



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Llun, 28 Mehefin 2010
Monday, 28 June 2010**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

| | |
|------------------|---|
| Lorraine Barrett | Llafur Labour |
| Jeff Cuthbert | Llafur Labour |
| Bethan Jenkins | Plaid Cymru The Party of Wales |
| Jonathan Morgan | Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Chair of the Committee) |
| Nick Ramsay | Ceidwadwyr Cymreig Welsh Conservatives |
| Jenny Randerson | Democratiaid Rhyddfrydol Cymreig Welsh Liberal Democrats |
| Janet Ryder | Plaid Cymru The Party of Wales |

Eraill yn bresennol
Others in attendance

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|--------------------|--|
| Huw Vaughan Thomas | Yr Ymgeisydd a Argymhellir i'w Enwebu ar gyfer Penodiad yn Archwilydd Cyffredinol Cymru Recommended Candidate for Nomination for Appointment as Auditor General for Wales |
|--------------------|--|

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

| | |
|---------------|--|
| Keith Bush | Prif Gyngorydd Cyfreithiol a Chyfarwyddwr Gwasanaethau Cyfreithiol Chief Legal Adviser and Director of Legal Services |
| Alun Davidson | Clerc Clerk |
| Andrew Minnis | Dirprwy Glerc Deputy Clerk |

Dechreuodd y cyfarfod am 1.29 p.m.
The meeting began at 1.29 p.m.

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Jonathan Morgan:** Good afternoon. I welcome everyone to this meeting of the National Assembly's Public Accounts Committee. I remind everyone that this is a bilingual institution; therefore, participants are welcome to speak in Welsh or English. Headsets are available for translation on channel 1 and amplification on channel 0. I remind everyone to switch off their mobile phones, BlackBerrys and pagers. If the fire alarm sounds, please follow the advice of the ushers. We have received apologies for absence this afternoon from Ann Jones, Sandy Mewies and Irene James. I have not been notified of any substitutions, although I understand that Nick Ramsay will be slightly late. Are there any declarations of interest?

[2] **Janet Ryder:** I do not think that it is a declaration of interest, but I would feel

happier if I declared that I worked with Huw Vaughan Thomas for five years when I was a member of Denbighshire County Council.

[3] **Jonathan Morgan:** Thank you for making that declaration, Janet.

1.30 p.m.

Cyflwyniad y Cadeirydd Chair's Introduction

[4] **Jonathan Morgan:** Huw Vaughan Thomas appears before us today after successfully being identified for recommendation to the Assembly for nomination to Her Majesty The Queen, subject to today's hearing and the approval of Plenary on 13 July. This process has involved the completion of a full and open recruitment process to recommend the nomination of the next Auditor General for Wales. As Members will be aware, I chaired a panel to assess the candidates shortlisted for this role. Alongside me sat Bethan Jenkins and Jeff Cuthbert, John Purcell, the former comptroller and auditor general of the Republic of Ireland, Keith Bush, the chief legal adviser to the Assembly, Steve Thomas, from the Welsh Local Government Association, and Wendy Burton, who was the independent assessor. We were greatly supported in this work by Odgers Berndtson, and it is a great pleasure to welcome Chris Jones and Simon Jones to the meeting this afternoon.

[5] The nomination of a person for appointment as auditor general, in common with other appointments that are currently in the hands of the Assembly, such as that of the Public Services Ombudsman, is a matter for the National Assembly for Wales in Plenary. In the past, the Audit Committee took a lead role in considering and advising the Assembly on such matters. In keeping with that, we decided that the Public Accounts Committee would take on a strengthened role in recommending the nomination of the next auditor general. This is the first time that a confirmation hearing has taken place, and the first time that the Public Accounts Committee has in this way had the opportunity of meeting the person who is being recommended for appointment.

[6] I am delighted to welcome Huw Vaughan Thomas to the Public Accounts Committee for the first time this afternoon. In a moment Huw will present us with his vision for the role of auditor general, and that of the Wales Audit Office. At the completion of our meeting, the Public Accounts Committee will move into private session to consider our view, and, if the committee is supportive, then a motion will be laid before the Assembly for debate on 13 July.

