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

1 April 2022 to 31 March 2023

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 Fund holds the funds for the following:
 - the Welsh Government;
 - the Senedd Commission;
 - the Electoral Commission (see paragraph 3 below);
 - the Public Services Ombudsman for Wales (PSOW); and
 - Wales Audit Office (WAO).
2. The Auditor General for Wales (AGW) authorises requests for payments out of the Fund, provided they are in accordance with an approved Budget Motion. The total authorised by Budget Motion for drawdown from the Fund for 2022-23 was £22,535,877,000 (2021-22: £22,878,455,000).
3. From 1 April 2021 the expenditure of the Electoral Commission that is attributable to the exercise of the Commission's functions in relation to devolved Welsh elections and devolved Welsh referendums is (so far as it cannot be met out of income received by the Commission) to be payable out of the Fund pursuant to section 28 of the Senedd and Elections (Wales) Act 2020, which introduced section 16A to Schedule 1 of the Political Parties, Elections and Referendums Act 2000.
4. Under section 129 (4) of the Government of Wales Act 2006 the Electoral Commission is not listed as a payee body of the Fund, and therefore the amounts due from the Fund cannot be directly drawn by the Electoral Commission. One of the bodies listed in subsection 129(4) must be administratively responsible for paying the Electoral Commission from the funds it draws. The Welsh Government has agreed to undertake this administrative function, which is set out in an accounting officer agreement between the Permanent Secretary of the Welsh Government and the Chief Executive of the Electoral Commission.

Scope of the Account

5. 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.
6. The Fund receives, from the Office of the Secretary of State for Wales (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.
7. Under devolved powers from the Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017), the Senedd Cymru (the Senedd) was granted authority to set a Welsh Rate of Income Tax (WRIT) from 2019-20 onwards. Income tax continues to be administered by HM Revenue and Customs, but income tax revenues from the Welsh rates are allocated to the Welsh Government.

8. WRIT payover is drawn down from the UK Government via the Wales Office and paid into the Welsh Consolidated Fund, as shown in the Secretary of State for Wales 22-23 Accounts which can be accessed at [Annual Report and Accounts 2022-23 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk).
9. Under devolved powers from the Wales Act 2014, devolved taxes in respect of Land Transaction Tax and Landfill Disposals Tax have been managed in Wales from 2018-19 onwards. The Welsh Revenue Authority (WRA) was established by the Tax Collection and Management (Wales) Act 2016 to administer and collect both taxes. The taxes collected by the WRA are paid into the Fund under Section 25 of the Tax Collection and Management (Wales) Act 2016.
10. The Devolved Tax Statement account is prepared and published separately and can be accessed at [Welsh Revenue Authority: Annual Report and Accounts 2022 to 2023 \[HTML\] | GOV.WALES](#)
11. Section 121 of the Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017) grants Welsh Ministers enhanced borrowing powers, with any sums borrowed and repaid (including interest) to be paid into and out of the Fund respectively. In 2022-23 a further £150 million of borrowing was undertaken. The first sums borrowed were in 2018-19, there was no new borrowing in 2021-22.
12. 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 Senedd. 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 AGW in accordance with Sections 124 and 129 of the Act.
13. Those bodies that draw down funding from the Fund provide annual accounts reporting their stewardship of those funds.

Welsh Consolidated Fund Receipts and Payments

14. These accounts show the transactions relating to the statutory purposes set out above. The Fund had a brought forward balance of £3,905,000 at 31 March 2022, with receipts totalling £22,527,781,000 paid in and payments of £22,523,587,000 made during the year, leaving the Fund with a closing balance as at 31 March 2023 of £8,099,000. During 2021-22 receipts paid into the Fund during the year totalled £21,932,553,000 with payments from the Fund of £21,944,069,000.

Audit

15. As Principal Accounting Officer (PAO), 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.
16. The Account is audited by the AGW in accordance with Section 132 of the Government of Wales Act 2006.

Dr Andrew Goodall CBE
Permanent Secretary and Principal Accounting Officer
2 February 2024

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 Fund. The accounts are prepared on a cash basis and must properly present the Fund's transactions for the period 1 April 2022 to 31 March 2023. Section 132(5) of the Act requires the AGW to lay before the Senedd a certified copy of the account.
2. The responsibilities of the PAO, including their responsibility for the propriety and regularity of the public finances for which the PAO is answerable, and for the keeping of proper records, are set out in the Welsh Government's Accounting Officers' Memorandum, issued by HM Treasury.

**Dr Andrew Goodall CBE
Permanent Secretary and Principal Accounting Officer
2 February 2024**

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 management 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 2023 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, the Wales Act 2014 and 2017, and the Tax Collection and Management (Wales) Act 2016 which set 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, Wales Audit Office, the Senedd Commission and the Public Services Ombudsman for Wales, under authority of the Budget resolutions passed by the Senedd or under any enactment which directly charges expenditure to the Fund. 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.

From the 1 April 2021 the Electoral Commission's funding and accountability for work in relation to devolved Welsh elections and devolved Welsh referendums transferred from the Speaker's Committee of the UK House of Commons and the UK Consolidated Fund to the Llywydd's Committee of the Senedd and the Welsh Consolidated Fund (the Fund), pursuant to the Senedd and Elections (Wales) Act 2020 which amends Political Parties, Election and Referendum Act (PPERA) 2000 accordingly.

Section 129 of the Government of Wales Act 2006 sets out the law in relation to drawing payments out of the Welsh Consolidated Fund. Subsection 129(4) does not include the Electoral Commission as a payee body. Therefore, one of the bodies listed in subsection 129(4) must be administratively responsible for paying the Electoral Commission from the funds it draws from the Fund. Under an Accounting Officer Agreement between the PAO of the Welsh Government and the Chief Executive of the Electoral Commission, the Welsh Ministers agreed to undertake this administrative function.

The amounts to be paid from the Fund to the Electoral Commission are included as a separate Ambit in the Welsh Government sections of the Budget Motion to reflect this arrangement. Funds drawn down and distributed to the Electoral Commission in this way are therefore clearly separated within the Welsh Government accounting systems as relating to the Electoral Commission only. The arrangement whereby the Welsh Government draws funds and distribute to the Electoral Commission will continue until legislation is in place to for the Electoral Commission to draw funds from the Welsh Consolidated 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 Senedd for the purposes of meeting expenditure of the Welsh Government, Electoral Commission (for Wales activity), Senedd 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, all Directors within the Welsh Government are required to complete an annual internal control questionnaire.

The Directors General also provide 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 Finance, in respect of the operation of the central finance and corporate systems and services on which the operation of the Fund relies.

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 adheres to the "Main Principles" for risk management in government set out in HM Treasury's The Orange Book; Management of Risk – Principles and Concepts (updated May 2023).

The Welsh Government Board is responsible for overseeing the implementation of the risk management policy and process and for oversight and scrutiny of the mitigations for key risks facing the Welsh Government which might otherwise prevent or hinder the organisation from achieving its strategic objectives.

The Welsh Government Executive Committee (ExCo) is responsible for decision making with respect to corporate-level risks including assessment, evaluation, inclusion on the Corporate Risk Register (CRR), corporate ownership and mitigation. ExCo is also responsible for setting and approving the corporate risk management framework. The Finance and Corporate Services Sub Committee of ExCo has responsibility for reviewing any risks that are to be escalated to the CRR. No risks in relation to the management of the Welsh Consolidated Fund have been escalated to the CRR.

The CRR was reviewed twice during the financial year by the Board. Day-to-day management and mitigation of risk is a management responsibility and each Director General has been responsible for managing risk. Group risks were reviewed regularly by senior management teams and by the Group Audit and Risk Assurance Committees and were informed by risk registers maintained by projects and programmes, risk assessments and risk registers at Divisional level.

With respect to the other bodies funded through the Fund, and the WRA for the remittance of taxation receipts to the Fund, their Accounting Officers are required 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

As PAO, I am responsible for ensuring appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments which require me to assess our risk and ensure appropriate mitigation strategies are in place. Welsh Government has policies and procedures in place to proactively manage cyber security risk, working with the National Cyber Security Centre to secure digital assets and ICT infrastructure. I take assurance from the Welsh Government's Data Protection Officer who has observed good levels of awareness of the overarching data protection principles and requirements of the UK GDPR.

There were no data incidents requiring reporting to the Information Commissioner's Office in relation to the Welsh Government's stewardship of the Welsh Consolidated Fund in 2022-23.

