

National Assembly for Wales

Resource Accounts 2008-09

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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www.assemblywales.org

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National Assembly for Wales
Cardiff Bay
CF99 1NA

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CONTENTS

Page 3	Management Commentary
Page 9	Remuneration Report
Page 16	Statement of the Commission's and the Principal Accounting Officer's Responsibilities
Page 17	Statement on Internal Control
Page 23	Certificate and Report of the Auditor General for Wales
Page 25	Statement of National Assembly for Wales's Supply
Page 26	Operating Cost Statement
	Statement of Recognised Gains and Losses
Page 27	Balance Sheet
Page 28	Cashflow Statement
Page 29	Statement of Operating Costs by Aim and Objectives
Page 30	Notes to the Resource Accounts

MANAGEMENT COMMENTARY

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

History and Statutory Background

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.

The National Assembly for Wales Commission (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 National Assembly for Wales (the Assembly) is provided with the property, staff and services required for this purpose. The Commission comprises the Presiding Officer, and four other Members of the National Assembly for Wales (the Assembly) elected by the Assembly. The Clerk of the Assembly (appointed under Section 26 of the 2006 Act) is the Chief Executive of the Commission and Principal Accounting Officer. The Chief Executive and other staff appointed under paragraph 3 of Schedule 2 to the 2006 Act are referred to as "staff of the Assembly". 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 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.

Further information on the work of the Commission is available in the Annual Report published alongside these accounts at www.assemblywales.org and www.cynulliadcymru.org.

The Commission

<i>The Commissioners during 2008-09 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

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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

Lord Elis Thomas AM – Chair of the Commission - with special responsibility for the independent review panel on support for Assembly Members; 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.

Senior Management

The senior management employed by the Commission through the year and to the date of signing the Accounts, were:

Claire Clancy	Chief Executive, Clerk of the Assembly and Principal 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 permanent basis.

Review of the Principal Activities

The principal activity of the Commission and its staff during the year was to support the work of the Assembly and its functions under the 2006 Act. The Commission's purpose is to

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 was established, with five strategic goals and agreed working values. The goals are:

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

Further details of the Commission's goals, values and main activities are available in the Annual Report published alongside these accounts at www.assemblywales.org and www.cynulliadcymru.org.

At the end of the financial year, the Commission employed 341.9 full time equivalent (fte) staff (303.6 2007-08) and a further 4.4 fte staff were seconded from other organisations (8.8 2007-08). The overall sickness absence rate for the year was 4.2% (4.7% 2007-08) against a target for the year of 4.1%.

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

Mair Barnes

Tim Knighton

Richard Calvert

Professor Robert Pickard

Further background information on the independent advisers is available in the Annual Report published alongside these accounts at www.assemblywales.org and www.cynulliadcymru.org.

Review of the Financial Year

The net resource outturn for 2008-09 was £44 million, of which £12.4 million was for salaries and allowances of Assembly Members, (excluding charges of Presiding Officer and the Deputy Presiding Officer) 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 £12.2 million; accommodation, ICT and other running costs amounted to some £19.3 million; with £0.1 million rental income and merchandise sales from the Assembly Shop. This resulted in a net resource outturn that was (4.7%) below the approved net resource budget of £46.2million (£0.7 and 1.6% underspend in 2007-08), with the surplus largely attributable to lower than anticipated spending on Assembly Members' salaries and allowances, staff salaries, asset depreciation costs and capital expenditure to create fixed assets. This underspend was partly offset by increased expenditure on projects to improve the sustainability, and reduce the carbon impact, of the Assembly's estate and to improve the ICT infrastructure. Further information on the resource outturn is provided in Note 2 to the accounts.

National Assembly for Wales Commission
Resource Accounts 2008-09

At 31 March 2009, the Commission's net assets amounted to £63.5 million (£67.3 million at 31 March 2008).

These accounts also disclose expenditure of £0.635million 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 are a direct charge on the Welsh Consolidated Fund. Consequently, they are excluded from the net resource outturn.

The Register of Assembly Members' Financial and Other Interests continues to be updated and published on the Assembly's website.

Future Developments

Planning for the future is set against the difficult fiscal backdrop facing public services over coming years. The Commission is a relatively new and developing corporate body. It is required by law to provide the Assembly with the property, staff and services required for the Assembly's purposes. But, at the same time it must exercise proper stewardship of public funds by driving down costs and searching out efficiencies and savings. In order to achieve the best balance between these two imperatives, a Change Programme is being established. Its role will be to prioritise projects by reference to the Commission's strategic objectives. It will oversee and co-ordinate programmes in order to align investment, organisational capability and capacity with the delivery of Assembly-focused outcomes.

Delivery of services to support the formal legislative, scrutiny and other business of the Assembly is a priority for the Commission. Changes to the structure of the committee system were made in 2008-09 in order to improve its efficiency and effectiveness, in particular in relation to the scrutiny of legislation. The Commission meet jointly with the Business Committee to ensure that resources are aligned with future developments in the management of formal Assembly business.

Another aspect of the need to ensure that resources are used appropriately parallels public concern about the expenses paid to elected politicians, which is currently at an unprecedented high. Publication on 6 July 2009 of the report of the Independent Panel on Financial Support for Assembly Members, established by the Commission in 2008, provides the opportunity to put in place enhanced arrangements which will be prudent, fair, effective and transparent.

The enhancement of facilities to enable use of the Pierhead to further promote awareness and understanding of the work of the Assembly will be taking effect in the autumn 2009. The environmental impact of the Commission's estate continues to be a key factor in our planning. Re-shaping our ICT facilities is likely to be a project which has great significance over coming years. Its aim is to provide a more co-ordinated and efficient use of Assembly resources as well as increased capacity and functionality, for example by facilitating digital democracy.

