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Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Date: 24 February 2016
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Dear Darren

SCRUTINY OF ACCOUNTS 2014-15

The Deputy Clerk's letter of 9 February 2016 asked for my advice on the responses that the Committee has received to the recommendations in its report on *Scrutiny of Accounts 2014-15*. I have set out my observations on the responses to reflect the order of the recommendations and the organisations covered in the Committee's report.

In a number of cases, there appears to have been an issue with the template used for the Committee's report. Of the 25 numbered recommendations listed up front, there are several that reflect general commentary from the relevant 'Our View' sections of the report rather than being direct recommendations in their own right.

In addition to the responses received, the Committee could consider inviting a view from the Welsh Government, in its sponsor role, on some of the issues and recommendations raised in the report. For example, the Committee might wish to seek a view from the Welsh Government on the issues relating to the National Library's insurance arrangements and any wider implications for other sponsored bodies, or on the issues raised with the National Museum Wales regarding the approach to charging for events in the context of the wider pressures on their core grant. For both of these organisations, the Committee could raise a query with the Welsh Government about severance arrangements. The National Library was one of a number of organisations that had received Welsh Government invest to save funding to support its severance arrangements, as highlighted in my February 2015 report on [Managing early departures across Welsh public bodies](#).

National Library of Wales and National Museum Wales

As the Committee is aware, I am taking forward my own examination which will consider the overall governance of the National Library. My report will be available for further scrutiny by the new Committee in the fifth Assembly, when any residual issues arising from the scrutiny of accounts work could also be revisited. That work will also provide an opportunity to reflect on the National Library's response to the PwC report from 2015.

I have no further observations to make at this point about the responses from the National Library or National Museum Wales other than the suggestion above about seeking a view from the Welsh Government.

Assembly Commission

I can confirm that my audit team has been having a dialogue with the Commission in the context of the latest HM Treasury guidance on streamlining reports and accounts (recommendations 11 and 12).

Regarding the accessibility of the Assembly's website (recommendation 13), I note that the response focuses on general accessibility and ease of navigation issues. The Committee might wish to confirm whether the Commission is planning any action to make material on the website more accessible to those with particular requirements, such as the visually impaired. We have, for example, recently been through an external accessibility audit of the Wales Audit Office website, with a view to gaining an accessibility accreditation through validation of our site meeting the international [Web Content Accessibility Guidelines](#).

Sport Wales

While Sport Wales has not responded to recommendation 20 which was about risk management, my audit team is satisfied that Sport Wales's risk management arrangements are generally fit for purpose. Sport Wales's next annual report may provide an update on some of the issues and risks highlighted in its 2014-15 report.

Welsh Government

Turning to the Welsh Government (recommendations 21-25 in the report), the Public Accounts Committee will need to take a view in the fifth Assembly on changes to the presentation of the accounts. I can confirm that my audit team is continuing to have discussions with Welsh Government officials about this matter. Similarly, assuming that the new Committee continues with future scrutiny of accounts work, it will have the opportunity to consider the action that the Welsh Government takes in response to recommendation 22 in order to add links and supplementary documentation to its online accounting documentation to demonstrate the flow of funding to other public sector organisations.

As part of recommendation 21, the Committee recommended that future accounts should include more details of grants awarded by the Welsh Government listed under programme expenditure. The Welsh Government has indicated in its response that it proposes to include in its annual accounts a link to the annual grants management report. This approach risks creating confusion rather than providing the additional detail and clarity that the Committee was looking for. The annual grants report commentary would be on the prior year's expenditure rather than the year of expenditure for the annual accounts.

On recommendation 23, while the Welsh Government has provided details of its on-going action in respect of waste and carbon emissions, the specific action that the Committee called for was for a review of the approach to reducing energy consumption. It is not apparent that the Welsh Government will be doing anything different specifically as a result of the Committee's recommendation, but the response does provide some assurance of the Welsh Government's overall commitment to improving the energy performance of its estate.

In response to recommendation 24, the Welsh Government has agreed to provide an update on the development of its procurement and contract management arrangements through the 'Preparing for the Future' project. As part of my current pan-public sector value for money examination on the public procurement landscape, my study team will be engaging with the Welsh Government to better understand the scope of this development work and any underlying issues of concern. While the Welsh Government has not committed to a timescale for a further update, it would seem appropriate for this to be provided to support any future scrutiny of accounts work in autumn 2016.

I hope that this advice is helpful to the Committee. I am assuming that the Committee will take the opportunity through its legacy report to highlight the scrutiny of accounts work that it has undertaken on its own initiative. Among other bodies, there is an opportunity for the new Committee to include Natural Resources Wales in the coverage of any future work of this nature, notwithstanding potential future scrutiny by a successor to the Environment and Sustainability Committee. Any evidence session with Natural Resources Wales would provide an opportunity to revisit issues arising from my recent report on [The Development of Natural Resources Wales](#).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'H. Vaughan Thomas'.

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES