, and there were no additional accrued pension liabilities in the year.

### **Assembly Members' Pension Scheme**

The pension scheme for Assembly Members provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Assembly Commission and are managed by an appointed Investment Manager. A full actuarial valuation was carried out at 31 March 2005 and updated to 31 March 2008 by a qualified independent actuary. The scheme is funded.

The amounts recognised in the Statement of Changes in Taxpayer's Equity are as follows:

	<b>31 March 2010</b>	<b>31 March 2009</b>
	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	21,999	12,388
Fair value of scheme assets	16,126	10,421
Net liability (surplus)	<u>5,873</u>	<u>1,967</u>
Amount in the Statement of Financial Position		
Liabilities	5,873	1,967
Assets		
Net liability	<u>5,873</u>	<u>1,967</u>

The amounts recognised in the operating cost are as follows:

	<b>2009-10</b>	<b>2008-09</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	896	1,099
Interest cost	898	920
Expected return on scheme assets	(552)	(824)
Total cost	<u>1,242</u>	<u>1,195</u>
Allocated in the accounts as follows:		
Other pension costs (contributions by the Commission)	974	908
Pension finance cost	268	287
Total cost	<u>1,242</u>	<u>1,195</u>

	<b>2009-10</b> <b>£'000</b>	<b>2008-09</b> <b>£'000</b>
Actual less expected return on scheme assets	3,799	(2,922)
Experience adjustments on scheme liabilities	251	100
Changes in assumptions underlying the present value of scheme liabilities	(7,688)	2,452
Total actuarial (loss) recognised	(3,638)	(370)

Changes in the present value of scheme liabilities are as follows:

	<b>31 March 2010</b> <b>£'000</b>	<b>31 March 2009</b> <b>£'000</b>
Opening liability	12,388	12,661
Current service cost	896	1,099
Interest cost	898	920
Contributions by Assembly Members (incl. transfers-in)	548	405
Actuarial loss/(gain)	7,437	(2,552)
Benefits paid and expenses	(168)	(145)
Closing liability	21,999	12,388

Changes in the fair value of scheme assets are as follows:

	<b>31 March 2010</b> <b>£'000</b>	<b>31 March 2009</b> <b>£'000</b>
Opening fair value of scheme assets	10,421	11,351
Expected return on scheme assets	552	824
Actuarial gain/(loss)	3,799	(2,922)
Contributions by the Assembly Commission	974	908
Contributions by Assembly Members (incl. transfers-in)	548	405
Benefits paid and expenses	(168)	(145)
Closing fair value of scheme assets	16,126	10,421

The Commission expects to contribute £988,135 to the Members' Pension Scheme in 2010-11.



The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<u>2009-10</u>	<u>2008-09</u>
Equities	82%	60%
Bonds	14%	19%
Cash	4%	21%

The scheme assets do not contain any property directly or indirectly. The scheme assets include, indirectly through investment in unitised funds, gilts issued by the UK government with a fair value of £1,289,990.

The expected rate of return on equities is 3% a year higher than the yield on gilts at the reporting date. The expected rate of return on bonds is the redemption yield on the bonds held (indirectly) by the scheme at the reporting date. The expected rate of return on cash is a long term best estimate cash return, on the assumption that interest rates will be in line with the yield available on gilts.

The actual return on scheme assets in 2009-10 was a gain of £4.35 million (£2.1 million loss in 2008-09).

Principal actuarial assumptions at the Statement of Financial Position date:

	<u>31 March 2010</u>	<u>31 March 2009</u>
Discount rate	5.8%	6.9%
Future salary increases	5.4%	4.5%
Future pension increases	3.9%	3.0%
Expected rate of return on equities	7.4%	6.7%
Expected rate of return on bonds	4.3%	4.5%
Expected rate of return on cash	4.4%	0.5%
Expectation of life at age 65 (years)		
Men	26.0	25.6
Women	29.1	28.6

Amounts for the current and previous four periods are as follows:

	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>	<b>31 March 2008 £'000</b>	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>
Defined benefit obligation	21,999	12,388	12,661	12,859	8,951
Scheme assets	16,126	10,421	11,351	10,273	8,984
Surplus/(deficit)	(5,873)	(1,967)	(1,310)	(2,586)	33
Experience adjustments on scheme liabilities	251	100	Nil	(22)	Nil
Experience adjustments on scheme assets	3,799	(2,922)	(840)	(171)	1,657

Further information on the Assembly Members' Pension Scheme can be found in the annual report and accounts for the scheme for the year ending 31 March 2010.