Welsh Rate of Income Tax (WRIT)

The Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017) gives the Senedd the power to set the Welsh Rate of Income Tax (WRIT). This allows the Welsh Government to affect the amount of income tax that Welsh taxpayers pay and, as a result, the amount that the Welsh Government can spend in Wales. WRIT is calculated on a tax year basis and was introduced with effect from 6 April 2019. At that point, the UK rate of income tax for taxpayers resident in Wales was reduced by 10 pence in the pound in each band, allowing room for the Welsh Government to set its own rates.

The Welsh rates for each year since devolution of the tax (2019-20) have been set at 10 pence in the pound for each of the tax bands. This means that a Welsh taxpayer paid the same amount of total income tax as someone from England and Northern Ireland earning the same amount of income, but for the Welsh taxpayer 10 pence in the pound for each tax band was owed to the Welsh Government with the remainder owed to the UK Consolidated Fund.

The Fiscal Framework¹ sets out how WRIT works based on estimates agreed for the year and a reconciliation 15 months after the year end to actual amounts collected, and how it interacts with the Block Grant settlement.

HMRC has responsibility for the collection of Income Tax in Wales and to remit this to the UK Consolidated Fund. The Welsh Block Grant is adjusted for WRIT based on the Office of Budget Responsibility autumn forecast through the Main Estimates process.

¹ [Microsoft Word - Fiscal Framework Agreement final \(clean\).docx \(gov.wales\)](#)

Outturn is published 15 months after the end of the financial year and is used to determine a reconciliation to account for forecast error. This adjustment is applied to the block grant in the following financial year. The 'Payover' of the WRIT estimate is via the Wales Office, the payover happens alongside the normal block grant process and is received into the Welsh Consolidated Fund.

To ensure clarity of roles and responsibilities, there is a Service Level Agreement² in place between the Welsh Government and HMRC for establishing and operating the WRIT. A Memorandum of Understanding³ is also in place setting out the principles of the arrangements between HMRC and Welsh Government for the Welsh rates of income tax, including the roles and responsibilities of WRIT's Additional Accounting Officer, who is accountable to the PAO HMRC.

HMRC provides monthly forecast updates and financial reports relating to WRIT, and there are discussions at official level to monitor and challenge the costs. HMRC's charging for WRIT is also monitored by the National Audit Office (NAO) as part of its annual audit.

Alongside this, there is a formal project governance structure in place to manage the administration process. The WRIT project board has representatives from Welsh Treasury, HM Treasury and HMRC officials including representatives from the project team, IT, devolved taxes and tax policy. The WRIT board meets on a quarterly basis and is co-chaired by Welsh Government and HMRC.

The payover of the WRIT from the Wales Office is reconciled to the Wales Office statutory accounts providing me with assurance over the completeness, accuracy, validity and timeliness of WRIT payover into the Welsh Consolidated Fund.

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 have responsibility for the operation of key controls. 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. The Board and the Audit and Risk Assurance Committee have advised on the effectiveness of the system of internal control.

The Welsh Government has an Internal Audit Service (IAS), which operates in conformance with Public Sector Internal Audit Standards. It undertook a programme of work based upon an analysis of the major risks facing the organisation. The Head of Internal Audit (HIA), in her Annual Assurance Opinion report, provided me with "reasonable" assurance on the operation of the framework of governance, control and risk management within the Welsh Government.

Reasonable assurance means that, while arrangements are suitably designed and applied effectively, some matters require management attention in control design or compliance with moderate risk exposure until resolved.

² [Service level agreement with HMRC | GOV.WALES](#)

³ [Welsh rate of Income Tax Memorandum of Understanding | GOV.WALES](#)

The HIA's opinion was informed by the audit assignments performed in the year, for which an assurance opinion is given, and by advisory reviews, for which a traditional audit assurance conclusion is not provided. The HIA issued 7 limited assurance reports during the year and one 'no assurance' opinion relating to the Welsh Government's compliance with best practice strategic frameworks for project delivery, where insufficient assurance was obtained. Where fundamental weaknesses were identified, they were isolated to a specific system or process.

Where significant weaknesses were identified, even when aggregated, they were not material to the overall opinion. There were no specific systematic failure or concerns raised by the HIA which impacted on the administration of the Fund during 2022-23.

