



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Wales Audit Office / Swyddfa Archwilio Cymru

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Jonathan Morgan AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1 NA

Dear Chair

## **ASSEMBLY GOVERNMENT RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE REPORT ON *THE RED DRAGON PROJECT***

The Clerk's letter to the Auditor General of 3 February 2010, requested advice on the response by the Welsh Assembly Government to the Committee's report on *The Red Dragon Project*.

The Committee's report raised two key issues. Firstly, the report urged the Assembly Government to seek clarity and agreement with HM Treasury and other UK Government Departments about the applicability of the Green Book guidance post devolution. The Committee made this request because of its concern at an apparent lack of clarity around responsibilities for carrying out an overall appraisal, from the perspective of the UK taxpayer, of the cost and benefits of projects that cross organisational and constitutional boundaries. The Assembly Government has indicated that it intends to meet with HM Treasury to discuss options to clarify the Green Book in respect of guidance on appraising such projects. However, the Assembly Government's response does not set out a timetable for these discussions.

The Committee also requested that the Assembly Government provide a note on how it intends to manage major joint investments in future which involve it and other UK departments. The context of this request was that in the evidence session, the Assembly Government said that there were relatively few such projects. As a result, the Committee was concerned that Assembly Government staff might not have the necessary skills to manage and deliver such projects. The Assembly Government's response usefully sets out its strategic approach to skills development, highlights the skills and experience officials already have from working with UK Government Departments, and describes the arrangements for improving project and programme management skills in particular. The Assembly Government states that it is currently considering how its approach will be embedded in collaborative projects involving

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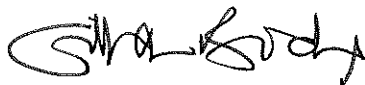
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other UK Government Departments. It is also considering how its approach can be emphasised in work underway to update bilateral concordats with UK Departments.

Whilst the response indicates that the Assembly Government is taking appropriate action on the key issues emerging from the Auditor General's report on Red Dragon, and the Committee's report, it is also apparent that progress is at a relatively early stage on some of these issues and the outcomes are not yet clear. The Committee might therefore wish to request an update from the Assembly Government in twelve months' time on:

- the outcome of discussions with the Treasury on updating the Green Book, especially on economic appraisal and information sharing for joint projects;
- the application of the Assembly Government's project management tools in collaborative projects; and
- work to update the bilateral concordats with UK Government Departments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gillian Body', written in a cursive style.

**GILLIAN BODY**  
**Managing Partner, Performance Audit**