Finally, advance planning has commenced in relation to the administrative and financial challenges of the 2011 Assembly elections and of the Fourth Assembly.

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. The Commission has established an Information Asset Register and a Security Policy Framework is being developed based on Cabinet Office Guidelines, reviewing practices including those relating to data security. No breaches of data security were identified during 2008-09.

Compliance with our Duties

The Commission has a number of duties, such as equal opportunities, health and safety, promoting sustainable development, etc. Further information explaining how the Commission complies with these duties is published in the Annual Report alongside these accounts, at www.assemblywales.org and www.cynulliadcymru.org.

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 on Page 30, Note 1.

Supplier Payment Policy

The Commission's key performance target for 2008-09 was to pay all suppliers within 30 days of receipt of invoices not in dispute. Payments performance for the year averaged 98% paid on time (78% average 2007-08) and the target for 2009-10 has been enhanced to a 10 day commitment.

Corporate Governance Committee

The Commission has a 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 William Graham AM, Richard Calvert (Chair), Tim Knighton and Professor Robert Pickard. The Committee's work in 2008-09 included consideration of the first annual accounts produced by the Commission for 2007-08; provision of advice regarding assurances which support the Statement on Internal Control; reviewing measures implemented to provide for security of data; and provision of advice on the development of a business continuity plan.

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

**National Assembly for Wales Commission
Resource Accounts 2008-09**

PricewaterhouseCoopers, and Professor Robert Pickard, and Tim Knighton, two of our 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 principles proposed to underpin an emerging reward strategy.

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 2008-09 accounts is £63,475 (£49,250 2007-08).

Disclosure of Relevant Audit Information

As Principal 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: 9 July 2009

REMUNERATION REPORT

Remuneration Policy

Until 3 May 2007, the basic salary for Assembly Members was set at 76.5% of the level determined for MPs. In recognition of increased responsibilities under the Government of Wales Act 2006 and following advice from a panel of four independent members and one Commissioner, the Commission determined that, with effect from 4 May 2007, the basic salary for AMs should be set at 82% of the level determined for MPs.

The annual basic salary for Assembly Members, excluding employer's National Insurance and pension contributions as at 1 April 2007 was therefore £46,804 rising to £50,169 on 4 May 2007, to £50,692 on 1 November 2007 and to £51,899 on 1 April 2008. Nine Members opted not to draw their full entitlement for the 2008-09 financial year.

The following Members were entitled to additional annual salaries as follows:

	From 1 April 2007	From 1 November 2007	From 1 April 2008
Presiding Officer and Leader of the largest opposition party	£40,225	£40,645	£40,759
Deputy Presiding Officer	£25,301	£25,566	£25,637
Opposition Chief Whip and Assembly Commissioners	-	-	£11,372
Leader of opposition parties other than the largest. Chairs of scrutiny committees ¹ and Finance and Audit Committees.	£5,873	£5,934	£11,372
Chairs of other committees ²	-	-	£5,950

¹ Scrutiny committees were Communities and Culture; Enterprise and Learning; Health, Wellbeing and Local Government; Sustainability;
5 Legislation committees (established from November 2008).

² Other committees were Children and Young People; Equality of Opportunity; European and External Affairs; Petitions; Standards of Conduct; Subordinate Legislation.

Of those entitled to such additional salaries, 12 Members did not draw their full entitlement in 2008-09.

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

National Assembly for Wales Commission Resource Accounts 2008-09

Assembly Members are members of the National Assembly for Wales Members' Pension Scheme for which separate annual accounts are published via the Assembly website www.assemblywales.org.

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.

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. Its terms of reference are to:

- review the current arrangements for financial support for Assembly Members and seek out best practice;
- receive evidence about relevant matters;
- consult with relevant bodies and stakeholders;
- produce a set of evidence-based recommendations containing principles that will deliver a fair, equitable and transparent process for the financial support of Assembly Members.

The panel reported its findings and recommendations on 6 July 2009.

Four independent advisors 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 Corporate Governance 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. For 2007-08, the Commission's senior management were remunerated in line with senior civil servants. 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).

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 £11,372 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.

**National Assembly for Wales Commission
Resource Accounts 2008-09**

Name and title	Salary 2008/09	Salary 2007/08	Real increase in pension and related lump sum at age 65	Total accrued pension at age 65 and related lump sum at 31/3/09	*CETV at 31/3/08	CETV at 31/3/09	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Office holders							
Lord Elis Thomas AM – <i>Presiding Officer</i>	90-95	90-95	0-2.5	30-35	651	685	7
Rosemary Butler AM – <i>Deputy Presiding Officer</i>	75-80	70-75	0-2.5	15-20	255	284	21
Senior Management							
Name and title	Salary 2008/09	Salary 2007/08	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 and related lump sum at 31/3/09	*CETV at 31/3/08	CETV at 31/3/09	Real increase in CETV
Claire Clancy – <i>Chief Executive and Clerk of the Assembly</i>	140-145	120-125	2.5-5.0 plus lump sum of 10- 15	45-50 plus lump sum of 145-150	747	896	80
Dianne Bevan – <i>Chief Operating Officer</i>	115-120	105-110	2.5-5.0	45-50	613	712	41
Adrian Crompton – <i>Director of Assembly Business</i>	95-100	80-85	2.5-5.0 plus lump sum of 5- 10	20-25 plus lump sum of 65-70	268	332	38
Keith Bush – <i>Director of Legal Services</i>	105-110	50-55 (100-105 for the full year)	0-2.5	10-15	212	274	41

National Assembly for Wales Commission Resource Accounts 2008-09

*The figures are different from the closing figures included in last year's accounts. This is because the CETV factors have been updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

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 were a direct charge on the Welsh Consolidated Fund with effect from May 2007.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a Member at a particular point in time. The benefits valued are the Member's accrued benefits and any spouse's pension contingently payable from the scheme. A CETV is the amount payable 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. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the relevant scheme and for which the scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the scheme member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the 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 drawn.

