

**Welsh Language Act 1993**

Accounts of the Welsh Language Board prepared pursuant to Schedule 1, Paragraph 12(2) of the Welsh Language Act 1993 for the year to 31 March 2005, together with the Certificate and Report of the Auditor General for Wales thereon.

Presented pursuant to the Welsh Language Act 1993 Schedule 1, Paragraph 12(4)

**Welsh Language Board****Accounts 2004-2005**

# Welsh Language Board Accounts 2004-2005

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# Welsh Language Board Accounts 2004-2005

## Foreword

### The Board's history and background statutory information

The 1993 Welsh Language Act established the Welsh Language Board on 21 December 1993. The accounts have been prepared by the Board under Schedule 1, Paragraph 12 of the Act in a form directed by the National Assembly for Wales with the approval of H M Treasury. Copies of this direction may be obtained from the Board's offices.

The Act gave the Board the function of promoting and facilitating the use of the Welsh language, to provide for the preparation by public bodies of schemes giving effect to the principle that, in the conduct of public business and the administration of justice in Wales, the English and Welsh languages should be treated on a basis of equality.

In order to achieve this, the Board has the following function:

1. Advising the National Assembly for Wales on matters concerning the Welsh language.
2. Advising persons exercising functions of a public nature on the ways in which effect may be given to the principle that, in the conduct of public business and the administration of justice in Wales, the English and Welsh languages should be treated on a basis of equality.
3. Advising those and other persons providing services to the public on the use of the Welsh language in their dealings with the public in Wales.

The Welsh Language Board's Annual Report as presented to the National Assembly for Wales under Schedule 1, Paragraph 13(1) of the 1993 Welsh Language Act contains information on the Board's activities for the year from 1 April 2004 to 31 March 2005.

### Results and appropriations

The Welsh Language Board is a public body sponsored by the National Assembly for Wales. Total grant in aid provided by the National Assembly for Wales for the year 1 April 2004 to 31 March 2005 was £ 11,966,000. Of this amount, £187,000 was for capital expenditure. The deficit for the year was £334,000, which was taken from reserves.

An additional £353,000 of Grant in Aid had not been drawn down from the National Assembly for Wales within the financial year. In accordance with HM Treasury guidelines this amount whilst owing to the Board has not been accrued for.

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### Future developments

The Board's future aspirations for 2005-06 are outlined in its current Operational Plan.

Among the main new developments are the following:

1. Work closely together with the National Assembly Government on the forthcoming merger of the Board with the Government; in this context, further discussions will be held on the new Strategic Plan which aims to ensure continuity for the Board's work and vision in the future. The First Minister made a statement on 30 November 2004 *'On culture, Welsh language and sport, the functions of the Welsh Language Board are largely governmental, mostly concerned with policy and grant making. The Assembly Government now has, in 'Iaith Pawb' its own Welsh language policy and supporting staff. I have decided that the functions of the board should be merged into the Assembly Government before April 2007. The board's regulatory function in overseeing the Welsh language schemes of public bodies, including the Assembly's scheme, will be undertaken by the establishment of an office of regulation. This office will initially be set up on an advisory basis converting to a statutory basis when the legislation opportunity arises'*.
2. Prepare, and begin to implement, a strategy for the private sector, and extend the Board's work in this field.
3. Complete, after consultation, the youth strategy, and start to implement it.
4. Prepare, in consultation with the Assembly Government, action steps for the data strategy, and conduct one new research project on linguistic indicators, and one new IT project to create the first translation engine for the Welsh language..
5. Increase substantially our involvement in monitoring Welsh Language Schemes.
6. Provide the Assembly Government with detailed advice in two education and training fields.
7. Launch, maintain, and promote HYSBYS (in the form of a bus that will travel around the north-west): a project in partnership with BBC Cymru, and the University of Wales, Bangor.

### Research

1. The Board offered a new PhD studentship, jointly with the Economic and Social Research Council (ESRC) in applied Language Planning.
2. Beaufort Ltd were commissioned to research into the public's perceptions of, and aspirations for bilingual products.
3. As part of our commitments under *Iaith Pawb*, the Board commissioned initial research on linguistic indicators. This research will form a methodology which will be able to be used to measure the development of the language in a given area.
4. The Midwifery department of the University of Wales Bangor was commissioned to conduct an impact assessment of the TWF scheme. This research will continue for three full years.

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5. The Psychology and Linguistics Departments of University of Wales College Bangor continued the research project into the reasons why some Welsh parents raise their children solely through the English language, and what can be done to change this. The results are expected by the middle of 2005.
6. Cwmni Iaith cyf have continued the research project to analyse analysis of the social networks of young people between 13 and 17 years old in twelve smaller areas throughout Wales, in order to see how use of the language may be increased. A full draft report was received in March 2005.
7. We received the final report of Professor Harold Somers (of UMIST University, also editor of the Journal of Machine Translation) setting out a long-term direction for the field of machine translation. In March 2005, the Board invited tenders to create a translation engine based on the report's recommendations.
8. A survey has been held by MORI on behalf of the Welsh Language Board, of the use of the Welsh language throughout Wales as a whole. This work will form part of the study 'Living in Wales' which was commissioned by The Assembly Government to look at matters affecting homes in Wales. The project is to run over a three year period and will give valuable information on the use of the language, in addition to the information on linguistic ability resulting from the Census. 2004-05 was the second year of this survey.

### Board members

The Board members during the year were:

Rhodri Williams	Chair (until 31 August 2004)
Meri Huws	Chair (from 1 September 2004)
Professor Colin Baker	
Sue Camper	
Betsan Dafydd (until 30 September 2004)	
Ifan G Evans	
Dr Arun Midha	
Jeffrey Morgan	
Nia Parry	
Marc Phillips	
Rhiannon Walters	
Professor Colin Williams	

Rhodri Williams resigned as Chair of the Board on the 31 August 2004. The Welsh Assembly Government appointed Meri Huws as his successor for 3 years from 1 September 2004.

Board members have been appointed on a 3 year term which will end on 31 March 2006.

Betsan Dafydd has not been an active member since 1 October 2004 due to being on sabbatical from her fulltime employment.

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### **Provision of information to and the consultation with employees**

The Board recognises the importance of communication with all employees and keeping them informed of internal and external developments. The Board will continue to consult with staff representatives on any matter affecting terms and conditions of employment.

### **Payment policy**

Under the Late Payment of Commercial Debts (Interest) Act 1998, and the UK Government's Better Payment Practice Code the Welsh Language Board is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

The Welsh Language Board aims to pay 100% of invoices including disputed invoices once the dispute has been settled, in line with these terms. During the year ending 31 March 2005, the Welsh Language Board paid 94% of all invoices within the terms of its payment policy.

### **Auditors**

The accounts of the Welsh Language Board are audited by the Auditor General for Wales in accordance with Schedule 1, Paragraph 12(4) of the 1993 Welsh Language Act.

**Meirion Prys Jones,  
Accounting Officer,  
Welsh Language Board,  
29 July 2005**

## Welsh Language Board Accounts 2004-2005

### Statement of the Board's and the Chief Executive's responsibilities

Under Paragraph 12(1) of Schedule 1 to the 1993 Welsh Language Act, the Welsh Language Board is required to prepare a statement of accounts in respect of each accounting year in a form and on the basis directed by the National Assembly for Wales with the approval of H M Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the period end and its income and expenditure and cash flow for the year.

In preparing the accounts the Board is required to:

- observe the accounts direction issued by the National Assembly for Wales, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Board will continue in operation

The Accounting Officer for the National Assembly for Wales has designated the Chief Executive of the Welsh Language Board as the Board's Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, and for the keeping of proper records, are set out in *The National Assembly for Wales Accounting Officers' Memorandum* issued by H M Treasury.

# Welsh Language Board Accounts 2004-2005

## Statement on internal control

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Welsh Language Board's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of *departmental* 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 has been in place in the Welsh Language Board for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

These issues are discussed later, under 'Review of Effectiveness'.

### 4. The risk and control framework

The Board's risk and control system operates at various levels throughout the organisation, including the Board itself, the management team, team managers and the Board's basic control systems.

Internal controls are the whole system of controls, financial and otherwise, established by the Board, management and other personnel in order to carry out its business in an orderly, effective and efficient manner; ensure adherence to management policies; safeguard its assets; comply with laws and regulations and secure, as far as possible, the completeness and accuracy of the records.

The satisfactory operation of the control system is confirmed by the Board and management team in the following ways:

- The review of monitoring controls by the Board and management team, such as performance indicators, comparisons with budgets or objectives (as set out in the Corporate Plan) and management accounts, provides comfort that there has been no unexplained deviations from expected performance, indicating a lack of, or breakdown in, controls at the base level.
- Reports (formal and informal) are prepared regularly by operating departments and presented to the management team and the Board in relation to issues which are relevant to the Board's activities. In addition, Corporate and Business Plans are prepared annually, together with an annual report and financial statements.



