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Mrs Janet Davies
Chair of the Audit Committee
National Assembly for Wales
Cardiff Bay
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Dear Chair,

AUDIT COMMITTEE REPORT: The Collapse of Antur Dwyryd Llŷn Ltd.

The Clerk's letter of 15 December 2005 requested my advice on the Welsh Assembly Government's response to the Committee's report on the collapse of Antur Dwyryd Llŷn Ltd.

The Committee's recommendations were intended to encourage public sector funding bodies for such enterprise agencies to work more closely together and share relevant and appropriate information with a view to improving the overall delivery of services and the management of risk to public funds. The Welsh Assembly Government has accepted this in principle and has stressed that the "Making the Connections" agenda and the absorption of the WDA, WTB and ELWa will enhance the ability to take a collective approach to such matters. This will be assisted by the ongoing development of a shared database.

The Assembly Government has, however, qualified its response by stating that a proportionate approach needs to be taken to considering the propriety and practicalities of more collective risk management and sharing with the wider public sector. It cites three particular issues that would need to be considered.

First, the Assembly Government should not be answerable for the public sector bodies outside its control including local authorities. This is, of course, a reasonable concern in that no collective action should absolve individual bodies from their own responsibilities, but this concern should not, in my view, be a major barrier to establishing appropriate co-operative frameworks.

Secondly, the provisions of the Data Protection legislation make it impossible to generalise on the propriety of sharing information. Such legislation does, of course need careful consideration particularly in prospect of commercial contracts. However, it would be appropriate, in my view, to consider all avenues to

maximise the protection of public funds and the effective delivery of services by considering appropriate data sharing conditions albeit on a case by case basis.

Finally, any administrative changes cannot absolve businesses of their responsibility for the proper conduct of their affairs including their responsibilities to individual public sector funding bodies. This is of course entirely correct and there is nothing in the Committee's report that called it into question. The Committee's concern was that public sector funding bodies should always be alert to the risks that business could fail in the discharge of such responsibilities and take appropriate and reasonable steps to protect public funds.

It seems to me that the Assembly Government may have interpreted the Committee's recommendations in an over-literal manner. Therefore my conclusion is that overall, notwithstanding the qualified tone of the Assembly Government's response, it appears that revised arrangements are being put in place in tandem with the structural changes and "Making the Connections" agenda. The Wales Audit Office intends to keep a close eye on the progress made in the months ahead as further projects are agreed with the existing enterprise agencies.

Yours sincerely



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Auditor General for Wales