Real Increase in CETV

The real increase in CETV reflects the increase effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The factors used to calculate the CETV for the PCSPS were revised during 2008-09 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

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 & 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	516	56	46	-
Taxi/Car hire	89	32	22	51
Air travel	-	-	-	-
Public transport	12	20	8	-
Accommodation	168	265	390	229
Subsistence/expenses	50	136	24	-
TOTAL	835	509	490	280

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). For 2008-09, employer contributions at one of the four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands (unchanged from the rates in 2007-08). 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 2008-09 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 1/80th 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 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 7 and 15% (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).

Further details about the PCSPS arrangements can be found at the website 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

The main benefits of the scheme are an immediate pension of either 1/50th or 1/40th 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 1/50th or 10% of their total salary for an accrual rate of 1/40th, with the Commission contributing an employer contribution representing 23% of their total salary (rising to 23.8% from 1 April 2009).

Claire Clancy
Chief Executive and Clerk of the Assembly

Date: 9 July 2009

STATEMENT OF THE COMMISSION'S AND THE PRINCIPAL 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, the net resource outturn, resources applied to objectives, operating cost statement, recognised gains and losses and cash flows 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 to the Assembly is, by virtue of Section 138 of the Government of Wales Act 2006, the Principal Accounting Officer for the Commission. The relevant responsibilities of the Principal 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: 9 July 2009

Statement on Internal Control

Scope of responsibility

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 Principal 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 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 2008-09 I, as the Principal Accounting Officer, was advised by:

- The Commission, 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, as well as 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) and other staff whose duties include a governance and financial management remit;
- The Commission's Corporate Governance Committee (which fulfills the role of an Audit Committee) consisting of one Commissioner and three independent advisers to the Commission, one of whom is the Chairman;
- The Commission's internal and external auditors, RSM Bentley Jennison and the Wales Audit Office.

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 of internal control was further developed during the year, to take account of our experience, best practice guidance and advice from the Corporate Governance Committee independent advisers. The system accords with Treasury guidance, and was in place as at 31 March 2009 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 developing the risk and benefits management regime, consistent with best practice, throughout the organisation. We have worked through the Heads of Service to further improve and embed a culture which realises opportunities through improved handling of risks. The Risk and Benefits Management Policy 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. Key elements of our approach to handling risk are:

- A dedicated Risk and Benefit Management Adviser and a strengthened governance team;
- Risk Champions from each service area and a risk management forum which meets regularly;
- Management Board reviews, plus face to face reviews of operational and significant strategic risks
- Management and all staff are aware of risk management, weakspots and how to suggest improvements;
- Significant risks are appropriately flagged and reported to my Directors, to me as Chief Executive and Clerk, and to the Assembly Commission as necessary.

Internal Control

The Commission's risk framework forms part of a wider system of internal control to support effective corporate governance which has been developed and extended throughout the organisation during the year. Specifically:

- The Corporate Governance Committee continues to advise me as Accounting Officer. The Committee's work programme follows the best-practice model for an Audit Committee and underwent a positive self-assessment examination during the year;
- The risk registers have been reviewed and simplified in light of operational experience;
- A performance management framework has been established setting out the approach to service planning and performance management. Within this we have undertaken regular reviews of financial performance and progress on key issues, and have developed key performance measures to improve strategic and corporate performance reporting.

Information Security

Following the information security review in the autumn of 2007 a number of measures have been taken, including improved guidance, and increasing awareness of information security issues and the reputational risks in any weaknesses. An information asset register has been developed and is currently being audited. We have a Security Policy Framework Group which has developed the Cabinet Office guidance into an action plan for the Assembly against which we are making good progress. These measures, together with ongoing staff awareness will help ensure practices meet or exceed good security standards. The Chief Operating Officer is the Commission's Senior Information Risk Owner.

i-Change

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 the year. The review engaged extensively with internal stakeholders, an external reference group, service providers and the Welsh Government. The main themes emerging were the need for a business improvement programme to deliver changes, connecting and engaging with the people of Wales, better managed information and smarter working.

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. The current form of Determinations and the way in which they are applied have been largely modelled on House of Commons practice. Although there are robust controls to ensure costs re-claimed have actually been incurred (and the allowances system is subject to audit), the primary 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.

During the financial year, several requests for information were received by the Assembly under the Freedom of Information Act 2000, requesting a full release of details of all allowance claims made by Members for the Financial Years 2006-07 and 2007-08. The Commission agreed that the considerable resources involved in collating, processing and checking the information requested so that it could be released as soon as possible, was an essential investment in order to demonstrate commitment to openness and promoting public understanding of its stewardship of public money. In addition, the Commission has committed to routine publication of this information in future, without the need for specific request. Adoption of a policy of publishing detailed information about allowances paid to Members, thereby opening up this use of public funds to detailed public scrutiny for the first time, has supplemented internal controls and added greatly to the effectiveness of overall control of this area of expenditure.

In addition, an Independent Review Panel was established during 2008-09 to undertake a detailed review of financial support for Assembly Members, and surrounding controls. Its work has been ongoing and culminated in publication of its report on 6 July 2009. The Commission will need to consider how to respond to the Panel's recommendations but it is likely that this process will provide an opportunity to reform the allowances system in a way which will make entitlements easier to determine and apply.

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, who is an independent person 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 – for example any ambiguities in the wording of Determinations or of Guidance which should be removed.