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- PricewaterhouseCoopers undertake the Board's internal audit based on an "assessment of audit needs".

In addition, the external auditors, the Wales Audit Office, present an annual report on their audit of the Board's financial statements.

The risk register is reviewed on a regular basis. The Board's risks have been categorised financial risks, operational risks, staff and office risks and external risks. The details of the risks are included in the Board's *Risk Register*.

### 5. 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 and the senior managers within the Board who have responsibility for the development and maintenance of the internal control framework, 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 the Board, the Audit Committee and our Risk Manager and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has:

- held eight full Board meetings during the year to agree the plans and strategic direction of the Board
- established a Management Team which meets weekly to consider internal management and administrative matters
- appointed a senior member of staff as Risk Manager
- received a report from the Chair of the Board's Audit Committee concerning internal control
- received regular reports by internal audit, to standards defined in the Governmental Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement
- arranged risk management meetings to identify the Board's objectives and risks - and determine a control strategy for each risk
- produced a risk management register, which has been sent to key staff, setting out the Board's attitude to each risk
- allocated responsibility for action with regard to each risk, along with deadlines for action
- delivered risk management training, as required, to Board staff
- ensured that senior members of staff consider risk management on a regular basis
- agreed to review the risk management policy document periodically.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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### **6. Significant internal control problems.**

A small number of issues arose regarding the letting of contracts which did not comply with the Board's Financial Memorandum. As soon as I became aware of these issues I asked PriceWaterhouseCoopers the Board's internal auditors to undertake additional work. As a result of this work procurement procedures have been revised and strengthened. I am confident that internal controls are in place to ensure that such departures do not recur.

**Meirion Prys Jones,  
Accounting Officer,  
Welsh Language Board,  
29 July 2005**

# Welsh Language Board Accounts 2004-2005

## The Certificate of the Auditor General for Wales to the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 10 to 23 in accordance with Schedule 1, Paragraph 12(4) to the Welsh Language Act 1993. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

### Respective responsibilities of the Board, the Chief Executive and Auditor

As described on page 5, the Welsh Language Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Welsh Language Act 1993 and National Assembly for Wales directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Welsh Language Act 1993 and with the directions made thereunder by the National Assembly for Wales, and whether 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 6 to 8 reflects the Board's compliance with Treasury's guidance *Corporate Governance: Statement on Internal Control*. I report if it does not meet the requirements for disclosure specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the board's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board'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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Welsh Language Board at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Welsh Language Act 1993 and directions made thereunder by the National Assembly for Wales
- 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

See also my report on page 24.

Jeremy Colman  
Auditor General for Wales  
4 August 2005

Wales Audit Office  
2-4 Park Grove  
Cardiff  
CF10 3PA

## Welsh Language Board Accounts 2004-2005

### Income and expenditure account for the year to 31 March 2005

	Notes	2004/05		2003/04	
		£000	£000	£000	£000
<b>Gross income</b>					
Grant In Aid	2	11,779		11,238	
Other income	3	294		379	
Release of government grant reserve	12	135		85	
			<b>12,208</b>		11,702
<b>Expenditure</b>					
Grants	4	6,762		6,535	
Other programme expenditure	7	2,408		2,092	
Salaries	5	2,227		1,873	
Administration	6	1,010		812	
Depreciation	8	135		82	
Notional interest on capital	1.8	21		18	
			<b>12,563</b>		11,412
<b>(Deficit) / Surplus on operating activities</b>			<b>(355)</b>		290
Interest receivable			14		7
Interest surrendered to the National Assembly for Wales			(14)		(7)
Adjustment for notional interest on capital	1.8		21		18
<b>Retained (deficit)/surplus for the year</b>			<b>(334)</b>		308
<b>Statement of movement of general fund</b>					
General fund on 1 April 2004			359		51
Retained (deficit)/surplus for the year			(334)		308
			<b>25</b>		<b>359</b>

All activities undertaken during the year are continuing.  
There are no other recognised gains or losses reported in the period.

The notes on pages 13 to 23 form part of these accounts.