#### **7b. Members' Other Costs**

Members' Other Costs of £7.154m (£7.072 million 2008-09) in the operating cost statement consist of:

	<b>2009-10 £'000</b>	<b>Restated 2008-09 £'000</b>
Office Costs allowances	702	753
Additional Costs allowances	259	415
Members' Staff Costs allowances	5,978	5,615
Travel costs	215	289
<b>Total Members' other costs</b>	<b>7,154</b>	<b>7,072</b>

## 8. Other Administration Costs

Other administration costs of £17.990m (£19.773 million 2008-09) in the operating cost statement consist of:

	<b>2009-10</b>	<b>Restated</b>
	<b>£'000</b>	<b>2008-09</b>
	<b>£'000</b>	<b>£'000</b>
Accommodation and facilities	5,459	6,095
Rentals under operating leases	2,237	2,255
Information and communications technology	3,618	4,017
Promoting awareness and understanding	564	548
Training and development	211	393
Other HR/recruitment costs	205	160
Staff travel and subsistence	135	159
Other administrative expenses	1,299	1,698
<i>Non-cash items:</i>		
Depreciation & Amortisation	2,100	2,164
Cost of Capital Charges	2,162	2,284
<b>Total other administration costs</b>	<b>17,990</b>	<b>19,773</b>

The agreed external audit cost for the audit of these statements is £61,400.(2008-09 £57,950). In addition costs of £4,400 (2008-09 £5,525) for additional non statutory audit work were incurred.

## 9. Property, plant and equipment

	Land & Buildings	Information Technology	Furniture and Fittings*	Vehicles	Assets under construction	2009-10 £'000 Total
<b>Cost or valuation</b>						
At 1 April 2009	65,731	7,521	1,034	121	-	74,407
Additions	590	129	76	-	3,238	4,033
Disposals	-	-	-	(41)	-	(41)
Revaluations	-	-	-	-	-	-
At 31 March 2010	66,321	7,650	1,110	80	3,238	78,399
<b>Depreciation</b>						
At 1 April 2009	3,948	1,923	398	41	-	6,310
Charged in year	1,164	776	110	16	-	2,066
Disposals	-	-	-	(41)	-	(41)
Revaluations	-	-	-	-	-	-
At 31 March 2010	5,112	2,699	508	16	-	8,335
<b>Net book value at 31 March 2010</b>						
	<b>61,209</b>	<b>4,951</b>	<b>602</b>	<b>64</b>	<b>3,238</b>	<b>70,064</b>
Net book value at 1 April 2009						
	<b>61,783</b>	<b>5,598</b>	<b>636</b>	<b>80</b>	<b>-</b>	<b>68,097</b>

\* Furniture and Fittings Includes 'donated assets', consisting of the Mace donated by the Parliament of New South Wales for the opening of the Senedd.

	Land & Buildings	Information Technology	Furniture and Fittings*	Vehicles	Assets under construction	Restated 2008-09 £'000 Total
<b>Cost or valuation</b>						
At 1 April 2008	65,731	7,492	883	41	-	74,147
Additions	-	29	151	80	-	260
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
At 31 March 2009	65,731	7,521	1,034	121	-	74,407
<b>Depreciation</b>						
At 1 April 2008	2,706	1,149	295	31	-	4,181
Charged in year	1,242	774	103	10	-	2,129
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
At 31 March 2009	3,948	1,923	398	41	-	6,310
<b>Net book value at 31 March 2009</b>						
	<b>61,783</b>	<b>5,598</b>	<b>636</b>	<b>80</b>	<b>-</b>	<b>68,097</b>
Net book value at 1 April 2008	63,025	6,343	588	10	-	69,966

Land and buildings assets consist of the Senedd and the Pierhead. Independent qualified professional valuations are obtained for these two assets every three years and are reviewed for impairment in the intervening years. All valuations were performed in accordance with guidance notes issued by the Royal Institution of Chartered Surveyors.