The Assembly's Committee on Standards of Conduct is promoting an Assembly Measure to place the office of Commissioner for Standards on a statutory basis and to strengthen the Commissioner's powers of investigation. The proposed Measure, which will be considered by the Assembly during the 2009/10 financial year, will incorporate a specific duty on the part of the Commissioner to notify the Accounting Officer of any issues relevant to her role which 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 Corporate Governance 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 Corporate Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Internal Audit reports provided a satisfactory level of assurance on the overall control environment, and recommendations from the internal audit reports have been taken forward satisfactorily. Internal Audit reports were prepared on Risk Management, Corporate Governance, Creditor Payments, Procurement, Data Security, Key Financial Controls, IT Asset Management and a follow up of previous audits. However, to ensure that maximum benefit and added value is gained from the internal audit process, a number of improvements are needed, including increasing the depth of analysis so that reports go beyond checks of key controls, and reducing the delivery time for reports. These issues have been addressed by the Corporate Governance Committee, and internal audit arrangements for 2009/10 are being reviewed. The Wales Audit Office Audit Strategy and interim Management Letter for 2008-09 reflects the risks facing the Commission in producing its Accounts for 2008-09 which includes work undertaken to implement the International Financial Reporting Standards in 2009/10.

The core of our review of effectiveness was a self-review process, completed between December 2008 and March 2009. 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:

National Assembly for Wales Commission Resource Accounts 2008-09

- Work on developing a strategic Business Continuity Plan has progressed and a small team of staff has participated in a Cardiff Bay simulated evacuation exercise and identified key actions to progress and test the plan. I am satisfied with the progress made during the year, though further work is still underway.
- A new Intranet Homepage has been developed which now better presents internally who we are, what we do and the associated governance arrangements to staff. A programme of short training sessions has been established in order to make these policies more meaningful together with planned internal communications programme aimed at improving and sustaining staff awareness.
- Further work has been undertaken to develop a risk aware culture and embed the process.

Forward Look

This year's review has identified the following areas for strengthening and improvement:

- Development of in-house internal audit expertise to ensure that maximum benefit and added value is gained from the internal audit process.
- Further development and integration of arrangements under the Security Policy Framework.
- Further development of organisational expertise on project management.
- The efficient processing and presentation of information on allowances.
- Further staff awareness sessions to make governance policies more meaningful and enhanced internal communications to improve staff awareness.
- Development of staff skills in sound financial management.
- Development of a Business Change Programme with emerging projects prioritised by showing how they would improve services to the public (including further consideration of ways in which the ICT service should be developed, such as the provision of a single unified network for Assembly Members and Assembly staff).

The financial year 2009/10 will be particularly demanding for a number of reasons. In light of the general economic difficulties, the Commission chose to restrict the level of increase in its budget and is committed to delivering value for money and efficiency. At the same time we must maintain standards and services to the Assembly and its Members while workloads are likely to increase. In addition, a number of ambitious projects, including the development of the Pierhead Building must be financed. We will need to respond to the report of the Independent Panel on Financial Support for Assembly Members. We will need to prepare for the period leading up to and beyond the fourth Assembly in 2011 which, following the enactment of the Government of Wales Act 2006, will dissolve for the first time. 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.

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 Assembly**

Date: 9 July 2009

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 (the Commission) for the year ended 31 March 2009 under the Government of Wales Act 2006. These comprise the Statement of National Assembly for Wales Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement 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 Principal 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 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 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 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 Assembly 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 Principal Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 affairs of the National Assembly for Wales Commission as at 31 March 2009, 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
- the information which comprises the Management Commentary is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

**Jeremy Colman
Auditor General for Wales
24 Cathedral Road, Cardiff, CF11 9LJ
14 July 2009**

STATEMENT OF NATIONAL ASSEMBLY FOR WALES SUPPLY

a) Summary of Outturn 2008-09

		Budget			Outturn			2008-09 £'000	2007-08 £'000
								Net total outturn compared with budget: saving/ (excess)	Outturn
Note		Gross Expend	Income	Net Total	Gross Expend	Income applied	Net Total		Net total
Revenue	2	44,791	(160)	44,631	43,857	(107)	43,750	881	(280)
Capital	2	1,550	-	1,550	260	-	260	1,290	944
Total		46,341	(160)	46,181	44,117	(107)	44,010	2,171	664

Explanations of variances between budget and outturn are provided in note 2.

b) Net cash requirement 2008-09

				2008-09 £'000	2007-08 £'000
				Net total outturn compared with budget: saving/(excess)	Outturn
Note		Budget	Outturn		
Net cash requirement	4	40,757	38,024	2,733	2,915

c) Summary of income payable to the Welsh Consolidated Fund

In addition to retained income, the following income of the Assembly Commission is payable to the Welsh Consolidated Fund

		Forecast 2008-09 £'000	Outturn 2008-09 £'000	Outturn 2007-08 £'000
Note				
Total	5	-	16	35

OPERATING COST STATEMENT

For the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Administration Costs			
Members, Office holders and staff salary costs	6a	18,124	16,521
Members' Other Costs	6b	7,072	6,600
Other administration costs	7	19,296	18,565
Gross Administration Costs		44,492	41,686
Operating income	5	(123)	(186)
Net Operating Cost		44,369	41,500

All activities are continuing

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Net loss on revaluation of fixed assets	16b	-	(2,580)
Actuarial (loss)/gain on Assembly Members' Pension Scheme	6a	(370)	1,714
Recognised losses for the financial year		(370)	(866)

National Assembly for Wales Commission
Resource Accounts 2008-09

BALANCE SHEET

As at 31 March 2009

		31 March 2009		31 March 2008	
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	8	68,594		69,966	
Intangible assets	9	103		138	
Total non-current assets			68,697		70,104
Current Assets					
Inventories	10	27		34	
Trade receivables	11	1,187		956	
Cash and cash equivalents	12	1,233		2,915	
Total current assets			2,447		3,905
Total assets			71,144		74,009
Current liabilities					
Trade and other payables	13	(5,669)		(5,416)	
Total current liabilities			(5,669)		(5,416)
Non-current assets plus net current assets/(liabilities)			65,475		68,593
Non-current liabilities					
Provisions	14	(1,984)		(1,310)	
Total non-current liabilities			(1,984)		(1,310)
Assets less liabilities			63,491		67,283
Taxpayers' Equity					
General Fund	15		61,551		64,686
Pension Fund Reserve	16a		(1,967)		(1,310)
Revaluation Reserve	16b		3,896		3,896
Donated Asset Reserve	16c		11		11
			63,491		67,283