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## Balance sheet at 31 March 2005

	Notes	2005 £000	£000	2004 £000	£000
<b>Fixed assets</b>					
Tangible assets	8		440		388
<b>Current assets</b>					
Debtors	9	222		299	
Cash at bank and in hand		94		401	
		<u>316</u>		<u>700</u>	
<b>Creditors</b>					
Amounts falling due within one year	10	(284)		(335)	
<b>Net current assets</b>			32		365
<b>Provisions for liabilities and charges</b>	11		(7)		(6)
<b>Total assets less total liabilities</b>			<u>465</u>		<u>747</u>
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Government grant reserve	12	440		388	
General fund		25		359	
Government funds					747
			<u>465</u>		<u>747</u>

The notes on pages 13 to 23 form part of these accounts.

**Meirion Prys Jones,**  
**Accounting Officer,**  
**Welsh Language Board**  
**29 July 2005**

## Welsh Language Board Accounts 2004-2005

### Cash flow statement for the year to 31 March 2005

	Notes	2004/05 £000	2003/04 £000
<b>Net cash (outflow) / inflow from operating activities</b>	15(a)	<b>(238)</b>	<b>270</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		14	7
Interest surrendered to the National Assembly for Wales		(14)	(7)
<b>Capital expenditure</b>			
Payment to acquire tangible fixed assets		(256)	(200)
<b>Net cash (outflow) / inflow before financing</b>		<b>(494)</b>	<b>70</b>
<b>Financing</b>			
Grant In aid – capital	2	187	255
<b>(Decrease) / Increase in cash</b>	15 (b)	<b>(307)</b>	<b>325</b>

The notes on pages 13 to 23 form part of these accounts.

# Welsh Language Board Accounts 2004-2005

## Notes to the accounts for the year to 31 March 2005

### 1 Accounting policies

#### (1.1) Accounting conventions

The accounts have been prepared under the historical cost convention. They have been prepared in accordance with the Accounts Direction issued by the National Assembly for Wales with the consent of the Treasury. Without limiting the information given, the accounts meet the accounting disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board, in so far as those requirements are appropriate to the Board.

#### (1.2) Finance

The Board receives grant in aid from the National Assembly for Wales subject to the Board satisfying the conditions and requirements as set out in the Financial Memorandum and such other conditions as the National Assembly for Wales may impose from time to time. Subject to the *Treasury's Fees and Charges Guide* the Board may receive income from other sources where this does not interfere with its main functions and is consistent with its Corporate Plan and Government policy.

#### (1.3) Government grants

- (i) The Board is mainly financed by grant from the National Assembly for Wales, and is accounted for in accordance with Treasury guidance.
- (ii) Grants for operating activities have been credited as income during the period.
- (iii) Grants received for capital expenditure have been credited to a government grant reserve and relevant transfers are made to the income and expenditure account as the capital assets are utilised.

#### (1.4) Tangible assets, revaluation and depreciation

The Board has valued all fixed assets at historic cost, as any revaluation adjustments are, in the Board's opinion, not material.

Depreciation is provided on all tangible fixed assets on a straight-line basis over the expected useful life of the assets, as follows:

Office improvements and alterations	-	over 90 months
Office furniture	-	over 90 months
Office equipment	-	over 60 months
Computer equipment	-	over 36 months

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### (1.5) Tax

Income and expenditure is shown net of irrecoverable VAT.

### (1.6) Pensions

Payment is made to the Paymaster General of such sums as may be appropriate as representing accruing liabilities of the Principal Civil Service Pension Scheme in respect of pensions and other similar benefits for persons employed by the Board and in respect of the administrative expenses attributable to the liabilities and their discharge.

### (1.7) Provisions

The Board accounts for provision in accordance with *Financial Reporting Standard 12*.

### (1.8) Cost of capital

A notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% (2004 – 3.5%) of average capital.

### (1.9) Grants payable

Grants are charged to the Income and Expenditure Account in the period in which the activity that creates an entitlement is carried out. The Board has the right to reclaim the whole or part of the grant if the grant recipient breaks any of the conditions relating to the grant offer. Any such recoveries are credited to the account on receipt.