The revaluation of these assets was undertaken by DS Gibbon FRICS of GVA Grimley International Property Advisers. The Pierhead Building was revalued as at 31 March 2009. The Senedd Building was revalued as at the 31 March 2008.

As these properties are of a specialist nature, they have been valued using the Depreciated Replacement Cost method.

All other assets are not revalued, as the amounts involved are not material.

## 10. Intangible assets

Intangible assets comprise Software and Software Licences for major systems used by the Commission:

	<b>2010</b>
	<b>Total</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2009	172
Additions	372
Disposals	-
Revaluation	-
<b>At 31 March 2010</b>	<b>544</b>
<b>Amortisation</b>	
At 1 April 2009	69
Charged in year	34
<b>At 31 March 2010</b>	<b>103</b>
<b>Net book value at 31 March 2010</b>	<b>441</b>
Net book value at 1 April 2009	103
	<b>2009</b>
	<b>Total</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2008	172
Additions	-
Disposals	-
Revaluation	-
<b>At 31 March 2009</b>	<b>172</b>
<b>Amortisation</b>	
At 1 April 2008	34
Charged in year	35
<b>At 31 March 2009</b>	<b>69</b>
<b>Net book value at 31 March 2009</b>	<b>103</b>
Net book value at 1 April 2008	138

## 11. Inventories

	<b>31 March 2010 £'000</b>	<b>Restated 31 March 2009 £'000</b>	<b>Restated 1 April 2008</b>
Inventories for the Commission's Shop	27	27	34

## 12. Trade receivables and other receivables

	<b>31 March 2010 £'000</b>	<b>Restated 31 March 2009 £'000</b>	<b>Restated 1 April 2008</b>
<b>Amounts falling due within one year:</b>			
Trade receivables	1	-	28
Other receivables	14	6	4
Prepayments	734	618	563
Recoverable VAT	402	563	356
Amounts due from the Welsh Consolidated Fund in respect of direct charges	-	-	5
	<b>1,151</b>	<b>1,187</b>	<b>956</b>

There were no debtor amounts falling due after more than one year.

## 13. Cash and cash equivalents

	<b>31 March 2010 £'000</b>	<b>Restated 31 March 2009 £'000</b>	<b>Restated 1 April 2008 £'000</b>
Balance at 1 April	1,233	2,915	-
Net change in cash and cash equivalent balances	(558)	(1,682)	2,915
Balance at 31 March	675	1,233	2,915
The following balances at 31 March were held at:			
Office of HM Paymaster General	611	754	2,461
Commercial banks and cash in hand	64	479	454
<b>Balance at 31 March</b>	<b>675</b>	<b>1,233</b>	<b>2,915</b>

#### 14. Trade payables and other payables

	31 March 2010 £'000	Restated 31 March 2009 £'000	Restated 1 April 2008 £'000
<b>Amounts falling due within one year</b>			
VAT - Net with Note 12 balance	2	2	2
Other taxation and social security	583	603	588
Trade payables	149	586	12
Other payables	528	355	279
Accruals	4,016	3,223	1,897
Amounts due to the Welsh Consolidated Fund	675	1,233	2,917
	<b>5,953</b>	<b>6,002</b>	<b>5,695</b>
<b>Amounts falling due after more than one year</b>			
Other payables	163	-	-
	<b>6,116</b>	<b>6,002</b>	<b>5,695</b>

#### 15. Provisions for liabilities and charges

Under International Accounting Standard 19, a liability of £5.873million is recognised for the Assembly Members' Pension Scheme. Further information on this is provided under note 7. The further provision of £17,000 for compensatory payments payable to staff relating to the renegotiated contract terms for security staff have been utilised in 2009-10.