1.34 p.m.

Cyflwyniad yr Ymgeisydd Candidate Presentation

[7] **Jonathan Morgan:** It is a great pleasure to welcome you, Huw Vaughan Thomas, and we look forward to hearing what you have to say.

[8] **Mr Thomas:** You have asked me to talk about the vision, and I circulated at your clerk's request a little handout to which I will be referring, although not necessarily in the order that the diagrams appear—given the time available, I simply adapted what was given to the selection committee.

[9] I would like to start by saying that I am extremely passionate as an individual—passionate about Wales, passionate about the ethos of public service in Wales, and passionate above all about ensuring that one achieves excellence in the delivery of public services. My

vision, as you will see, is that the Wales Audit Office is the engine room of the Welsh public service, driving forward quality, efficiency and effectiveness as well as ensuring compliance and regularity. Having used the description 'engine room', I could choose any kind of metaphor that derives from that—things about safety valves and pipes, or listening to the commands coming from the bridge and driving forward. However, it is a regulator, and a regulator is the key component in an engine, allowing it to function; that is how I see the role of the Wales Audit Office, and, in particular, the role of an engaged auditor and regulator.

[10] If I may illustrate what I mean, I will draw briefly on the five circles below that statement in the diagram. I see the Wales Audit Office as an educational body. It is setting the public sector in Wales on the path to continuous self-improvement. It is spreading good practice. It is encouraging organisations to recognise the benefits that stem from such improvement as regards the service that they offer to the people whom they serve—the people of Wales. It should be an accessible and responsive body that others find it easy to relate to, and that provides clear leadership on the issues of the day. It works with other regulators—it is not isolated—within Wales and the UK to do this, but actually takes the lead on the issues that relate to Wales.

[11] It is important that the public services are able to draw their messages, their guidance, and their comments from a single perspective and not have the complexity of double reporting. Clearly, we need to work with others who are specialists in particular areas. That goes without saying. Equally, however, it is important that their image, vision and statements are moderated by the Wales Audit Office. The reason why I think that this is important is that it builds capacity and it develops the excellence in public service that we should be striving for. It establishes the Wales Audit Office as an essential partner.

[12] I can almost see a future in which I would say that, before someone could become the chief executive of an organisation, they ought to be able to show that they have worked with the Wales Audit Office on an assignment or whatever. It is so easy simply to pick a report up, read it, and say, 'This doesn't apply here' and put it back on the shelf. You will then say, 'A report was issued a few years back'. 'Really?' they will say, scratching their heads. We learn more when we are engaged and when we see, discuss, and take part in something than when we just read and hear the conclusions drawn from what others have said. So I would see the Wales Audit Office being actively involved in developing and building capacity in the public service in Wales. Clearly, it is important that it is a source of advice, not just about management, but guidance on better governance. We need to ensure that the governance arrangements in Wales are working effectively if we really want to bed in the improvement agenda. If we really want to achieve a fully sustainable improvement in the services and the quality of the services in Wales, then governance issues are as important as those of management.

[13] The Wales Audit Office has to be an exemplar organisation. It has to demonstrate through its activities and its functions that it fully complies with auditing best practice, compliance, regularity, and probity, and that it harnesses the best talents of Wales in order to deliver its services. Those best talents are not confined to the public sector. They do not just exist within the Wales Audit Office, but in the private sector and the voluntary sector, and we need to reach out to take the best talents that Wales has to ensure that the Wales Audit Office contributes properly to the standards that are needed for public service in Wales to really achieve and to add status to all who are associated with the Wales Audit Office.

[14] In eight years' time, if you nominate me, I hope to appear before you and say that I have delivered to you a Wales Audit Office that is fit for purpose, highly proficient, effective, that practices what it preaches, is transparent and answerable to the people of Wales and contributes to making Welsh public sector services effective in their delivery, and also enables you, as the Public Accounts Committee and as Assembly Members, to have

confidence that the public sector in Wales can deliver the services needed by the people of Wales. We should always remember that we are here to deliver services, not because we owe some kind of duty to the institutions that we work in.