## 2 National Assembly for Wales Grant In Aid

	2004-2005 £000	2003-2004 £000
Current	11,779	11,238
Capital	187	255
Total	<u>11,966</u>	<u>11,493</u>



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### 3 Other income

	<b>2004-2005</b>	2003-2004
	£000	£000
National Council for Education and Training for Wales		
- Welsh for Adults officer	-	38
Urdd Gobaith Cymru – special payment made by the National Assembly for Wales	-	233
Immersion Education Project – National Assembly for Wales	<b>151</b>	55
Sponsorship	<b>85</b>	13
European Commission grant	<b>47</b>	9
Operating income	<b>3</b>	6
Welsh Development Agency grant	<b>3</b>	17
Other income	<b>5</b>	8
	<b>294</b>	379

### 4 Grants

The following grants were payable under Section 3(3) of the Welsh Language Act 1993:

	<b>2004-2005</b>	2003-2004
	£000	£000
Grants for the promotion of Welsh education	<b>2,648</b>	2,571
Grants for the promotion of the language in general	<b>4,083</b>	3,954
Small Grants Scheme	<b>1</b>	10
Business Grants	<b>30</b>	-
	<b>6,762</b>	6,535

A full list of all grants paid and payable is available from the office of the Welsh Language Board.

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### 5 Staff and members' costs

(a)	2004-2005			2003-2004		
	Staff £000	Members £000	Total £000	Staff £000	Members £000	Total £000
Salaries	1750	94	1844	1,460	93	1,553
Social security costs	142	5	147	116	5	121
Other pension costs	231	5	236	194	5	199
Total	<b>2123</b>	<b>104</b>	<b>2227</b>	1,770	103	1,873
(b) Average numbers	<b>66</b>	<b>10</b>	<b>76</b>	51	11	62

Average number of staff employed within the Board were as follows:

	2004-2005	2003-2004
Central Services' Team	14	10
Strategic Development Team	27	21
Operational Development Team	17	12
Corporate Communications and Business Development Team	8	8
	<b>66</b>	<b>51</b>

The terms and conditions of staff employed are analogous to those of the National Assembly for Wales. The Board members were appointed on 1 April 2003 by the Assembly Minister for Culture, Sport and the Welsh Language.

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- (c) The salary and pension entitlements of the Chair and staff in the most senior positions, having authority or responsibility for directing or controlling the major activities of the Board, were as follows:

	2005	2005	2005	2005	2005	2005	2005
Name and title	Salary band	Real increase in pension at age 65 and related lump sum	Total accrued pension and related lump sum at age 65 as at 31/03/05	Cash Equivalent Transfer Value at 31/03/04	Cash Equivalent Transfer Value at 31/03/05	Real increase in Cash Equivalent Transfer Value	Employer contributions and transfers-in
	£'000	£	£	£	£	£	£
Rhodri Williams, Chair (until 31 August 2004)	10-15	381	2619	24647	30525	2102	2337
Meri Huws, Chair (since 1 September 2004)	15-20	300	300	0	3533	2905	628
Meirion Prys Jones, Chief Executive	65-70	2609 plus lump sum 7826	9410 plus lump sum 28229	99686	1044	6367	39656
Prys Davies, Director Operational Development (since 12 July 2004)	Consent to disclosure withheld						
Gareth Jones, Resources Director	Consent to disclosure withheld						
Siân Parry Jones, Board Secretary (since 13 December 2004)	Consent to disclosure withheld						
Enid Lewis, Finance Director	Consent to disclosure withheld						
Rhodri Llwyd Morgan, Director Strategic Development	Consent to disclosure withheld						
Elinor Williams, Director of Corporate Communications and Business Development	35-40	715	1049	2413	8137	4097	1447

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Salary includes gross salary, performance pay and bonuses, overtime, responsibility allowance where applicable. The salary of the present Chief Executive comprised of a gross salary of £65,000 and a non-pensionable bonus which is yet to be decided. The previous Chief Executive's salary in 2004-2005 was £65,524 along with a non-pensionable bonus of £4,384.

The Chief Executive and the Chair are ordinary members of the Principal Civil Service Pension Scheme (PCSPS). The Chief Executive is employed on a fixed term contract for the period ending 31 March 2004. Meirion Prys Jones was appointed Chief Executive on 1 April 2004 on a permanent contract. The Chair is contracted to work 2 days per week, the other Board members being on a contract to work 2 days per month on a non-pensionable salary of £6,587 per year (2003-2004: £6,587). This is equivalent to grade 5 in the Civil Service pro rata the number of days.

### (d) Pensions

Pension benefits are provided through the PCSPS to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. From 1 October 2002, members may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus).

1. Classic Scheme - Benefits accrue at the rate of  $1/80^{\text{th}}$  of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice-pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.
2. Premium Scheme – Benefits accrue at the rate of  $1/60^{\text{th}}$  of final pensionable earning 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 up to a maximum of  $3/80^{\text{ths}}$  of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of  $3/8^{\text{ths}}$  of the members pension (before any commutation). On death in service, the scheme pays a lump sum benefit of 3 times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what would have accrued at age 60.
3. Classic Plus Scheme – This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Pensions payable under classic, premium and classic plus are increased in line with the Retail Prices Index.