	AM Pension Scheme £'000	Provision for compensatory payment to staff £'000	AM Allowance £'000	2009-10 Total £'000	Restated 31 March 2009 Total £'000	Restated 1 April 2008 Total £'000
Balance at 1 April	1,967	17	-	1,984	1,310	2,586
Increases in-year	3,906	-	5	3,911	674	(1,276)
Utilised or released in-year	-	(17)	-	(17)	-	-
<b>Balance at 31 March</b>	<b>5,873</b>	<b>-</b>	<b>5</b>	<b>5,878</b>	<b>1,984</b>	<b>1,310</b>



## 16. Capital commitments

There were £1.767m contracted capital commitments at 31 March 2010 (nil at 31 March 2009).

## 17. Commitments under leases

### (a) Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	31 March 2010 £'000	Restated 31 March 2009 £'000	Restated 1 April 2008 £'000
<b>Obligations under operating leases comprise:</b>			
Land and buildings:			
Expiry after 1 year but not more than 5 years	42	36	66
Expiry thereafter	2,086	2,070	2,086
	<b>2,128</b>	<b>2,106</b>	<b>2,152</b>
<hr/>			
Other – printers and copiers:			
Expiry within one year	8	79	-
Expiry after 1 year but not more than 5 years	61	2	95
	<b>69</b>	<b>81</b>	<b>95</b>

### (b) Finance leases

There are no obligations under finance leases.

## 18. Other financial commitments

Three of the Commission's contracts (which are not leases) are deemed non-cancellable, due to the nature of the contractual arrangements. The contracts relate to the provision of ICT support and services to the Assembly, and to managed servers for the HR and Finance systems used by the Commission. The payments to which the Commission is committed at the year-end, analysed by the period during which the commitment expires are as follows.

	2009-10 £'000	Restated 31 March 2009 £'000	Restated 1 April 2008 £'000
<b>Obligations under non-cancellable contracts comprise:</b>			
Expiry within 1 year	-	-	-
Expiry after 1 year but not more than 5 years	28	30	79
Expiry thereafter	5,537	5,527	4,000
	<b>5,565</b>	<b>5,557</b>	<b>4,079</b>

The Commission's other contracts make reference to early termination but do not quantify charges for such. Early termination would be a breach of contract and the contractor would be entitled to damages representing the loss of profit on the work which would have been done under the contract if it had run its full course. As this figure is variable for each contract, such contracts have not been included in this note.

## 19. Financial Instruments

The Commission does not issue or trade in financial instruments such as loans and has no borrowings. It relies primarily on funding from the Welsh Consolidated Fund for its cash requirements, and is therefore not exposed to liquidity risks. 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.

## 20. Contingent liabilities

Assembly Member Support Staff have contractual rights to have the equivalent of 10% of gross annual salary contributed towards a pension, but not all have exercised this right. Liability continues until six years after cessation of employment, and is estimated as follows:

	Amount outstanding at 31 March 2010 £'000	Amount outstanding at 31 March 2009 £'000	Amount paid out in 2009-10 £'000	Comments
Pension contributions for AM Support Staff who:				
Are currently employed but not contributing to a pension scheme	125	75	-	Possible
Have left employment without ever joining a pension scheme	32	43	-	Remote

The Commission has not entered into any quantifiable or unquantifiable contingent liabilities through giving guarantees, indemnities or letters of comfort.

## 21. Losses and special payments

The number and value of losses and special payments made during 2009-10 are as follows:

### (a) Losses Statement

	2009-10		2008-09	
	<i>No. of cases</i>	<i>Value £'000</i>	<i>No. of cases</i>	<i>Value £'000</i>
Total	13	9	11	6
Fruitless Payments and Constructive Loss	11	9	9	2
Losses of pay, allowances and superannuation benefits	2	-	2	4

### (b) Special Payments

	2009-10		2008-09	
	<i>No. of cases</i>	<i>Value £'000</i>	<i>No. of cases</i>	<i>Value £'000</i>
Total	2	17	2	24
Compensation	-	-	1	-
Ex-gratia	1*	1	1	24
Special Severance Payment	1	16	-	-

\*Following a request by an Assembly Member for assistance in settling an electricity bill covering October 2007 to March 2010, was agreed that an ex-gratia payment be made to cover this cost. The ex-gratia payment is comprised of the bill for £695.83, less £193.18 taken from the remaining 2009-10 allowances.