With respect to the other bodies funded through the Fund, and the WRA for the remittance of taxation receipts to the Fund, their Accounting Officers are required to undertake their own review of the effectiveness of control within their own organisations, supported by the range of assurances available to them, and written confirmation has been sought 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.

All Accounting Officers have confirmed that they have sufficient assurance in respect of matters affecting the operation of the Fund. In addition, assurance was provided from all Accounting Officers that the continuation of remote or hybrid working did not adversely affect the systems of internal control operated by the all the bodies.

The Public Services Ombudsman for Wales confirmed that a system of internal control operated during 2022-23 to ensure the propriety and regularity of the monthly drawdowns requested from the Fund and that these were audited by Audit Wales as part of their audit of the Annual Report and Accounts in July 2023. The AGW has issued an unqualified opinion for the Annual Report and Accounts for the year ended 31 March 2023.

With respect to the WRA, there is an Accounting Officer agreement in place with the WRA Chief Executive setting out the responsibilities both in regard of the WRA, and the Devolved Tax Statement.

I note from the assurance provided by the WRA Chief Executive that the tax statement for 2022-23, laid by the AGW, show the amounts receivable from the collection of taxes, penalties and other income, any deductions permitted, and amounts paid to the Wales Consolidated Fund in accordance with s.25 of the Tax Collection Management Act. The AGW provided an unqualified audit opinion on the tax statement and I received assurance that the system of internal control for the collection and remittance of Devolved Tax receipts was effective during the 2022-23 accounting period.

Specific assurances have been provided by the Chief Executive and Clerk of the Senedd in respect of the payroll processes operated by the Senedd Commission and an assurance in respect of the completeness, accuracy and validity of the figures in the accounts as Direct Charges against the Fund. The payroll system is the Senedd Commission's most material financial system and is subject to internal audit every 3 to 4 years. The most recent internal audit of the Senedd Commission's payroll was undertaken in October 2021. This recorded a 'Moderate Assurance' conclusion. Payroll expenditure is also subject to substantive annual testing by Audit Wales, as part of its annual external audit of the Commission's financial statements. No matters have been highlighted by Audit Wales on payroll during 2022-23 to the Principal Accounting Officer of the Commission.

The regularity of Commission transactions has also been considered as part of the external audit of the Commission's financial statements. The AGW issued an unqualified audit opinion on the Commission's financial statements for the year ended 31 March 2023.

The Senedd Commission sought a specific assurance from the AGW in respect of travel and subsistence of Chair of the Wales Audit Office and the AGW during the year ended 31 March 2023.

In responding to this request the AGW provided assurance to the Senedd Commission that there are no claims for travel and subsistence incurred by the Chair of the Wales Audit Office and the AGW for the year ended 31 March 2023 which should have been charged to the Fund. The Electoral Commission confirmed that a sound system of internal control operated during 2022-23 to ensure the propriety and regularity of activities specifically funded from Fund supported by the Commission's 'substantial' internal audit opinion. To ensure amounts charged to the Fund are in line with the funding principles and authorised budget, the Electoral Commission has specific accounting controls in place such as appropriate coding structures and specific controls processes regarding the cash transfer arrangements. The Electoral Commission's 2022-23 annual report and accounts were audited by the National Audit Office in September 2023 and the Comptroller Auditor General issued an unqualified opinion for the year ended 31 March 2023.

The Accounting Officer for Wales Audit Office has provided assurance that a sound system of internal control operated during the period ending 31 March 2023 in respect of drawing and surrendering to the Fund. The Wales Audit Office external auditor has issued an unqualified opinion for the Annual Report and Accounts for the year ended 31 March 2023.

The Auditor General for Wales has also provided assurance that Audit Wales processes of internal control operated over the approval of Welsh Ministers' requests to draw from the Fund. HMRC uses the same systems to administer income tax whether it is received from a taxpayer in Wales or the rest of the UK. In addition, HMRC also operates additional rules and procedures for Wales.

The Government of Wales Act 2006, as amended by the Wales Act 2014, requires the Comptroller and Auditor General (C&AG) to prepare a report which includes key controls operated by HMRC to assess and collect income tax. This report 'HMRC Administration of Welsh rates of income tax 2022-23' was published on the 19 January 2024 and noted that HMRC had framed adequate regulations and procedures to secure an effective check on the assessment, collection and proper allocation of revenue, and that they are being duly carried out. No issues of concern regarding HMRC collection of WRIT in year 2022-23 have been reported through the Board arrangements.