Claire Clancy
Chief Executive and Clerk of the Assembly

Date: 9 July 2009

CASH FLOW STATEMENT

For the year ended 31 March 2009

		2008-09	2007-08
	Note	£'000	£'000
		<hr/>	<hr/>
Net cash outflow from operating activities	17a	(38,386)	(33,902)
Net cash outflow from investing activities	17b	(260)	(156)
Payments to the Welsh Consolidated Fund		(18)	(33)
Financing	17c	36,982	37,006
Increase/(decrease) in cash in the period	17d	<hr/> (1,682)	<hr/> 2,915

STATEMENT OF OPERATING COSTS BY AIM AND OBJECTIVES

For the year ended 31 March 2009

			2008-09 £'000
	Gross	Income	Net
Aim			
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 Government to account. The Assembly aspires to be an accessible and effective parliamentary body that inspires the confidence of the people of Wales.			
Objectives			
Promoting and widening engagement in devolution.	5,507	(31)	5,476
Showing unity, leadership and a bold response to constitutional change	3,394	-	3,394
Demonstrating respect, probity and good governance	8,579	-	8,579
Working sustainably	4,895	-	4,895
Ensuring the Assembly has the best service, provided in the most effective way.	9,418	(76)	9,342
Subtotal of Net operating cost	31,793	(107)	31,686
Members' salaries, allowances and related costs	12,324	-	12,324
See note 3 Reconciliation of Net Resource outturn to Net operating costs	375	(16)	359
Net operating costs	44,492	(123)	44,369

The Commission's five Strategic Goals, were established for the financial year 2008-2009 and therefore were not in use for the full previous financial year. Accordingly a retrospective allocation of operating costs and income by Strategic Goals has not been undertaken.

NOTES TO THE RESOURCE ACCOUNTS

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2008–09 Government Financial Reporting Manual (FReM) 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 FReM 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 FReM 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.

1.1 *Accounting convention*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

1.2 *Tangible Fixed Assets*

The minimum level for capitalisation of a tangible fixed asset is £5,000 inclusive of irrecoverable VAT. The IT threshold is where the grouped value of related asset purchases exceeds £5,000. Title to all property is held by the Commission. Land and buildings are to be restated at current cost using professional valuations at a minimum of every 5 years. Other tangible fixed assets are not revalued as, in the opinion of the Commission, the amounts involved would not be material.

1.3 *Intangible Fixed 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).

1.4 *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.

1.5 *Depreciation*

Freehold land, 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 fixed assets by equal instalments over their estimated useful lives. Assets are not depreciated in the year of acquisition. Asset lives are normally as follows:

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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

1.6 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.

1.7 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.

1.8 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. The average is calculated by adding together the balances at this year end and the previous year end, and dividing by two.

1.9 Stocks

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

1.10 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.

National Assembly for Wales Commission
Resource Accounts 2008-09

1.11 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) which comply with FRS 17.

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 Assembly 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 the advice of the Accounting Standards Board and disclosed early adoption of the Amended Financial Reporting Standard 17. The AMPS prepares its own Annual Accounts, separate to the Commission's Accounts, and these are available on the Assembly website www.assemblywales.org.

1.12 Operating Lease Charge

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

1.13 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.

National Assembly for Wales Commission
Resource Accounts 2008-09

2. Analysis of net resource outturn 2008-09

	Outturn £'000	Analysis of Approved Budget £'000	Outturn compared with Approved Budget £'000	Analysis of Revised Budget £'000	Outturn compared with Revised Budget £'000	Outturn 2007-08 £'000
<i>Revenue expenditure</i>						
a Members' salaries, allowances and related costs	12,369	13,676	1,307	13,194	825	12,015
b Staff salaries and related costs	12,193	12,659	466	12,200	7	10,512
e Staff travel and subsistence costs	158	218	60	164	6	140
e Recruitment/other HR costs	283	159	(124)	229	(54)	172
c ICT costs	4,017	3,373	(644)	4,119	102	3,568
d Accommodation and facilities costs	8,349	6,764	(1,585)	8,241	(108)	7,721
e Training and development costs	270	241	(29)	287	17	217
e Promoting awareness and understanding	548	551	3	581	33	447
e Other administrative costs	1,698	2,375	677	2,173	475	2,464
f Depreciation and notional interest charges	3,972	4,775	803	4,775	803	3,836
Gross Revenue Expenditure	43,857	44,791	934	45,963	2,106	41,092
<i>Revenue Income</i>						
e Sales - the Assembly Shop	(31)	(31)	0	(40)	(9)	(36)
d Accommodation rental income	(76)	(104)	(28)	(107)	(31)	(114)
e Miscellaneous income	–	(25)	(25)	–	–	(1)
Gross Revenue Income Applied	(107)	(160)	(53)	(147)	(40)	(151)
NET REVENUE EXPENDITURE	43,750	44,631	881	45,816	2,066	40,941
CAPITAL EXPENDITURE - CREATION OF FIXED ASSETS	260	1,550	1,290	365	105	156
NET RESOURCE OUTTURN	44,010	46,181	2,171	46,181	2,171	41,097

The net resource outturn for 2008-09 was within 4.7% of the approved budget for the year (2007-08 1.6%).