## 22. Related-party transactions

The Commission has a number of transactions with the Welsh Assembly Government and with other government departments and public bodies, including HM Revenue & Customs. Additionally, regular transactions take place with the Assembly Members' Pension Scheme, see note 7b. Standing Orders of the National Assembly for Wales require the Assembly, on a motion proposed by the Commission, to elect Trustees to the Members' Pension Scheme.

The Assembly may give special or general directions to the Commission for the purpose of, or in connection with, the exercise of the Assembly Commission's functions.

The Commission has not undertaken any material transactions directly with Commissioners, senior managers or their close family members nor with any organisations where Commissioners, senior managers or members of their close family hold positions of control or influence.

For transparency the following minor transactions are reported:

- Payments of £4,096.99 (£3,319.99 2008-09) were made to the City and County of Swansea for reimbursement of various AMs' office costs. Peter Black AM is a Swansea councillor.
- Payments of £5,843.38 (£4,844.07 2008-09) were made to the Vale of Glamorgan Council for reimbursement of various AMs' office and secretarial costs. Chris Franks AM was a Vale of Glamorgan councillor until 16 June 2009.

The Commission determines the salaries and allowances of all Assembly Members and office holders, and the salary and conditions policies for Commission staff. The Commissioners, as Assembly Members, may employ family members as their support staff; there are no restrictions in place relating to the employment by the Commission of family members of Commissioners or senior management.

A Register of Financial and Other Interests of Assembly Members is available at [www.assemblywales.org](http://www.assemblywales.org) and [www.cynulliadcymru.org](http://www.cynulliadcymru.org).

### **23. Explanation of Transition of IFRS**

In preparing its opening IFRS Statement of Financial Position, the Assembly has adjusted amounts previously reported in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the financial position, financial performance and cash flows is set out in the following tables and notes as well as Note 2:

## Summary of Impact on the Assembly

### STATEMENT OF FINANCIAL POSITION

As at 31 March 2008

### STATEMENT OF FINANCIAL POSITION

As at 1 April 2008

Opening Balance

	UK GAAP	IAS 16	IAS 19	IFRS	
	£'000	£'000	£'000	£'000	
<b>Fixed Assets</b>					<b>Non-current Assets</b>
Tangible assets	69,966			69,966	Property Plant and equipment
Intangible assets	138			138	Intangible assets
	<u>70,104</u>			<u>70,104</u>	<b>Total Non-current Assets</b>
<b>Current Assets</b>					<b>Current Assets</b>
Stock	34			34	Inventories
Debtors	956			956	Trade Receivables
Cash at bank and in hand	2,915			2,915	Cash and Cash equivalents
	<u>3,905</u>			<u>3,905</u>	<b>Total Current Assets</b>
	<b>74,009</b>			<b>74,009</b>	<b>Total Assets</b>
<b>Creditors (due within one year)</b>	(5,416)		(279)	(5,695)	<b>Current liabilities</b>
					Other payables
<b>Net Current Assets/(Liabilities)</b>	(5,416)		(279)	(5,695)	<b>Total Current Liabilities</b>
<b>Total Assets less Current Liabilities</b>	<b>68,593</b>		<b>(279)</b>	<b>68,314</b>	<b>Non Current Assets less net current Liabilities</b>
<b>Creditors: amounts falling due after one year</b>					<b>Non-current Liabilities</b>
<b>Provisions for liabilities and charges</b>	(1,310)			(1,310)	Provisions for liabilities and charges
	<u>(1,310)</u>			<u>(1,310)</u>	<b>Total Non-current Liabilities</b>
<b>Net Assets</b>	<b>67,283</b>			<b>67,004</b>	<b>Assets less Liabilities</b>
<b>Taxpayers' Equity</b>					
General Fund	64,686	(497)	(279)	63,910	General Fund
Pension Fund Reserve	(1,310)			(1,310)	Pension Fund Reserve
Revaluation Reserve	3,896	497		4,393	Revaluation Reserve
Donated Asset Reserve	11			11	Donated Asset Reserve
	<u>67,283</u>	<u>0</u>	<u>(279)</u>	<u>67,004</u>	<b>Total Taxpayers' Equity</b>

