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Dear Peredur

Membership of the Wales Audit Office

Thank you for your letter of 13 May 2024.

We also find the recent events concerning the former Chair of the Wales Audit Office deeply regrettable and likewise wish that such a situation is never repeated. Thank you for your proposals to help mitigate the risks of any such repeat, to which we are replying on behalf of the Wales Audit Office.

In accordance with your request, we have instructed our Board Secretary to forward to the Clerk of the Finance Committee at the time of their publication, notices of additional and other changes of interests declared by non-executive board members. As you mention in your letter, however, the onus is on the individual member to inform the Finance Committee in accordance with their terms and conditions. And as forwarding of notification of declared interests will only help the Committee to identify problems after the fact (it will not in itself be a preventative measure) we will emphasise to members how it is essential that they notify the Committee of their intention to take on additional positions and activities well in advance of taking them up.

Similarly in accordance with your request, the Wales Audit Office will instruct relevant staff to augment the induction and training programmes for members, so that they are regularly reminded of the Finance Committee's requirements when undertaking new roles.

We are grateful that you have written to the current non-executive members to remind them of the provisions relating to their appointments, particularly your requirements in terms and conditions concerning informing the Committee of any

changes to existing commitments. It is helpful that you are making clear to members that they may seek the advice of the Committee before undertaking additional roles.

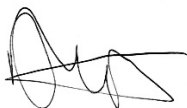
We will continue to provide advice to members on such matters in terms of the Financial Reporting Council's Ethical Standard, which is fundamental to proper audit. We should be happy for our Ethics function to liaise with your Clerk regarding such matters, and indeed we think such liaison would be helpful.

We fully respect and understand the decision that the Committee reached in respect of the former Chair's disqualification. Without prejudice to any of the above measures, however, you will be aware that we received legal advice from Counsel which set out that a narrower interpretation of the meaning of "the Crown" in paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013 is the better view. It is clearly important that public bodies, including our own, take proper account of the legal advice that they receive. Accordingly, while our induction and training for members will fully reflect the position that the Committee has taken, for activities which are the responsibility of the Auditor General or the Wales Audit Office - such as assessing regularity in the course of the audit of the Welsh Consolidated Fund accounts and the employment of our staff - we will be guided by our own Counsel's advice.

As we have mentioned and indeed formally presented to the Committee's predecessors over the years, the Public Audit (Wales) Act 2013 is flawed in several respects. These recent regrettable events are rooted in a lack of clarity in the Act and there are more significant weaknesses that, if addressed, would give Wales and the post-2026 Senedd a stronger, more coherent audit regime. We therefore hope that the Committee is minded to revisit reform of the 2013 Act and should be happy to support such work.

Finally, though the last few months have been difficult, we wish to place on record our thanks to you, the Committee and your staff for the open and courteous way in which we have worked together.

Yours sincerely



DAVID FRANCIS
Senior Independent Director



ADRIAN CROMPTON
Auditor General for Wales