[15] There are obvious challenges to achieving this aim. We could see the budgetary challenge currently facing us as a problem, or we could take it as an opportunity to reshape services, to find new ways of working across the public sector. We have already had reports from the Wales Audit Office that hint at and demonstrate some of the areas where work can be done. We need to drive that forward.

[16] We have a number of partnerships in Wales. We need to make them work better to deliver more effectively. We need to cross the divides that still exist. We need to put the emphasis on services as experienced by the people of Wales.

1.40 p.m.

[17] Finally, we need to maintain and mainstream the improvement agenda. We may disagree about certain parts of how that improvement process is done, but driving forward that constant improvement is something that I regard as being essential, and it is something that the Wales Audit Office has to deliver. The need to deliver on that adds to the need to ensure that there is continued transparency, probity and accountability of our stewardship of the public pound in Wales.

[18] Chair, I know that you want to ask questions, and there are, no doubt, other points that you would like me to touch on in terms of the implications of an improvement process for the Wales Audit Office. There are, I think, some caveats that I would want to put on those implications. You will understand that I am not ready today to outline fully the changes that I would see as being important in the Wales Audit Office; doing so before I have had an opportunity to get to understand and get to know the staff working at the Wales Audit Office would be arrogance on my part. However, I want to pay tribute to the work that the executive team has accomplished over recent months since the peer review came out and since the departure of the previous auditor general. The change programme that the team has developed over recent months, and the changes that they have embarked upon, are impressive, and provide a good platform for further development. Those changes will need to be supplemented and taken further, and I have hinted at some of the areas that I would like to see us move forward on, namely secondments, working in partnership with other regulators, and so on. However, I feel confident that we have, as a core in the Wales Audit Office, the resources to deliver on the vision that I have outlined.

[19] My role, as the auditor general, is to provide leadership; to set the vision; to empower staff; to develop a climate within which the Wales Audit Office works, whether internally or externally; and to check the direction of travel. However, I will also ensure that, given the limited resources that we have, and the fact that those resources will become tighter, we are concentrating our activities on what are, essentially, risk-based priorities. I look forward to working with staff at the Wales Audit Office and you, as the democratic voice of the people of Wales, in ensuring that Welsh public services acquire and deserve a reputation for excellence. It can be done, and the audit office needs to work with others in order to deliver it. That, in brief, is my vision for the Wales Audit Office and my role within it.

[20] **Jonathan Morgan:** Thank you, Huw; I am grateful to you for making that presentation to us this afternoon. I would like to start with a simple question, which, in some respects, you have touched on already. After many years in public service in Wales, could you tell us why you want to be the next Auditor General for Wales? What do you see as the particular qualities that you would bring to the role?

[21] **Mr Thomas:** As you said, I have already touched on this question. It is precisely because I have spent so many years in public service that I want this job and have applied for this job. I am driven by a desire to see public services working more effectively. I have had the privilege of working in a number of branches of public service, and I can see where greater joined-up activity would deliver more effective services. I have had the benefit of working both in executive and non-executive posts, so I have looked at governance issues from two perspectives. Those are insights that I believe I can bring to the post, and they are experiences that I can draw on in taking forward the activities of the audit office.

[22] **Bethan Jenkins:** There have been long-standing human resource issues within the Wales Audit Office, some of which are alluded to in the international peer review that I am sure you are familiar with, and that you have hinted at already. Many of these problems stem from the merger of the National Audit Office and the Audit Commission in Wales some years ago. How well equipped are you to deal with these issues? Have you had any specific experiences—for example, in your previous roles—that would be relevant in dealing with them, which would help to give us confidence that you would get to grips with these long-standing issues, such as relationships with trade unions or staff bodies?

[23] **Mr Thomas:** You will see from the CV that I sent to you that I have had a career of working in change management, through setting up or taking down organisations in central and local government. My background, profession and qualifications are in the field of personnel and development, and I am a fellow of the institute. When the reorganisation of local government took place in Wales back in 1995, I led for the counties and districts on issues to do with the personnel-related implications of that reorganisation. I have long experience of negotiating with the trade unions, in central and local government. So, I can draw on all of those factors in looking at any remaining issues as a result of the merger. However, I would hope that we could get over the issues that relate to the previous components of the Wales Audit Office, so that it can focus on having one voice and one purpose for the future.

[24] **Janet Ryder:** I am sure that you are aware that the committee will shortly be commencing a review of the governance arrangements for the auditor general and the Wales Audit Office. I am sure that you are familiar with the internal peer review that was commissioned by the previous auditor general, and you are perhaps familiar with the Tiner review. What is your view on the recommendations of the peer review in relation to governance?

[25] **Mr Thomas:** We are in a complex situation given that the legislation has set up the auditor general as a corporation sole. Therefore, perhaps the more conventional idea of having a board does not quite apply. Other regulators have grappled with this problem. The information commissioner is also a corporation sole, and the current incumbent in the role of information commissioner—following his predecessor—has decided to add non-executives to the board, so that the board is made up of executive and non-executive committee members.

[26] The Wales Audit Office works with an audit and risk management committee that will shortly be larger than average. One recommendation of the peer review was that one way forward might be to create an advisory group to sit alongside it, and that is possible. The alternative might be to just take another look at the balance and whether having non-executives on an executive committee would provide a degree of external advice and support. I do not have a firm view on that at present. I understand that it was highlighted, and different arrangements apply in England and for other audit bodies. It is an issue that needs to be addressed. You will see that, among the issues that I wanted to look at, which I would have talked about had I given a longer presentation, is the issue of the governance of the Wales Audit Office.

[27] **Janet Ryder:** You have referred to what is happening in England. What are your views on the corporate governance arrangements that have been agreed for the National Audit Office and the Comptroller and Auditor General, on a UK level?

[28] **Mr Thomas:** That approach is closer to the more conventional approach that is used for non-departmental public bodies. Each piece of legislation has its advantages and disadvantages. The way in which the Audit Commission has been set up in England allows for a degree of non-executive input. The chief executive is also a member of the commission, and, therefore, there is a shared element to their work. With regard to the work of the Comptroller and Auditor General, the history of that post has, to a degree, shaped the structure that is developing. We have an opportunity to find a new way forward, and the way in which the Wales Audit Office has been set up, as a corporation sole, can be reshaped. I have indicated the direction in which the information commissioner has moved, and that may well have advantages for us. However, I agree that this is something that committee needs to think about, and something that I hope very much to discuss with the committee in the near future.

1.50 p.m.

[29] **Jeff Cuthbert:** It is good to see you again, Mr Thomas. This question relates to a matter that was addressed a week ago but that it is important to repeat. You have made it clear that you have extensive experience of working at the highest level of central and local government. However, on a professional level, you do not have an audit or financial background. How would you focus your work to ensure that there is a balance between delivering value for money studies and fulfilling the requirements for delivering statutory financial audits? Also, how would you ensure that there is good collaborative working between the staff involved on both sides?

[30] **Mr Thomas:** You are right; I am not an accountant. Equally, I have been an accounting officer, and I have chaired a large number of audit committees for Government departments and for non-departmental public bodies responsible for large sums of money. Therefore, I have knowledge of accounts, in terms of clients' expectations of the accounting process. I need to work with my colleagues in the Wales Audit Office. We bring together different kinds of expertise, and we provide the resources that the Welsh public service needs.

[31] There is guidance available for the regularity audit, the compliance audit and the regular annual auditing of accounts, such as the code of practice issued recently by the Wales Audit Office. This will need to be pursued. There needs to be an assurance that we have the resources to deliver a particular task, notwithstanding the fact that a proportion of the work has been outsourced to private companies. I fully understand the importance of the auditing process, and I fully intend to protect it. Equally, in terms of the performance audits, I can see additional value coming in the work that the Wales Audit Office undertakes.

[32] **Jonathan Morgan:** The bulk of the reports that are submitted to this committee by the auditor general and the Wales Audit Office are value-for-money studies. Is there a case for this committee putting more emphasis on financial audit work?