Internal Control Issues

The positive assurances received provide confidence there are, in general, well-designed and sound frameworks of governance and internal control for the Fund.

Conclusion

Based on my review of internal controls within the Welsh Government and the assurances available from the other bodies funded by the Fund, I can take reasonable assurance that arrangements to secure governance, risk management and internal control for the Fund are suitably designed and applied effectively and that where control matters have arisen, management action is being taken.

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.

Dr Andrew Goodall CBE
Permanent Secretary and Principal Accounting Officer
2 February 2024

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of the Welsh Consolidated Fund for the year ended 31 March 2023 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 balances, receipts and payments of the Welsh Consolidated Fund for the year ended 31 March 2023; and
- have been properly prepared in accordance with Section 132 of the Government of Wales Act 2006 and HM Treasury directions issued thereunder.

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.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are 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 opinions.

Other information

The other information comprises the information included in the account other than the financial statements and my auditor's report thereon. The Principal Accounting Officer is responsible for the other information in the account. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Annual 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 is in accordance with the directions issued by HM Treasury.

Matters on which I report by exception

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

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

Responsibilities of the Principal Accounting Officer for the financial statements

As explained more fully in the Statement of Principal Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for the maintenance of adequate accounting records, the preparation of the foreword and financial statements in accordance with the Government of Wales Act 2006 and HM Treasury directions issued thereunder 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. The Principal Accounting Officer is also responsible for ensuring the regularity of financial transactions.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government of Wales Act 2006.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance on matters concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Obtaining an understanding of Welsh Government’s framework of authority as well as other legal and regulatory frameworks that impact on the operation of the Welsh Consolidated Fund, focusing on those laws and regulations that had a direct effect on the financial statements

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Consolidated Fund’s controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditors-responsibilities. This description forms part of my auditor’s report.

Other auditor’s responsibilities

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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
5 February 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

		2022-23	2021-22
<u>Receipts</u>	Note	£000	£000
Receipts from the Wales Office under Section 118(1) of the Government of Wales Act 2006	9	17,209,376	17,878,273
Non Domestic Rating receipts	2	100,517	100,212
Borrowing by Welsh Ministers	4	150,000	-
HMRC Distribution from National Insurance Fund in respect of Social Security	5	2,031,780	1,412,088
Welsh Rate of Income Tax	6	2,477,747	2,064,061
Devolved Tax Receipts	7	422,000	440,500
Receipts of Senedd Elections	12	-	-
Other receipts	8	136,361	37,419
Total Receipts		22,527,781	21,932,553
Payments			
Issues authorised under Senedd Budget Resolutions	10	22,308,828	21,803,123
Direct Charges:			
Salaries, related costs and pensions	11	764	760
Expenses of returning officers at Senedd elections	12	10,751	-
National Loans Fund repayments of Principal and Interest	3	4,836	4,836
Non Domestic Rating payments by Welsh Ministers	2	149,761	97,931
Surrender to the Secretary of State for Wales of receipts designated under Section 120(3) of the 2006 Act	8	48,647	37,419
Total Payments		22,523,587	21,944,069
Net (decrease) /increase in Fund balance		4,194	(11,516)
Balance brought forward at 1 April		3,905	15,421
Balance carried forward at 31 March		8,099	3,905

The notes on pages 15 to 24 form part of this account

Dr Andrew Goodall CBE
Permanent Secretary and Principal Accounting Officer
2 February 2024

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 14 to assist preparation of the Whole of Government Accounts.

Note 2

NON DOMESTIC RATING

The Welsh Ministers receive non-domestic rates (NDR) 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 2022-23 No.1 Section 2 Chapter 4.1 & Final Local Government Finance Report No.1 2022-23 Section 2 Chapter 4.1). The NDR received 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 Fund and any related non-domestic rates expenditure is a direct charge on the Fund.

With the approval of HM Treasury, in order to avoid unnecessary cash transfers between the Welsh Government 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 to be provided for any given year. During the period 1 April 2022 to 31 March 2023 gross NDR contributions into the pool totalled £1,034,228,734 (2021-22: £1,035,931,217).

