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

1 April 2017 to 31 March 2018

FOREWORD

Background

1. The Welsh Consolidated Fund (the Fund) was established on 1 April 2007 under the Government of Wales Act 2006 (the Act). The Act provided a formal legal separation between the National Assembly for Wales and the Welsh Government and created a new body, called the National Assembly for Wales Commission. The Welsh Consolidated Fund holds the funds for the following:
 - the Welsh Government;
 - the National Assembly for Wales Commission;
 - the Wales Audit Office; and
 - the Public Services Ombudsman for Wales
2. The Auditor General for Wales authorises payments out of the Fund. Each of the four bodies listed above is able to draw down funds from the Fund, provided they are in accordance with an approved Budget Motion. The total authorised by Budget Motion for drawdown from the Fund for 2017-18 was £15,717,989,000 (2016-17 was £13,817,025,000).

Scope of the Account

3. This Account has been prepared under Section 132(1) of the Government of Wales Act 2006 which requires the Welsh Ministers to prepare an account showing payments into and out of the Fund and in accordance with the Accounts Direction issued by HM Treasury, under that Act.
4. The Fund receives, from the Wales Office, sums which have been voted by Parliament. Receipts received by the above mentioned bodies that are not authorised to be used to support their expenditure are also, by virtue of Section 120(1) of the Government of Wales Act 2006, payable into the Fund.
5. Payments are made out of the Fund if they have been charged on the Fund by any enactment, or if they are authorised by a Budget resolution of the Assembly. Budget resolutions may be passed in respect of relevant persons, namely those mentioned in paragraph 1 above. Approval to draw funds must be obtained from the Auditor General for Wales in accordance with Sections 124 and 129 of the Act.

Welsh Consolidated Fund Receipts and Payments

6. These accounts show the transactions relating to the statutory purposes set out above. The Fund had a brought forward a balance of £363,000 as at 31 March 2017, with receipts totalling £15,469,432,000 paid in and payments of £15,469,786,000 made during the year, leaving the Fund with a closing balance as at 31 March 2018 of £9,000. During 2016-17 receipts paid into the Fund during the year totalled £13,636,136,000 with payments from the Fund of £13,637,239,000

Audit

7. As Principal Accounting Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Fund's auditors are unaware.

8. The Account is audited by the Auditor General for Wales in accordance with Section 132 of the Government of Wales Act 2006.

**Shan Morgan
Permanent Secretary and Principal Accounting Officer
13 November 2018**

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITY

1. Section 132(1) of the Government of Wales Act 2006 requires the Welsh Ministers to prepare an account of the payments into and out of the Welsh Consolidated Fund. The accounts are prepared on a cash basis and must properly present the Welsh Consolidated Fund's transactions for the period 1 April 2017 to 31 March 2018. Section 132(5) of the Act requires the Auditor General to lay before the National Assembly for Wales a certified copy of the account.
2. The responsibilities of the Principal Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which the Principal Accounting Officer is answerable, and for the keeping of proper records, are set out in the Welsh Government's Accounting Officers' Memorandum, issued by HM Treasury.

**Shan Morgan
Permanent Secretary and Principal Accounting Officer
13 November 2018**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Principal Accounting Officer, I am responsible for ensuring there is a high standard of probity in the management of public funds. I am responsible for maintaining a sound system of internal control that supports the achievement of the Welsh Consolidated Fund (the Fund) whilst safeguarding the public funds and assets for which I am personally responsible and which includes effective arrangements for the management of risk.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: identify and prioritise the risks to the effective operation of the Fund; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2018 and up to the date of approval of the accounts and accords with HM Treasury guidance.

The Risk and Control Framework

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

The Welsh Government is only able to draw funds with the approval of the AGW (under Sections 124 and 129) who must grant an approval to draw if the request relates to a valid amount charged on the Fund by any enactment (a direct charge) or if the amount requested has been authorised or has been deemed to be authorised by a budget resolution of the Assembly for the purposes of meeting expenditure of the Welsh Government, Assembly Commission, Wales Audit Office or the Ombudsman. The AGW may also grant an approval to draw in respect of an amount which has been paid into the Fund by mistake.