[33] **Mr Thomas:** The way in which devolution works is a process of organic growth. The powers now exercised by Parliament and the Public Accounts Committee in Westminster have been achieved over a large number of years. I hope that the Public Accounts Committee within the National Assembly for Wales would regard the growth of its areas of interest as being important to its task. This might mean that, in the future, you would receive PAC-style reports that lead you to request the presence of accounting officers and others in order to have them explained. Therefore, you may not be interested only in the value-for-money audits, but also the regularity audits. I would encourage the committee to enhance its work in that regard.

[34] **Janet Ryder:** I will ask a supplementary question relating to your background and high-level involvement in local government. A number of the reports that the committee looks at can be retrospective. What would be the position should a subject arise that could create a conflict of interest for you?

[35] **Mr Thomas:** Sorry, could you expand on what you mean by 'a conflict of interest'?

[36] **Janet Ryder:** Should a report emerge or be requested on an area where you perhaps had personal involvement, given your history as the chief executive of various county councils, what would the position be?

[37] **Mr Thomas:** There are issues on which I would have to watch my interests and ensure that you are fully aware of them. On the other hand, it has been 10 years since I was the chief executive of a local authority. I would hope, by now, that you would have had the audit reports for that period.

[38] **Jeff Cuthbert:** I have a different question. We understand that much of the work conducted by private sector accountancy firms is subjected to an external inspection regime overseen by the professional oversight board. I know that it is very early days, but have you given any thought to subjecting the work of the Wales Audit Office to such a process?

[39] **Mr Thomas:** In a sense, the peer review is part of subjecting the work of the Wales Audit Office to such a process. An extremely important decision was taken by the previous auditor general in inviting an international peer review to do that work. There also needs to be an opportunity to undertake a peer assessment on individual reports produced by the Wales Audit Office, so that you have confidence over a period that the reports coming before you are up to scratch, and so on. It is almost a way of life in a number of fields that you periodically subject your work to an external check of that kind. I see no reason why the Wales Audit Office should not follow that particular regime. In any case, you will shortly be receiving reports on what has been accomplished since the peer review took place. Within another 12 months, I hope that we might be able to invite the peer review team back to provide that kind of external validation.

[40] **Jenny Randerson:** Huw, you will be leading an organisation with many qualified audit and financial service professionals. How will you obtain their confidence and gain the confidence of the wider public sector in your role?

[41] **Mr Thomas:** I will probably reply in the same way, in that I have led other organisations with particular professionals and specialists. Thinking back to the time when I looked after rehabilitation services, I had staff working for me ranging from doctors to trainers and educational staff—the whole gamut of the medical world. You gain respect by indicating that you understand the questions that it is important to ask and that you respect the professional status to which they work. Equally, staff respect the professional status that you have. One thing that I am most pleased about is that I was given companionship of the Chartered Management Institute for my services to the management of public services in Wales. I have managed many and complex organisations. One of the challenges put to me when I became a local government chief executive was how I could manage a local government council if I had not worked in local government before. Another challenge was when I became vice-chair of the Law Society in Wales: how could I contribute, not being a lawyer? In other words, I have the ability to work with professionals, to value them, and to use their services and strengths in delivering and driving forward the service that I am leading. My role is to provide leadership to that complex organisation, not necessarily to second-guess it.

[42] **Jonathan Morgan:** Huw, you can conduct only a finite number of value-for-money studies. There will invariably be competing demands among the areas selected for what can be quite intensive work. How do you intend to identify and prioritise the value-for-money studies that are to be undertaken?

[43] **Mr Thomas:** If appointed, the first meeting that I will probably have with the Public Accounts Committee will be when we look at the forward agenda. I am very clear that we need to ensure that, as well as the wide consultation that has taken place in identifying and selecting the topics that will be put before you, there should be a risk-based analysis accompanying that, so that you are clear about why we see certain ones as priorities.

2.00 p.m.

[44] One issue that we need to consider is vulnerability. We should target our resources at the areas that currently represent the greatest weakness, or the greatest vulnerability, to public services. That risk-based analysis must accompany the paper. It may have been a deficiency in the papers that I was able to access, but I noticed that you did not have such an analysis last year; I am determined that you will have one this year.