The payments made through the Fund of £48,760,706 (2021-22: £97,931,041) represent payments to authorities and central list ratepayers as a result of the final recalculations of contributions for 2021-22 and previous years following receipt of billing authority audited claims and reductions in rateable values for central list ratepayers. A further £101,000,000 (2021-22: £nil) was drawn as direct charges from the Fund by the Welsh Government, to meet the Non-Domestic Rates Pool difference between the amounts pooled and the amount redistributed for 2022-23. NDR receipts in relation to 2022-23 central list ratepayers of £921,537 and 2021-22 final recalculations of £4,650,107 will be paid into the Fund in 2023-24.

Receipts into the Fund of £100,516,576 (2021-22: £100,212,013) are contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2021-22 and previous years following receipt of audited claims from authorities.

Further information on NDR is contained in the Welsh Government Consolidated Annual Report and Accounts 2022-23 and the Non-Domestic Rating Account (Wales) 2022-23.

Note 3

NATIONAL LOANS FUND

Included within these balances are loans from the National Loans Fund (NLF) lent onwards by the Wales Office originally to the Mid-Wales Development Corporation. They were then passed to the Development Board for Rural Wales (DBRW) in the 1980's; and to the Welsh Development Agency (WDA) when DBRW was abolished in 1998. Following WDA abolition in 2006, responsibility for the repayment of principal and interest falls on the Welsh Government. Payments of £1,745,192 were made by the Welsh Government to the Wales Office in 2022-23. As the repayment of both interest and principal to the NLF is a direct charge on the Fund, the Welsh Government received £1,745,192 from the Fund to fund the loan repayments (2021-22: £1,745,192).

Also included are the repayments of principal and interest for amounts borrowed under Section 121 of Government of Wales Act 2006 (See Note 4 for more details). Repayments of interest and principal in 2022-23 amounted to £3,090,485 (2021-22: £3,090,485) which are direct charges on the Fund.

Note 4

BORROWING BY WELSH MINISTERS

Under Section 121 of Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017) additional borrowing powers were conferred on Welsh Ministers with effect from 1st January 2017. Any sums borrowed and repaid under these provisions must be done via the Fund and therefore reflected in these accounts. The first sums borrowed from the NLF were received by the Fund in 2018-19. A further £150 million of borrowing was undertaken in 2022-23.

A summary of the borrowing position is set out as follows:

	Principal	Accrued Interest	Total
	£000	£000	£000
At 1 April 2022	59,472	136	59,608
New Borrowing	150,000	-	150,000
Interest Incurred	-	825	825
Repayments	(2,266)	-	(2,266)
Interest Paid	-	(825)	(825)
At 31 March 2023	207,206	136	207,342

Note 4 contd.

The repayment of borrowing is scheduled as follows:

At 31 March 2023	Principal £000	Interest £000	Total £000
Less than 1 year	4,213	5,504	9,717
1-5 years	26,160	23,532	49,692
More than 5 years	176,833	60,804	237,637
Total	207,206	89,840	297,046

At 31 March 2022	Principal £000	Interest £000	Total £000
Less than 1 year	2,266	825	3,091
1-5 years	9,386	2,976	12,362
More than 5 years	47,820	6,255	54,075
Total	59,472	10,056	69,528

Note 5

HMRC DISTRIBUTION FROM NATIONAL INSURANCE FUND IN RESPECT OF SOCIAL SECURITY

From 2017-18 the HMRC distribution from National Insurance in respect of Social Security was paid into the Fund. In 2022-23 the amount paid into the Fund in respect of this was £2,031,780,163 (2021-22: £1,412,087,629).

Note 6

WELSH RATE OF INCOME TAX

The Wales Act 2014 and 2017 amended the provisions of the Government of Wales Act 2006 with regard to income tax. The amended Government of Wales Act 2006 Section 116D empowers the Senedd to set a Welsh Rate of Income Tax (WRIT) for Welsh taxpayer on non-savings, non-dividend income in each tax band with effect from 6 April 2019. The WRIT is set each year through a Resolution passed by the Senedd on the basis of a proposal made by Welsh Ministers.

HMRC continue to collect Income Tax in Wales, including the WRIT under a Memorandum of Understanding with the Welsh Government, the amounts collected are paid into the UK Consolidated Fund. The amount of WRIT paid into the Welsh Consolidated Fund in the year is agreed with HMT and is calculated on a forecast and reconciliation basis as set out in the Fiscal Framework agreed between the UK and Welsh Governments.