## Welsh Language Board Accounts 2004-2005

PCSPS is a defined benefit scheme which is shared by a large number of employers and as a result the employer's share of the underlying assets and liabilities is not identifiable. Information about the existence of the surplus or deficit in the scheme and the implications on the employee are available from the annual pension scheme statement.

Contributions amounting to £236,000 (2003-2004: £199,000) were paid on behalf of staff and the Chair to the Paymaster General for the year to 31 March 2005 at rates determined from time to time by the Government Actuary and advised by the Treasury. This ranged from 12% to 18.5% of gross pay for the year (2003-2004: 12%-18.5%). The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

### (e) Gifts register

The Board also operates a gifts register. No item noted during the year is considered of material interest to these financial statements.

## 6 Administration

Administration expenses included:

	2004-2005 £000	2003-2004 £000
Auditors' remuneration (external audit fee)	13	12
Auditors' remuneration (other external audit work)	1	1
Travel, subsistence and hospitality	174	144

## 7 Other programme expenditure

Direct expenditure relates to numerous projects undertaken by the Board's teams. The projects are included in the operational plan for the year that is subject to approval by the National Assembly for Wales. Details of projects undertaken are included in the Board's Annual Report.

	2004-2005 £000	2003-2004 £000
Strategic Development Team	1,440	1,228
Operational Development Team	82	40
Corporate Communications and Business Development Team	886	824
	<u>2,408</u>	<u>2,092</u>

## Welsh Language Board Accounts 2004-2005

### 8 Tangible fixed assets

	Office improvements and alterations £000	Office furniture £000	Office equipment £000	Total £000
<b>Cost</b>				
1 April 2004	258	135	408	801
Additions	44	63	80	187
Disposals	-	-	(9)	(9)
<b>31 March 2005</b>	<b>302</b>	<b>198</b>	<b>479</b>	<b>979</b>
<b>Depreciation</b>				
1 April 2004	105	78	230	413
Charge for the year	26	16	93	135
Disposals	-	-	(9)	(9)
<b>31 March 2005</b>	<b>131</b>	<b>94</b>	<b>314</b>	<b>539</b>
<b>Net book value</b>				
<b>31 March 2005</b>	<b>171</b>	<b>104</b>	<b>165</b>	<b>440</b>
1 April 2004	153	57	178	388

There were no contractual capital commitments at 31 March 2005.

### 9 Debtors: amounts due within one year

	2004-2005 £000	2003-2004 £000
Deposit with the payroll agency	-	147
Grants receivable - other	3	-
Other debtors – National Assembly for Wales Immersion Education Project	48	-
Other debtors	47	47
Value added tax	9	9
Other prepayments	115	96
	<b>222</b>	<b>299</b>

### 10 Creditors: amounts due within one year

	2004-2005 £000	2003-2004 £000
Operating creditors	43	61
Creditor – National Assembly for Wales	17	-
Accruals	213	194
Receipts in advance	11	80
	<b>284</b>	<b>335</b>

### 11 Provision for liabilities and charges

	2004-2005 £000	2003-2004 £000
Provision at 1 April	6	5
Increase in provision	1	1
Provision at 31 March	<b>7</b>	<b>6</b>

## Welsh Language Board Accounts 2004-2005

### 12 Government grant reserve

	2004-2005 £000	2003-2004 £000
1 April	388	218
Grant in Aid for the period - capital (see note 2)	187	255
Less: released to the income and expenditure account	(135)	(85)
31 March	440	388

### 13 Reconciliation of movement in government funds

	2004-2005 £000	2003-2004 £000
Funds at 1 April	747	269
Retained (deficit)/surplus for the year	(334)	308
Movements in the government grant reserve	52	170
Funds at 31 March	465	747

### 14 Commitments under operating leases

At 31 March 2005 the Board was committed to making the following payments during the next year in respect of non-cancellable operating leases expiring:

	2004-2005		2003-2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	-	-	11	-
Between two and five years	-	13	-	10
After five years	126	-	116	1
	126	13	127	11

The amounts above represent the annual charge for each lease.