[45] **Nick Ramsay:** One message that repeatedly comes across to this committee is that public sector organisations often do not adequately monitor the effectiveness, or the impact, of their work. As an outsider, Huw, have you been able to form any view of what level of impact the work of the Wales Audit Office has, and what would you do to ensure that the effectiveness of its work can be measured and demonstrated in future?

[46] **Mr Thomas:** On the second part of your question, I would draw attention to the five circles that I mentioned. Those are the areas that I want us to drive forward to ensure that the Wales Audit Office makes an impact. I have experience of the Wales Audit Office's work, and I have been talking to many people about their experience of it. I have selected those five areas because I believe that that is where the Wales Audit Office needs to improve to increase its impact. It is already identifying examples of good practice—can we ensure that those are embedded? It is already developing itself in a way that better responds to client needs—can we improve that, or make that better? It is already starting to address governance and management issues—can we drive it forward faster on governance? Can it show the way, through how it behaves and runs as an organisation?

[47] By any standards, there are issues that are identified in the Wales peer review that need to be addressed. That peer review rightly highlighted some of the issues that external people and stakeholders considered to be problems. The whole organisation needs to have one voice; it needs to speak, and it needs to share objectives and goals. It also needs to be clear about its mission statement, and about how it delivers for the people of Wales. However, it needs to be an easy organisation for clients to access—they should have no difficulty in rapidly being able to access and obtain the information that they need.

[48] **Janet Ryder:** When the audit office completes a value-for-money study, the report enters a lengthy clearance process with Government departments or public bodies, which can lead to delays in information appearing before this committee. It is also possible that, during that time, disagreements can arise between the Government department or the public body and the Wales Audit Office. What would you do to speed up that clearance process and to highlight areas where disagreements have occurred, or may occur, so that this committee can look into those areas more fully?

[49] **Mr Thomas:** The aim of the consultation process that takes place after reports are prepared is laudable. It allows errors of facts to be addressed and put right before a final version is published. However, I cannot help but be struck by the desire to move the closure

of accounts forward. That is now moving more and more rapidly so that everything can be laid before Parliament by the time it breaks for recess in July, and the fact that there is still a lengthy process in the clearance of other reports means that I would want to ensure that there was a strict timetable within which views were to be obtained, and, if disagreements remained after that, those disagreements could be identified in an additional annex. It is more important that reports be timely and as accurate as possible than that they be 100 per cent accurate but arrive very late, beyond the point at which they can really make an impact.

[50] **Jonathan Morgan:** Moving on to the work of the Wales Audit Office in helping the public services in Wales to meet the financial challenge, public sector organisations will clearly need to work more innovatively and creatively to meet those challenges. There is an element of risk involved in this because, on the one hand, audit work can have the unintended consequence of encouraging defensive, risk-averse decision-making. So, how will you manage the tension that might arise between, on one hand, encouraging innovation and, on the other hand, maintaining robust accountability?

[51] **Mr Thomas:** I think that I would see it as creative tension. We cannot say that we are going to fall down on one or the other. Both must be held in check. We must drive forward; we must innovate. Given the kind of strain that will be placed on public finances, we cannot afford not to do that. Yes, there will be risk in any kind of innovation, but what is important is whether the risks have been identified, whether the management is clear about the risks that it faces and whether it has quantified them and prepared for them. So, it is important that risks are identified, but not necessarily that you arrive at a situation in which you have driven out all risk so that you can say that something is 100 per cent risk free. That is almost impossible, and, as you rightly say, it stifles innovation. An almost risk-averse culture then starts to develop in the public service where no-one wants to put a foot wrong. We must allow people to grow and innovate, provided that they have properly looked at, measured and understood the risks along the way, that those commissioning the projects are aware of the risks and, I have to say, that there is an acceptance by politicians that there will be a risk attached.

[52] **Jenny Randerson:** What do you see as the proper balance between the role of this committee and the role of the auditor general?