Explanations for significant variations from budget are as follows:

**National Assembly for Wales Commission
Resource Accounts 2008-09**

- a *Members' salaries, allowances and related costs:* the main surplus elements relate to lower than estimated salary increases for Members, and lower than estimated travel, subsistence and Assembly Members' office costs, all being demand led budgets.
- b *Staff salaries and related costs:* the surplus arose because staff were not in post during the year for as long as projected when the budget was set.
- c *Information and communications technology costs:* the deficit is due to additional ICT development planned during the year to take advantage of underspends in other areas.
- d *Accommodation and facilities costs:* the deficit is as a result of a correction to the classification of projects, switching from capital to revenue spend. It is offset by a surplus against the capital expenditure line. Also projects were brought forward to take advantage of underspends in other areas.
- e *Other Administrative costs:* the surplus is a result of a smaller call on unallocated reserves than originally projected.
- f *Depreciation and notional interest charges:* the surplus is attributable to the actual depreciation charge for the year being lower than budgeted, due to an over estimation of depreciation in the budget partly due to reductions in asset values arising from revaluations in previous years.
- g *Capital expenditure:* as explained above, the surplus is as a result of a correction to the classification of projects, switching from capital to revenue spend. It is offset by a deficit against accommodation and facilities costs.

3. Reconciliation of resource outturn to net operating cost

	Note	2008-09 £'000	2007-08 £'000
Net Resource Outturn	2	44,010	41,097
Capital expenditure	8 & 9	(260)	(156)
Income payable to the Welsh Consolidated Fund	5	(16)	(35)
Direct charges on the Welsh Consolidated Fund		635	594
Net operating cost		44,369	41,500

The direct charges on the Welsh Consolidated Fund (£635,000) 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.

4. Reconciliation of net resources to cash requirement

	Note	Budget £'000	Outturn £'000	Net total outturn compared with budget: saving/ (excess) £'000	Outturn 2007-08 £'000
Resource Outturn	2	46,181	44,010	2,171	41,097
<u>Accruals adjustments</u>					
Non-cash items	See below	(5,339)	(4,275)	(1,064)	(5,424)
Changes in working capital other than cash		(85)	(1,711)	1,626	(2,171)
Net cash requirement		40,757	38,024	2,733	33,502

Non-cash items

	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2008-09 £'000	Outturn 2007-08 £'000
Depreciation and amortisation	8 & 9	(2,030)	(1,667)	(363)	(1,577)
Fair-value adjustment to fixed assets	8	-	-	-	(944)
Cost of Capital Charges	7	(2,745)	(2,304)	(441)	(2,465)
FRS17 Pension Finance Cost and other provision movements		(564)	(304)	(260)	(438)
		(5,339)	(4,275)	(1,064)	(5,424)

**National Assembly for Wales Commission
Resource Accounts 2008-09**

5. Analysis of income payable to the Welsh Consolidated Fund

	Forecast 2008-09 £'000	Outturn 2008-09 £'000	Outturn 2007-08 £'000
Retainable operating income	160	107	153
Non-Retainable operating income (bank interest)	-	16	33
	160	123	186
Amount authorised to be retained	(160)	(107)	(151)
Amount payable to the Welsh Consolidated Fund	-	16	35

6a. Members and staff numbers and related costs

Staff costs comprise:

	2008-09 £'000		2007-08 £'000	
	Staff	Members & Office Holders	Total	Total
Salaries				
Staff, Members and Office Holders	9,301	4,240	13,541	12,536
Seconded staff	350		350	132
Social security costs				
Staff, Members and Office Holders	734	431	1,165	1,016
Other pension costs				
Staff, Members and Office Holders	1,808	1,260	3,068	2,837
Total Members, Office holders and staff salary costs	12,193	5,931	18,124	16,521

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 Government's Consolidated resource accounts.

National Assembly for Wales Commission Resource Accounts 2008-09

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

	2008-09	2007-08
Permanent Staff	301.2	272.9
Seconded Staff	5.3	6.3
Temporary/Casual Staff	13.7	13.7
Fixed Term Appointments	2.4	1.2
Total	322.6	294.1

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 £11,372 per annum from 1 April 2008 (non-remunerable during 2007-08). 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 but 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).

For 2008-09, employer's contributions of £1.808m were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands (unchanged from the rates in 2007-08). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2005-06 and will remain unchanged until 2008-09. 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 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 £1,000 (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 balance sheet date were £1,000. There were no contributions prepaid at that date.

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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 balance sheet are as follows:

	31 March 2009 £'000	31 March 2008 £'000
Present value of scheme liabilities	12,388	12,661
Fair value of scheme assets	10,421	11,351
Net liability (surplus)	<u>1,967</u>	<u>1,310</u>
Amount in the balance sheet		
Liabilities	1,967	1,310
Assets		-
Net liability	<u>1,967</u>	<u>1,310</u>

The amounts recognised in the operating cost are as follows:

	2008-09 £'000	2007-08 £'000
Current service cost	1,099	1,345
Interest cost	920	738
Expected return on scheme assets	(824)	(811)
Total cost	<u>1,195</u>	<u>1,272</u>
Allocated in the accounts as follows:		
Other pension costs (contributions by the Commission)	908	834
Pension finance cost	287	438
Total cost	<u>1,195</u>	<u>1,272</u>

**National Assembly for Wales Commission
Resource Accounts 2008-09**

The amounts recognised in the Statement of Recognised Gains and Losses are as follows:

	2008-09	2007-08
	£'000	£'000
Actual less expected return on scheme assets	(2,922)	(840)
Experience adjustments on scheme liabilities	100	-
Changes in assumptions underlying the present value of scheme liabilities	2,452	2,554
Total actuarial gain/(loss) recognised	(370)	1,714