The UK Government transfers the WRIT based on forecasts set out in the Main Estimates annually. This is done via the Wales Office as a WRIT Payover. The WRIT revenues are therefore drawn into the Welsh Consolidated Fund from the Wales Office alongside the normal block grant process. The reconciliation of forecast to actual WRIT revenues is the subject of adjustments to the block grant in future years.

The WRIT Payover for 2022-23 to the Welsh Consolidated Fund is £2,477,747,000 (2021-22: £2,064,061,000).

Note 7

DEVOLVED TAXES

The Wales Act 2014 devolved a range of new financial powers to the Senedd, including in relation to taxation. Subsequently, the Tax Collection and Management (Wales) Act 2016 provided for the establishment of the WRA. Since April 2018 the WRA has collected and managed two devolved Welsh taxes – Land Transaction Tax and Landfill Disposals Tax – on behalf of the Welsh Government. Section 25 of the 2016 Act requires the WRA to pay the taxes collected into the Fund.

During the year 2022-23, the WRA paid £422 million (2021-22: £441 million) to the Fund in respect of the two Devolved Taxes:

	2022-23	2021-22
	£000	£000
Landfill Disposal Tax	44,637	43,690
Land Transaction Tax	377,363	396,810
Total Devolved Taxes	422,000	440,500

Note 8

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 Wales Office 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 Fund.

	Receipts paid into fund 2022-23 £000	Receipts surrendered to the Wales Office 2022-23 £000	Receipts paid into fund 2021-22 £000	Receipts surrendered to the Wales Office 2021-22 £000
Welsh Government	136,361	48,647	37,419	37,419
Total Designated Receipts	136,361	48,647	37,419	37,419
TOTAL	136,361	48,647	37,419	37,419

Total receipts paid into the fund for 2022-23 were £136,361k (2021-22: £37,419k). During the year, the excess funding drawn not spent for 2021-22 of £87,714k by the Welsh Government was repaid to the consolidated fund - see Note 13. The remaining £48,647k of receipts were surrendered to the Wales Office.

Note 9

RECEIPTS FROM AND PAYMENTS TO THE UK CONTINGENCIES FUND

The UK Contingencies Fund is used to finance payments for urgent services in anticipation of UK Parliamentary provision for those services becoming available, and to provide funds required temporarily by government departments for necessary working balances, or to meet other temporary cash deficiencies.

The Wales Office as the UK Department responsible for transferring funds for Wales into the WCF made a successful application for a short-term Contingencies Fund advance of £150 million based on the forecast Welsh Government cash required from the WCF in March 2023. The £150 million was paid into the WCF on 16th March 2023.

This amount reflects the excess of cash required by the Wales Office over the remaining UK Vote on Account and Main Estimate cash requirement (available cash funding limit) for payment into the WCF. Advances were required due to the timing of the UK Supplementary Estimate towards the end of March, in which revised cash funding limits to the Wales Office were allocated.

Cash drawn from the UK Contingencies Fund by the Wales Office was transferred into the WCF and drawn against the forecast cash need by Welsh Government in the normal manner. The Wales Office repaid the £150 million to the Contingencies Fund on 27th March 2023. There were no Contingency Fund transactions in 2021-22

Note 10

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 Senedd approved: The Annual Budget Motion 2022-23 (GEN-LD14986) as amended by the Supplementary Budget Motion(s) 2022-23 (GEN-LD15183 (First Supplementary Budget) and GEN-LD15672 (Second Supplementary Budget).

The following amounts were paid out of the Fund under the authority of the Budget Motions.

See also Note 13, which details amounts drawn down and unspent at 31 March 2023.

	2022-23	2021-22
	£000	£000
Welsh Government	22,237,007*	21,733,949
Senedd Commission	57,350	56,850
Wales Audit Office	9,283	7,098
Public Service Ombudsman for Wales	5,188	5,226
Total	22,308,828	21,803,123

*Included in the amounts drawn for Welsh Government is £1,444,280 (2021-22: £1,750,000) drawn from the Fund for transfer to the Electoral Commission. As set out on page 1 the Electoral Commission cannot directly draw from the Fund. Amounts to be drawn from the Fund are included but separately identified within the Welsh Government element of the Budget Motions.