Before any money can be released from the Fund, Ministers must request, and the AGW must grant, an approval to draw. Section 129 allows Ministers and the AGW to agree on the form of such requests. In granting such approvals to draw, the AGW is merely verifying statutory authority exists to make such payments. This check does not amount to a pre-audit of the amount being requested.

The operation of the Fund is reliant on the core financial management systems of the Welsh Government to carry out its accounting and payment functions on behalf of the Welsh Ministers and, thereby, on the controls operating around those systems. To review the control environment, I require all Directors within the Welsh Government to complete an annual internal control

questionnaire. The Senior Management Team members also provide me with an Assurance Statement annually setting out their assessment of the effectiveness of their Group's internal controls frameworks. I have received satisfactory assurances, principally from the Director of Governance and the Director of Finance, in respect of the operation of the central finance and corporate systems and services on which the operation of the Fund rely.

The Welsh Government's approach to risk management is set out in its Risk Management Policy and associated guidance documents. Risks are identified, evaluated and managed at different levels within the organisation. The Welsh Government Board has been responsible for reviewing the management of overarching corporate risks which might have prevented or hindered the organisation from achieving its strategic objectives, or which may be necessary in order to achieve its objectives. The Corporate Risk Register was reviewed on a periodic basis by the Board and also the Audit and Risk Assurance Committee.

With respect to the other bodies funded through the Fund, I rely on their Accounting Officers to maintain effective systems of internal control and to ensure there is capacity to manage risk in an appropriate and proportionate manner within their organisations.

Information Governance

There is no information held for which information governance issues are relevant. Consequently, I have nothing to report in respect of this matter.

Assurances

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control relevant to the Fund. With respect to the Welsh Government, I take assurance from a wide range of assurance providers, who were brought together this year at an "assurance stocktake" held in May 2018 to review the operation of the key controls on which I rely. I am informed principally by the work of Internal Audit and those Welsh Government officials with responsibility for the development and maintenance of the internal control framework. I also take assurance from management responses to issues identified by the External Auditor (the Auditor General for Wales) in his various reports on Welsh Government operations and activities. I have been advised on the effectiveness of the system of internal control by the Board and Audit and Risk Assurance Committee.

The Welsh Government has an Internal Audit Service, which operates in conformance with Public Sector Internal Audit Standards. It undertook a full programme of work based upon an analysis of the major risks facing the organisation. The Head of Internal Audit submitted regular reports to the Audit and Risk Assurance Committee on progress in implementing this audit plan and I met regularly with her through the year to discuss audit activity and specific internal control issues. The Head of Internal Audit, in her Annual Assurance report, provided me with "reasonable assurance" on the operation of the framework of governance, control and risk management.

With respect to the other bodies funded through the Fund, I rely on their Accounting Officers to undertake their own review of the effectiveness of control their own organisations, supported by the range of assurances available to them, and I have sought their written confirmation that they have sufficient assurance as to the effectiveness of their own systems of governance, risk management and internal control in respect of matters affecting the operation of the Fund.

The Accounting Officer for the National Assembly for Wales Commission has notified me of a matter regarding the legislative procedures for the payments made to the Standards Commissioner. While the payments are confirmed as lawful, there is now a different interpretation of the process followed in setting the terms of his appointment. The Auditor General for Wales confirms he remains content to continue approving the payments from the Welsh Consolidated Fund. I have asked my officials to continue discussions with the National Assembly for Wales Commission and the Auditor General for Wales, to determine whether any further action is required.

Based on my review of internal controls within the Welsh Government and the assurances available to me from the other bodies funded by the Fund, I am satisfied the Fund had in place during the year a sound governance framework and appropriate controls to support the achievement of its objectives and to safeguard public funds. They supported the achievement of the Welsh Government's policies, aims and objectives; facilitated effective exercise of Welsh Ministers' functions; and safeguarded public funds and assets for which I, as Principal Accounting Officer, was personally responsible. These matters of governance and control are in accordance with the responsibilities assigned to the Principal Accounting Officer in HM Treasury's Welsh Government Accounting Officers' Memorandum.

Shan Morgan
Permanent Secretary and Principal Accounting Officer
13 November 2018

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements for the Welsh Consolidated Fund of Welsh Ministers for the year ended 31 March 2018 under the Government of Wales Act 2006. These comprise the Receipts and Payments Account and the related notes. These financial statements have been prepared on a cash basis under Section 132 of the Government of Wales Act 2006.

In my opinion the financial statements:

- Properly present the receipts and payments of the Welsh Consolidated Fund for the year ended 31 March 2018; and
- have been properly prepared in accordance with Section 132 of the Government of Wales Act 2006 and directions made thereunder by HM Treasury.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Principal Accounting Officer is responsible for the other information in the account. The other information comprises the information included in the account other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects:

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

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword has been prepared in accordance with directions issued by HM Treasury.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Principal Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for preparing the financial statements in accordance with the Government of Wales Act 2006 and HM Treasury directions made there under and for such internal control as the Principal Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Responsibilities for regularity

The Principal Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the receipts and payments 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 am also responsible for expressing an opinion on whether the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in sections 124 or 130 of the Government of Wales Act 2006 and that money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund.

Anthony Barrett
For and on behalf of the
Auditor General for Wales
14 November 2018

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RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

<u>Receipts</u>	Note	2017-18 £000	2016-17 £000
Receipts from the Wales Office under Section 118(1) of the Government of Wales Act 2006		14,130,162	13,525,626
Non Domestic Rating receipts	5	99,124	82,786
Principal repayments of loans from the National Loans Fund	6	-	91
HMRC Distribution from National Insurance Fund in respect of Social Security	10	1,208,865	-
Other receipts	2	31,281	27,633
Total Receipts		15,469,432	13,636,136
Payments			
Issues authorised under Assembly Budget resolutions	3	15,391,695	13,569,761
Direct Charges:			
Salaries, related costs and pensions	4	688	707
Expenses of returning officers at Assembly elections	8	-	6,704
National Loans Fund repayments of Principal and Interest to the Wales Office	6	1,745	1,745
Non Domestic Rating payments by Welsh Ministers	5	45,621	31,295
Surrender to the Secretary of State of receipts designated under Section 120(3) of the 2006 Act	2	30,037	27,027
Total Payments		15,469,786	13,637,239
Net (decrease) /increase in Fund balance		(354)	(1,103)
Balance brought forward at 1 April		363	1,466
Balance carried forward at 31 March		9	363

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

Shan Morgan
Permanent Secretary and Principal Accounting Officer
13 November 2018

Note 1

STATEMENT OF ACCOUNTING POLICIES

These accounts are prepared on a cash basis under Section 132 of the Government of Wales Act 2006. In addition, balances to and from the Welsh Government are disclosed at Note 9 to assist preparation of the Whole of Government Accounts.

Note 2

OTHER RECEIPTS

The Government of Wales Act 2006 (Designation of Receipts) Order 2007 designates certain receipts (designated receipts). Under the Government of Wales Act 2006 the Welsh Ministers must pay to the Secretary of State sums equal to the amount of the designated receipts. Section 120(6) of the Act provides that sums required for the Welsh Ministers to make payments under this Order are charged on the Welsh Consolidated Fund (WCF).

	Receipts paid into fund 2017-18 £000	Receipts surrendered to the Secretary of State 2017-18 £000	Receipts paid into fund 2016-17 £000	Receipts surrendered to the Secretary of State 2016-17 £000
Welsh Government	30,786	30,037	27,490	27,027
Wales Audit Office	495	-	143	-
Total Designated Receipts	31,281	30,037	27,633	27,027
Total Non-Designated Receipts	-	-	-	-
TOTAL	31,281	30,037	27,633	27,027

During 2017-18 the Welsh Government paid across to the Fund an amount of £749,000, this amount being included within the total receipts of £30,786,000 paid into the fund by the Welsh Government, and the Wales Audit Office paid across an amount of £495,000. Representing excess funding drawn not spent for 2016-17 and receipts in excess of income authorised for 2017-18.