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

	31 March	31 March
	2009	2008
	£'000	£'000
Opening liability	12,661	12,859
Current service cost	1,099	1,345
Interest cost	920	738
Contributions by Assembly Members (incl. transfers-in)	405	440
Actuarial (gains)	(2,552)	(2,554)
Benefits paid and expenses	(145)	(167)
Closing liability	12,388	12,661

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

	31 March	31 March
	2009	2008
	£'000	£'000
Opening fair value of scheme assets	11,351	10,273
Expected return on scheme assets	824	811
Actuarial (losses)	(2,922)	(840)
Contributions by the Assembly Commission	908	834
Contributions by Assembly Members (incl. transfers-in)	405	440
Benefits paid and expenses	(145)	(167)
Closing fair value of scheme assets	10,421	11,351

The Commission expects to contribute £960,000 to the Members' Pension Scheme in 2009-10

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

**National Assembly for Wales Commission
Resource Accounts 2008-09**

	2008-09	2007-08
Equities	60%	72%
Bonds	19%	14%
Cash	21%	14%

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 £1,110,770.

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 the Bank of England base rate at the reporting date.

The actual return on scheme assets in 2008-09 was a loss of £2.1 million (2007-08: loss of £29,000).

Principal actuarial assumptions at the balance sheet date:

	31 March 2009	31 March 2008
Discount rate	6.9%	6.9%
Future salary increases	4.5%	5.2%
Future pension increases	3.0%	3.7%
Expected rate of return on equities	6.7%	7.5%
Expected rate of return on bonds	4.5%	5.5%
Expected rate of return on cash	0.5%	5.3%
Expectation of life at age 65 (years)		
Men	25.6	24.6
Women	28.6	27.6

**National Assembly for Wales Commission
Resource Accounts 2008-09**

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

	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Defined benefit obligation	12,388	12,661	12,859	8,951
Scheme assets	10,421	11,351	10,273	8,984
Surplus/(deficit)	(1,927)	(1,310)	(2,586)	33
Experience adjustments on scheme liabilities	100	Nil	(22)	Nil
Experience adjustments on scheme assets	(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 2009.

6b. Members' Other Costs

Members' Other Costs of £7.072 million in the operating cost statement consist of:

	2008-09 £'000	2007-08 £'000
Office Costs allowances	753	768
Additional Costs allowances	415	440
Members' Staff Costs allowances	5,615	5,122
Travel costs	289	270
Total Members' other costs	7,072	6,600

**National Assembly for Wales Commission
Resource Accounts 2008-09**

7. Other Administration Costs

Other administration costs of £19.296 million in the operating cost statement consist of:

	2008-09	2007-08
	£'000	£'000
Accommodation and facilities	6,095	5,423
Rentals under operating leases	2,255	2,299
Information and communications technology	4,176	3,568
Promoting awareness and understanding	548	447
Training and development	393	217
Other HR/recruitment costs	160	172
Staff travel and subsistence	158	140
Other administrative expenses	1,539	1,313
 <i>Non-cash items:</i>		
Depreciation and amortisation	1,668	1,577
Fair-value adjustment to fixed assets	-	944
Cost of Capital Charges	2,304	2,465
Total other administration costs	19,296	18,565

The agreed external audit cost for the audit of these statements is £63,475 (Statutory audit work £57,950, Non-statutory audit work £5,525)

**National Assembly for Wales Commission
Resource Accounts 2008-09**

8. Property, plant and equipment

	2008-09 £'000				
	Land & Buildings	Information Technology	Furniture and Fittings*	Vehicles	Total
Cost or valuation					
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
Depreciation					
At 1 April 2008	2,706	1,149	294	31	4,180
Charged in year	745	774	104	10	1,633
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
At 31 March 2009	3,451	1,923	398	41	5,813
Net book value at 31 March 2009	62,280	5,598	636	80	68,594
Net book value at 1 April 2008	63,025	6,343	588	10	69,966

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

All the tangible fixed assets are owned by the Commission, (none are finance leased). Land and buildings assets consist of the Senedd and the Pierhead.

The revaluation of the Pierhead was undertaken by DS Gibbon FRICS of GVA Grimley International Property Advisers, as at 31 March 2009. The Pierhead was revalued at depreciated replacement cost.

**National Assembly for Wales Commission
Resource Accounts 2008-09**

9. Intangible assets

Intangible fixed assets comprise software licences for some of the major systems used by the Commission:

	2009 Total £'000	2008 Total £'000
Cost or valuation		
At 1 April 2008	172	158
Additions	-	14
Disposals	-	-
Revaluation	-	-
At 31 March 2009	172	172
Amortisation		
At 1 April 2008	34	-
Charged in year	35	34
Disposals	-	-
Revaluation	-	-
At 31 March 2009	69	34
Net book value at 31 March 2009	103	138
Net book value at 1 April 2008	138	158

10. Inventories

	31 March 2009 £'000	31 March 2008 £'000
Inventories for the Commission's Shop	27	34

11. Trade receivables

	31 March 2009 £'000	31 March 2008 £'000
Amounts falling due within one year:		
Trade receivables	-	28
Other receivables	6	4
Prepayments	618	563
Recoverable VAT	563	356
Amounts due from the Welsh Consolidated Fund in respect of direct charges	-	5
	1,187	956

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

12. Cash and cash equivalents

	2008-09 £'000	2007-08 £'000
Balance at 1 April	2,915	-
Net change in cash and cash equivalent balances	(1,682)	2,915
Balance at 31 March	1,233	2,915
The following balances at 31 March were held at:		
Office of HM Paymaster General	754	2,461
Commercial banks and cash in hand	479	454
Balance at 31 March	1,233	2,915

13. Trade payables and other current liabilities

	31 March 2009 £'000	31 March 2008 £'000
Amounts falling due within one year		
VAT - Net with Note 11 balance	2	2
Other taxation and social security	603	588
Trade payables	1,901	1,401
Other payables	22	-
Accruals	1,908	508
Amounts due to the Welsh Consolidated Fund	1,233	2,917
	5,669	5,416

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

14. Provisions for liabilities and charges

Under Financial Reporting Standard 17, a liability of £1.967million is recognised for the Assembly Members' Pension Scheme. Further information on this is provided under note 6. A further provision of £17,000 is included for compensatory payments payable to staff in March 2010 relating to the renegotiated contract terms for security staff.

