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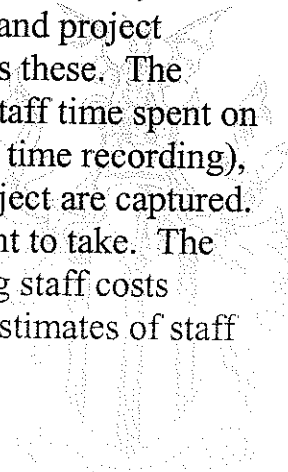
Dear David

### **AUDIT COMMITTEE REPORT ON THE 2006-07 CONSOLIDATED RESOURCE ACCOUNTS OF THE NATIONAL ASSEMBLY FOR WALES**

The Clerk's letter of 21 May 2008 requested my advice on the Assembly Government's response to the recommendations made in the Audit Committee's report on the 2006-07 Consolidated Resource Accounts, laid on 2 April 2008.

The Assembly Government's response is positive and accepts all six of the Committee's recommendations. On recommendation (i), the newly-appointed Permanent Secretary is committed to strengthening the non-executive membership of her various Corporate Governance Committees and, in particular, has undertaken to appoint external chairs to all of those committees by the end of June this year.

On recommendations (iii) and (iv), which addressed the costs and benefits of the ASPB mergers, the Assembly Government has restated its commitment, in line with best practice, to the increasing use of formal programme and project management disciplines for large and complex projects such as these. The response notes that whilst it has not been normal practice for staff time spent on such projects to be costed (given the absence of machinery for time recording), the costs of those staff who are specifically employed on a project are captured. This is a not unreasonable stance for the Assembly Government to take. The absence of machinery is not of itself a good reason for ignoring staff costs altogether, and neither is complex machinery needed to form estimates of staff costs both in project budgets and in monitoring outturn.

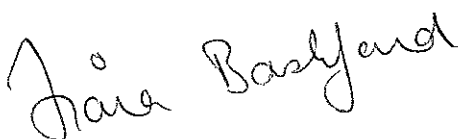


Recommendation (v) addresses the ongoing Corporate Finance Change Programme and the response sets out the various arrangements that are in place to help ensure the eventual success of this welcome initiative. These include top-level management support and the use of independent Gateway Reviews at key stages of the project. The response to recommendation (ii) sets out the various safeguards now in place as part of the Change Programme that should ensure that there can be no recurrence of the delays in bank reconciliations that arose during 2007.

Finally, in response to recommendation (vi), it is pleasing to see that the Assembly Government has agreed with the Committee's view that it has an important part to play in disseminating good practice across the wider public sector in Wales. This statement of principle may well be of assistance to the Committee in its consideration of my reports in future, as it is capable of application across other aspects of the Assembly Government's diverse remit.

In light of this positive response my staff will monitor progress in implementing the Committee's recommendations, including progress on the Corporate Finance Change Programme, as part of my ongoing annual financial audit work at the Assembly Government. I will draw to the Committee's attention any areas where I consider that further action is merited.

Yours sincerely



MP

**JEREMY COLMAN**  
**AUDITOR GENERAL FOR WALES**