The National Assembly for Wales Commission and the Public Services Ombudsman for Wales did not repay their respective funds of £74,000 and £39,000, these were deemed as drawn against 2017-18 authorised grant.

Note 3

ISSUES AUTHORISED UNDER BUDGET MOTIONS

The Annual Budget Motion is passed under Section 125 of the Government of Wales Act 2006. For the period of this account the National Assembly for Wales approved: The Annual Budget Motion 2017-18 (GEN-LD 10882) as amended by the Supplementary Budget Motions 2017-18 (GEN-LD 11085)

The following amounts were paid out of the Fund under the authority of the Budget Motions. See also Note 7, which details amounts drawn down and unspent at 31 March 2018.

	2017-18	2016-17
	£000	£000
Welsh Government	15,330,322	13,506,990
National Assembly for Wales Commission	50,171	51,800
Wales Audit Office	7,031	6,728
Public Service Ombudsman for Wales	4,171	4,243
Total	15,391,695	13,569,761

Note 4

SALARIES, RELATED COSTS AND PENSIONS 2017-18

	National Assembly for Wales			Wales Audit Office		Ombudsman	Total £000
	Presiding Officer £000	Deputy Presiding Officer £000	Standards Commissioner £000	Auditor General for Wales £000	Wales Audit Office Chair £000	Public Service Ombudsman £000	
Salaries	107	87	18	153	25	144	534
National Insurance Contributions	14	11	1	20	2	19	67
Pension Costs	17	14	-	18	-	35	84
Apprenticeship Levy	1	-	-	1	-	1	3
TOTAL	139	112	19	192	27	199	688

Note 4 above shows direct charges of £688,000 on the Welsh Consolidated fund during 2017-18 in respect of Salary Costs. These salaries were paid by the National Assembly Commission for Wales. However, the National Assembly Wales Commission 2017-18 accounts Note SOS 02 state that in addition to the direct charges shown above £13,438 was also accrued and paid after year end.

SALARIES, RELATED COSTS AND PENSIONS 2016-17

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

Note 5

NON DOMESTIC RATING

The Welsh Ministers receive non-domestic rates collected from ratepayers by Billing Authorities or paid directly to the Welsh Ministers by ratepayers on the central rating list. The Welsh Ministers are required to redistribute the contributions to Receiving Authorities in proportion to the resident adult population (aged 18 or over) in each administrative area (Local Government Finance Report 2017-18 Section 4.1). The non-domestic rates are thus pooled and redistributed. The operation of the pool is governed by Schedule 8 to the Local Government Finance Act 1988 and regulations made under Section 141 of that Act. Under the Government of Wales Act 2006 non-domestic rates income must be paid into the Welsh Consolidated Fund and any related non-domestic expenditure is a direct charge on the Fund.

With the approval of Treasury, in order to avoid unnecessary cash transfers between the Welsh Government (WG) and authorities, local authorities are permitted to net off the NDR they collect against the funding they require, with differences from one year to the next being allowed for in determining the amount of Revenue Support Grant necessary in any given year. During the period 1 April 2017 to 31 March 2018 gross anticipated non-domestic rate contributions into the pool totalled £961,043,000 (2016-17 £982,962,000).

The payments made through the Consolidated Fund - £45,621,000 (2016-17 £31,295,000) represent payments to local authorities and central list ratepayers as a result of the final recalculations of contributions for 2016-17 and previous years following receipt of local authority audited claims and reductions in rateable values for central list ratepayers. This figure includes payments to WG totalling £2,700,000 (2016-17 £197,000) to cover payments made by them during 2016-17 to central list ratepayers as a result of reductions in rateable values.

Receipts into the Fund - £99,124,000 (2016-17 £82,786,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2016-17 and previous years following receipt of audited claims from local authorities.