## Welsh Language Board Accounts 2004-2005

### 15 Notes to the cash flow statement

#### (a) Reconciliation of operating surplus / (deficit) to net cash flow from operating activities

	2004-2005 £000	2003-2004 £000
(Deficit) / Surplus on operating activities	(355)	290
Depreciation	135	82
Loss on sale of assets	-	3
Notional interest on capital	21	18
Increase in provision	1	1
Release of government grant reserve	(135)	(85)
Decrease/(increase) in debtors	77	(127)
Increase in creditors	18	88
Net cash (outflow) / inflow from operating activities	<u>(238)</u>	<u>270</u>

#### (b) Analysis of changes in net funds during the period

	2004-2005 £000	2003-2004 £000
Net funds at 1 April	401	76
Net cash (outflow) / inflow	(307)	325
Net funds at 31 March	<u>94</u>	<u>401</u>

#### (c) Analysis of changes in financing during the period

See note 12 for movement in the government grant reserve.

### 16 Contingent liabilities

There were no contingent liabilities at 31 March 2005.

### 17 Borrowings

The Board has no borrowings and relies primarily on grant in aid from The National Assembly for Wales for its cash requirements, and is therefore not exposed to liquidity risks. It also had 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.



## Welsh Language Board Accounts 2004-2005

### 18 Related party transactions

The National Assembly for Wales is regarded as a related party. During the year, the Welsh Language Board has had various material transactions with the National Assembly for Wales .

During the year, the Board was involved in transactions, under the normal course of business and in accordance with the rules of the Board, in which the following Board members declared an interest and which are considered material:

- a) The Board is party to a contract for the support of the North West Wales Community bus with the BBC and Bangor University (Lifelong Learning Department). Under this agreement a payment of £75,075 (before VAT) was made to the BBC. Meri Huws, Chair of the Welsh Language Board is also head of Lifelong Learning Department at Bangor University.
- b) The Board paid a grant of £221,450 to Mentrau Iaith Myrddin. Mentrau Iaith Myrddin allocated £31,636 to Menter Bro Dinefwr of which Rhiannon Walters was vice-chair until 11 September 2001 remaining a member of the management team until 7 September 2004. In addition a payment of £9,000 was made to Menter Bro Dinefwr for the Scheme to Promote Bilingual Education in the region, £270 for an advertisement in Clebran and £1,976 for computer software.

# Welsh Language Board Accounts 2004-2005

## Report of the Auditor General for Wales

### Contracts for refurbishment of the Welsh Language Board's new office accommodation

#### Summary of findings

- 1** This report concerns five contracts with a total value of £116,761 let by the Welsh Language Board (the Board) during 2004 for the refurbishment of its office accommodation.
- 2** The contracts were let with one supplier without competition in circumstances where financial regulations and proper conduct of public business requires that a more appropriate course of action would have been to let a single contract using a competitive tendering process. According to the Board's Financial Memorandum, the proposal not to go to competition required the prior approval of the Welsh Assembly Government (the Assembly) but the Board did not seek such approval. The Assembly refused to give retrospective approval once the matter had been drawn to its attention. The expenditure incurred under the contracts is therefore irregular as it has been incurred without proper authority.
- 3** The amount of irregular expenditure charged to the 2004-2005 account is £78,543. Such an amount is not material to my audit opinion, which is therefore unqualified. However, I have concluded that it is appropriate for me to report the circumstances surrounding the letting of the contracts by way of a report on the Board's accounts in accordance with Schedule 1 of the Welsh Language Act 1993.
- 4** Having identified that the contracts had not been let in accordance with the Board's Financial Memorandum, the Chief Executive commissioned a full investigation by the Board's Internal Auditors (PricewaterhouseCoopers LLP). The Board accepted in full the recommendations contained in the Internal Audit report and have strengthened their operating procedures accordingly.

#### The refurbishment contracts

- 5** During 2004 the Board opened new offices in Caernarfon and Carmarthen and also refurbished additional accommodation acquired at its Cardiff office. The furnishing and decoration of each office were treated as five separate projects. Estimated costs for each project were between £5,000 and £25,000 and, therefore, in order to comply with the Board's Financial Memorandum issued by the Assembly, three price quotations should have been received prior to the award of each contract. However, the Board only requested one quotation for the completion of the work. The quotation was from a contractor chosen as it had successfully tendered for similar work in 1994. The Board subsequently awarded all five contracts to the contractor. Details of the contracts awarded are set out in the table below.