**STATEMENT OF  
FINANCIAL  
POSITION**  
As at 31 March 2009

**STATEMENT OF  
FINANCIAL POSITION**  
As at 31 March 2009

	<b>UK GAAP</b>	<b>IAS 16</b>	<b>IAS 19</b>	<b>IFRS</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Fixed Assets</b>					<b>Non-current Assets</b>
Tangible assets	68,594	(497)		68,097	Property Plant and equipment
Intangible assets	103			103	Intangible assets
	<u>68,697</u>	<u>(497)</u>		<u>68,200</u>	<b>Total Non-current Assets</b>
<b>Current Assets</b>					<b>Current Assets</b>
Stock	27			27	Inventories
Debtors	1,187			1,187	Trade Receivables
Cash at bank and in hand	1,233			1,233	Cash and Cash equivalents
	<u>2,447</u>			<u>2,447</u>	<b>Total Current Assets</b>
<b>Total Assets</b>	<u><b>71,144</b></u>	<u><b>(497)</b></u>		<u><b>70,647</b></u>	<b>Total Assets</b>
					<b>Current liabilities</b>
<b>Creditors (due within one year)</b>	(5,669)		(333)	(6,002)	Other payables
<b>Net Current Assets/(Liabilities)</b>	<u>(5,669)</u>		<u>(333)</u>	<u>(6,002)</u>	<b>Total Current Liabilities</b>
<b>Total Assets less Current Liabilities</b>	<u><b>65,475</b></u>	<u><b>(497)</b></u>	<u><b>(333)</b></u>	<u><b>64,645</b></u>	<b>Non Current Assets less net current Liabilities</b>
<b>Creditors: amounts falling due after one year</b>					<b>Non-current Liabilities</b>
<b>Provisions for liabilities and charges</b>	(1,984)			(1,984)	Provisions for liabilities and charges
	<u>(1,984)</u>			<u>(1,984)</u>	<b>Total Non-current Liabilities</b>
<b>Net Assets</b>	<u><b>63,491</b></u>	<u><b>(497)</b></u>	<u><b>(333)</b></u>	<u><b>62,661</b></u>	<b>Assets less Liabilities</b>
<b>Taxpayers' Equity</b>					
General Fund	61,551	(994)	(333)	60,224	General Fund
Pension Fund Reserve	(1,967)			(1,967)	Pension Fund Reserve
Revaluation Reserve	3,896	497		4,393	Revaluation Reserve
Donated Asset Reserve	11			11	Donated Asset Reserve
	<u><b>63,491</b></u>	<u><b>(497)</b></u>	<u><b>(333)</b></u>	<u><b>62,661</b></u>	<b>Total Taxpayers' Equity</b>

**Operating Cost Statement**

As at 31 March 2009

**Operating Cost Statement**

As at 31 March 2009

	<b>UK GAAP</b>	<b>IAS 16</b>	<b>IAS 19</b>	<b>Cost of Capital</b>	<b>IFRS</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Administration Costs</b>						<b>Administration Costs</b>
Members, Office holders and staff salary costs	18,124		54		18,178	Members, Office holders and staff salary costs
Members' Other Costs	7,072				7,072	Members' Other Costs
Other administration costs	19,296	497		(20)	19,773	Other administration costs
<b>Gross Administration Costs</b>	<b>44,492</b>	<b>497</b>	<b>54</b>	<b>(20)</b>	<b>45,023</b>	<b>Gross Administration Costs</b>
Operating income	(123)				(123)	Operating income
<b>Net Operating Cost</b>	<b>44,369</b>	<b>497</b>	<b>54</b>	<b>(20)</b>	<b>44,900</b>	<b>Net Operating Cost</b>