Note 11

SALARIES, RELATED COSTS AND PENSIONS 2022-23

	Senedd Cymru			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	111	90	35	150	25	147	558
National Insurance Contributions	15	12	4	21	2	20	74
Pension Costs	22	18	-	45	-	44	129
Apprenticeship Levy	1	-	-	1	-	1	3
TOTAL	149	120	39	217	27	212	764

* The remuneration for the Standards Commissioner is comprised of an annual retainer plus a daily rate for activities that relate directly to the role and responsibilities of the post plus reasonable expenses. The salary above for the Standards Commissioner therefore includes reimbursement of expenses that are direct charge on the fund.

** These payments reflect a change of appointment in 2022-23. In respect of the Wales Audit Office Chair, the balance of payments for the two post occupants in year is £1,124 and £26,207

SALARIES, RELATED COSTS AND PENSIONS 2021-22

	Senedd Cymru			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	111	87	29	150	25	155	557
National Insurance Contributions	14	11	3	19	2	20	69
Pension Costs	22	17	0	45	0	47	131
Apprenticeship Levy	1	0	0	1	0	1	3
TOTAL	148	115	32	215	27	223	760

* The Standards Commissioner was appointed from 1 April 2021 for a term of 6 years. The remuneration for the Standards Commissioner is comprised of an annual retainer plus a daily rate for activities that relate directly to the role and responsibilities of the post plus reasonable expenses. The salary above for the Standards Commissioner therefore includes reimbursement of expenses that are direct charge on the fund.

** These payments reflect a change of appointment in 2021-22. In respect of the Deputy Presiding Officer the balance of payments for the two post occupants in year is £9,276 and £105,877.

Note 12

EXPENSES OF RETURNING OFFICERS AT SENEDD ELECTIONS

As at 31st March 2022 the Welsh Government had yet to draw £10,713,824 to cover election expenses (of which £5,503,260 related to postal charges, as detailed in Note 12 2021-22 Accounts). There was a further charge of £36,680 in 2022-23. The total of £10,750,504 was paid from the Fund to Welsh Government for these expenses in 2022-23.

Note 13

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 2023, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Government

Welsh Government Consolidated Annual Report and Accounts 2022-23 for the year end 31 March 2023 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £5,989,380
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2021-22 was £87,714,059 and the receipts in excess of income was £nil. These funds were paid back to the Fund in 2022-23.

Senedd Commission

The Senedd Commission Resource Account for the year end 31 March 2023 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £226,000
Receipts in excess of income authorised – £nil
Bank interest for surrender - £2,000

The excess funding drawn not spent for 2021-22 was £1,171,000 and the receipts in excess of income of £nil were not repaid to the Fund but deemed as drawn against 2022-23 authorised grants. For 2022-23 due to changes in the market interest rates, the Senedd Commission received interest on an account held. In accordance with the Government of Wales Act 2006 (Designation of Receipts) Order 2007 interest is to be surrendered to the WCF.

Note 13 cont.d

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales's annual account for the year end 31 March 2023 reported the following amount due to the Fund:

Excess of funding drawn not spent – £1,000
Receipts in excess of income authorised – £nil

For 2021-22 the excess funding drawn not spent of £120,000 and the receipts in excess of income of £nil, were not repaid to the Fund but deemed as drawn against 2022-23 authorised grants.

Wales Audit Office

The Wales Audit Office annual account for the year end 31 March 2023 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £509,000
Receipts in excess of income authorised – £nil

For 2021-22 the excess funding drawn not spent of £76,000 and the receipts in excess of income of £nil, were not repaid to the Fund but deemed as drawn against 2022-23 authorised grants.

Note 14

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 2022-23 activity still to be made as at 31 March 2023.

	2022-23	2021-22
	£000	£000
NDR paid / received by WG on behalf of the Fund	4,879	-
Funding drawn not spent	5,989	87,714
Returning officers expenses not drawn down	-	(10,905)
Excess of Returning officers expenses drawn	-	191
Designated Receipts	8,040	9,908
TOTAL	18,908	86,908

Note 15

AUTHORISED FOR ISSUE

The Principal Accounting Officer has authorised these financial statements to be issued on the same day as the Auditor General for Wales signs the audit certificate.

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