## Welsh Language Board Accounts 2004-2005

Contract		Contract value	Amount incurred in financial year 2004/2005
Furniture	Cardiff	£20,238	£6,173
	Carmarthen	£18,330	£18,330
	Caernarfon	£14,551	£14,551
Refurbishment	Cardiff	£29,600	£11,139
	Carmarthen	£16,652	£16,652
<b>Total excluding VAT.</b>		<b>£99,371</b>	<b>£66,845</b>
VAT		£17,390	£11,698
<b>Total including VAT.</b>		<b>£116,761</b>	<b>£78,543</b>

- 6 Given that the Board had not sought the required price quotations but instead proposed to use a single supplier for an area which is not specialised in nature, an application for specific approval should have been made at that stage to the sponsor division within the Assembly. No such application was made prior to the award of the contracts.

### Investigation by Internal Audit

- 7 In September 2004, the Chief Executive, having identified that the contracts had not been let in accordance with the Board's Financial Memorandum, commissioned a full investigation by the Board's Internal Auditors (PricewaterhouseCoopers LLP). The Internal Auditors confirmed the lack of adherence with financial regulations and made a number of recommendations for improvement in the application of procedures in the future.
- 8 The Internal Auditors also concluded that "the refurbishment and purchase of furniture for the offices....should have been treated as one project." Had the office refurbishment been treated as a single project or contract then the Board would have been required to undertake a competitive tendering exercise.

### Application for retrospective approval

- 9 Following the receipt of the Internal Auditors' findings, the Board reported the circumstances to the Assembly's Compliance Office and sought retrospective approval for the use of a single supplier. The Compliance Office refused retrospective approval on the grounds that the Board had not:
- tested the market since 1994; and
  - contacted the Assembly (at the time of awarding the contract) with regard to this issue in line with the Management Statement and Financial Memorandum.

## Welsh Language Board Accounts 2004-2005

Subsequent action taken by the Welsh Language Board

- 10 The Board informed me that it had not awarded a single contract because it had not been possible to foresee at the time of the first project the amount of work that was required between the three locations. In fact during 2003/2004, the possibility of an additional floor being acquired in the Cardiff office had not been a consideration as the lease on this part of the building did not become available until the end of the financial year. In terms of new premises, the situation changed daily as a result of difficulty in finding suitable offices in Caernarfon, a process which took over a year, unforeseen additional work at the Carmarthen office and legal problems with the lease in Cardiff. During this period the Board was under considerable pressure to find office space for new staff who were already in post.
- 11 The contractor had regularly completed small jobs for the Board over the preceding years. The Board had found them to be a reliable and efficient contractor and they had been able to fullfill requirements in a flexible way often at short notice.
- 12 This expenditure with the contractor spans two financial years and a period where two Chief Executives were responsible for the Board's work and this added to the possible lack of clarity in relation to this project. The Board acknowledges that procurement procedures were not followed, though states that all of the five projects referred to were completed to a high standard and within the timescales set.
- 13 Following the Internal Audit report, the Board has told me that it has strengthened its procedures. From September 2004, the organisational structure has been revised in order to ensure regular communication between the Chief Executive, the Director of Finance and other budget holders. This ensures that budget holders have an opportunity to discuss their projects and expenditure well in advance in order to identify any potential problems that could arise.
- 14 In addition, the following meetings are held regularly:
  - Management team meetings every week with detailed agenda and minutes.
  - Budget holders' meeting every month with the Chief Executive and Finance Director and to discuss spend and procurement issues. Since 1 April 2005 the Head of Policy has also attended to discuss progress on targets.
  - One to one meetings between each Director and the Chief Executive every month.
  - A full report to the Board on current projects in the Board's bi-monthly meetings.
  - The Finance Director or Finance Development Officer meet formally with the budget holders with significant budgets every month to discuss the budget and expenditure patterns.
- 15 The Board also told me that responsibility for the tendering function within procurement was transferred to the Finance Director on 1 January 2005 in order to ensure that the responsibility lay with one member of the management team.
- 16 The document 'Purchasing Procedures for Goods and Services' has been updated by the Finance Unit in accordance with Internal Audit recommendations. Each budget holder has received a hard copy of the procedures as well as a copy being available on the intranet. All staff members have been made aware of this document. Members of the Finance Unit will discuss the procedures in detail with each budget holder in the regular meetings which are held.

## Welsh Language Board Accounts 2004-2005

- 17 The Finance Director or Finance Development Officer have delivered a training session on 'Procurement Awareness' to all staff. In addition, the Finance Director has identified training needs for new budget holders and has been working with personnel to ensure that staff will attend an appropriate course.

Jeremy Colman  
Auditor General for Wales  
4 August 2005

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