Further information on NDR is contained within the Welsh Government Consolidated Annual Report and Accounts 2017-18 and the Non-Domestic Rating Account (Wales) 2017-18.

Note 6

NATIONAL LOANS FUND

Repayment of the loan is the responsibility of the Welsh Government and payments of £1,745,000 were made to the Wales Office in 2017-18. The repayment of both interest and principal to the National Loans Fund is a direct charge on the Welsh Consolidated Fund. During 2017-18 the Welsh Government received £1,745,000 from the Welsh Consolidated Fund to fund loan repayments.

Note 7

AMOUNTS DRAWN AND UNSPENT AND EXCESS OF INCOME OVER AMOUNTS AUTHORISED

The amounts drawn down and received by bodies covered by the Fund but unspent as at 31 March 2018, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Government

Welsh Government Consolidated Annual Report and Accounts 2017-18 for the year end 31 March 2018 reported the following amounts due to the Fund:

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

The funding drawn not spent for 2016-17 of £749,000 was repaid to the Fund during 2017-18.

National Assembly for Wales Commission

The National Assembly for Wales Commission Resource Account for the year end 31 March 2018 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £73,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2016-17 was £74,000 these were deemed as drawn against 2017-18 authorised grants.

Wales Audit Office

The Wales Audit Office annual account for the year end 31 March 2018 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £723,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2016-17 was £495,000 were repaid to the Fund in 2017-18.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales's annual account for the year end 31 March 2018 reported the following amount due to the Fund:

Excess of funding drawn not spent – £32,000
Receipts in excess of income authorised – £nil

For 2016-17 the excess funding drawn not spent of £34,000 and the receipts in excess of income of £5,000, were not repaid to the Fund but deemed as drawn against 2017-18 authorised grants.

Note 8

EXPENSES OF RETURNING OFFICERS AT ASSEMBLY ELECTIONS

The expenses of the returning officer for Flintshire in respect of the by-election for Alyn & Deeside on 6 February 2018 were £159,636 (of this £54,000 related to postal charges). As at 31 March 2018 the Welsh Government had yet to draw £423,820 to cover expenses and surrender excess payments of £48,892, as detailed in note 9.

Note 9

WELSH GOVERNMENT BALANCE

The accounts for the Fund are prepared on a cash basis under Section 132(1) of the Act. If this WCF account were to be prepared on a resource basis, the balance sheet would include a debtor for the Welsh Government made up as below, reflecting transfers arising from 2017-18 activity still to be made as at 31 March 2018.

	2017-18	2016-17
	£000	£000
Funding drawn not spent	-	749
Designated Receipts	2,483	2,341
Returning officers expenses not drawn down	(424)	(420)
Excess of Returning officers expenses drawn	49	46
TOTAL	2,108	2,716

Note 10

HMRC DISTRIBUTION FROM NATIONAL INSURANCE FUND IN RESPECT OF SOCIAL SECURITY

As of 2017-18 the HMRC distribution from National Insurance in respect of Social Security was paid in to the Welsh Consolidated Fund. In previous years this was paid directly to Welsh Government. In 2017-18 the amount paid in to the Welsh Consolidated Fund in respect of this was £1,208,865,000 and this amount is included in the total receipts paid in of £15,469,432,000

Appendix

WELSH CONSOLIDATED FUND

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTIONS 132(2) AND (3) OF THE GOVERNMENT OF WALES ACT 2006

1. The account of payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years shall properly present those payments.
2. When preparing the account of the payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years the Welsh Ministers shall comply with cash (receipts and payments) accounting principles and the account will contain the following:
 - A Foreword (explaining the background and scope of the account);
 - A Statement of Accounting Officer's Responsibilities;
 - A Statement on Internal Control;
 - A Receipts and Payments Account; and
 - Such notes as are required to ensure a proper understanding of the account, including an explanation of the movement on financial year-end balances.
3. This direction shall be reproduced as an appendix to the statement of account.



DAVID WATKINS
Head of the Financial Reporting Policy Team, HM Treasury

04 January 2007