	AM Pension Scheme £'000	Provision for compensatory payment to staff £'000	2008-09 Total £'000	2007-08 Total £'000
Balance at 1 April	1,310	-	1,310	2,586
Increases in-year	657	17	674	(1,276)
Utilised or released in-year	-	-	-	-
Balance at 31 March	1,967	17	1,984	1,310

**National Assembly for Wales Commission
Resource Accounts 2008-09**

15. General Fund

The General Fund represents the total assets less liabilities of the Commission to the extent that the total is not represented by other reserves and financing items.

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	64,686	69,222
Funding from the Welsh Consolidated Fund	39,257	36,417
Direct charges on the Welsh Consolidated Fund	635	594
Receipts Payable to the Consolidated Fund	(16)	(35)
Amounts due to the Welsh Consolidated Fund at year-end - Supply	(1,233)	(2,915)
Net Operating Cost	(44,369)	(41,500)
Cost of capital charge	2,304	2,465
Transfer from the Pension Reserve	287	438
Balance at 31 March	61,551	64,686

16. Reserves

(a) Pension Fund Reserve

The Pension Fund Reserve represents the difference between the present value of the Scheme's liabilities for future pension costs, as estimated by the Scheme's actuary, and the current fair value of Scheme assets (as required by FRS 17). The balance at 31 March 2009 reflects the projected liabilities in excess of Scheme assets of £1.967 million.

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	(1,310)	(2,586)
Movement in the year	(657)	1,276
	-	-
Balance at 31 March	(1,967)	(1,310)

(b) Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	3,896	6,476
Arising on revaluation during the year	-	(2,580)
Balance at 31 March	3,896	3,896

(c) Donated Asset Reserve

The donated asset reserve reflects the net book value of assets donated to the Commission.

	2008-09 £'000	2007-08 £'000
Balance at 1 April	11	11
Additions during the year	-	-
Revaluations	-	-
Balance at 31 March	11	11

17. Notes to the Cash Flow Statement

(a) Reconciliation of operating cost to operating cash flows

	2008-09 £'000	2007-08 £'000
Net operating cost	(44,369)	(41,500)
<i>Adjustments for non-cash transactions:</i>		
(Increase)/decrease in inventories	7	(5)
(Increase) in debtors	(231)	(325)
<i>less movements in debtors relating to items not passing through the OCS</i>	(5)	5
Increase in creditors	253	5,416
<i>less movements in creditors relating to items not passing through the OCS</i>	1,684	(2,917)
Non cash items	4,275	5,424
Net cash outflow from operating activities	(38,386)	(33,902)

(b) Analysis of capital expenditure and financial investment

		2008-09 £'000	2007-08 £'000
	Note		
Tangible fixed asset additions	8	(260)	(142)
Intangible fixed asset additions	9	-	(14)
Net cash outflow from investing activities		(260)	(156)

**National Assembly for Wales Commission
Resource Accounts 2008-09**

(c) Analysis of financing

	Note	2008-09 £'000	2007-08 £'000
From the Welsh Consolidated Fund (Supply)	15	36,342	36,417
From the Welsh Consolidated Fund (direct charges)	15	640	589
Net financing		36,982	37,006

(d) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2008-09 £'000	2007-08 £'000
Net cash requirement	4	(38,024)	(33,502)
From the Welsh Consolidated Fund (Supply)	17c	36,342	36,417
Increase/(decrease) in cash		(1,682)	2,915

18. Capital commitments

There were no contracted capital commitments at 31 March 2009 or at 31 March 2008.

19. 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.

	2008-09 £'000	2007-08 £'000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	36	66
Expiry thereafter	2,070	2,086
	2,106	2,152

**National Assembly for Wales Commission
Resource Accounts 2008-09**

	2008-09	2007-08
	£'000	£'000
Other – printers and copiers:		
Expiry within one year	79	-
Expiry after 1 year but not more than 5 years	2	95
Expiry thereafter	-	-
	81	95

(b) Finance leases

There are no obligations under finance leases.

20. 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.

	2008-09	2007-08
	£'000	£'000
Obligations under non-cancellable contracts comprise:		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	30	79
Expiry thereafter	5,527	4,000
	5,557	4,079

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.

21. 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.

22. 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 2009 £'000	Amount outstanding at 31 March 2008 £'000	Amount paid out in 2008-09 £'000	Comments
Pension contributions for AM Support Staff who:				
Are currently employed but not contributing to a pension scheme	75	29	-	Possible
Have left employment without ever joining a pension scheme	43	43	-	Remote

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

23. Losses and special payments

The number and value of losses and special payments made during 2008-09 are as follows:

(a) Losses Statement

2008-09	No. of cases	Value £'000
Total	11	26
Compensation	1	-
Constructive Loss	3	1
Fruitless payments	6	1
Ex-gratia	1	24

During 2008-09 there were no cash losses or claims abandoned.

During the year there was one compensation payment of £20.00.

(b) Special Payments

	<i>No. of cases</i>	<i>Value £'000</i>
Total	2	4

24. Related-party transactions

The Commission has a number of transactions with the Welsh 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 6. 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 £3,319.99 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 £4,844.07 were made to the Vale of Glamorgan Council for reimbursement of various AMs' office and secretarial costs. Chris Franks AM is a Vale of Glamorgan councillor.

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 and www.cynulliadcymru.org.