[53] **Mr Thomas:** You are the democratic voice of the people of Wales. It is right that you express their views and that you have a say in the kind of priorities that we set for the areas that we look at. It is right that you receive reports and that you monitor the work of the auditor general and of the Wales Audit Office. That is important. From the auditor general's point of view, there is the independence that must be exercised so that we are free from various influences. That was why the decision was taken to set up the auditor general's office as a corporation sole. So, I would say that I look forward to working very closely with you, but recognising always that the constituency that you and I serve is the people of Wales.

[54] **Nick Ramsay:** My question follows on from Jenny's. To put her question another way, what added value can this committee offer you in your relationship with the audit office?

[55] **Mr Thomas:** As you said, your question really does flow on from that. You bring a set of perspectives for judging the work of the auditor general and the Wales Audit Office. Governance arrangements have already been set up to allow the committee Chair and the chair of the audit and risk management committee within the Wales Audit Office to have a dialogue where there is concern about the role of the auditor general, so that there is a safety valve, if you like, built in to that relationship. Equally, there is the fact that you have to consider whether our use of resources is really the best, and whether you are satisfied that the kind of work programme that we have developed and the requests that we will make for additional funds are justified. You have to be clear and satisfied that the areas that we are

looking at are right and, if you are not, you should suggest further areas that we should look at. So, I see that the committee adds value, but it is in the sense of a partnership, which means that, together, around this table, we can properly assess where the public pound in Wales has been well spent and where it has not been well spent.

2.10 p.m.

[56] **Bethan Jenkins:** Do you see a role for the Wales Audit Office and for yourself in assisting the work of other committees in the National Assembly? Often, we get reports from the auditor general that may touch on work that other committees carry out. Obviously they will be looking at other aspects and policy, but do you see a role for yourself in terms of intertwining your work with theirs or would that not be possible given the resource implications for your budget? Would that be a strain on you?

[57] **Mr Thomas:** I am not sure if it has occurred in recent years, but certainly in the early years of the Assembly, reports were provided by the predecessor bodies of the Wales Audit Office to the subject committees and the then Audit Committee. There is no good reason why that should not occur, particularly given that some of the value-for-money work may be full square within the areas of the subject committees. So, I see no difficulty with that and neither do I see a difficulty in terms of a call on resources.

[58] **Jeff Cuthbert:** On that point, I happen to be Chair of the Committee on Standards of Conduct and, later this year, we will appoint a statutory commissioner for standards. We have already agreed that there will be a review of the code of conduct for Assembly Members, in the light of that statutory appointment, to ensure that we are as up-to-date as we can be. As the auditor general, do you think that you might want to give evidence to the committee on any such future work?

[59] **Mr Thomas:** I would be very surprised if, in the work that the Wales Audit Office staff have done throughout Wales, they had not picked up issues that should be dealt with by a code of conduct, so the answer to that question is 'yes'.

[60] **Nick Ramsay:** My question was about the Assembly committees and you have just answered fully on that point. It ties in with something that you said earlier about the auditor general's role, aside from the Assembly committees, in presenting that role and office to the public. Do you feel that a lot more could be done to improve the presentation of that office to lay people and not just to those in this committee?

[61] **Mr Thomas:** Judged by the reaction that accompanied the announcement that I was the preferred candidate, I would say that, apart from those within the circle of institutions in public life, the rest have scratched their heads and said, 'What's that?'. Equally, a large number of people have said, 'Hang on, so this is the NAO.' I think that we have much more to do to raise awareness among the people of Wales. I said earlier, in my presentation, that perhaps we are over-concerned with institutions within the public service and we forget that those institutions are there because the people of Wales want a service. Part of what we should be doing is making it easier for the people of Wales to interface with us—to understand what we are about. So, I would hope that, in a sense, the annual reports of the auditor general will be better understood and accessed by the people of Wales. If I could be allowed to say one thing in terms of pushing on behalf of my current position, it would be to say that one of the things that the Big Lottery Fund does well is reaching out to the people of Wales.

[62] **Jonathan Morgan:** Are there any further supplementary questions? I see that there are none. That brings us to the end of the session. Is there anything that you would like to say by way of a closing statement?

[63] **Mr Thomas:** No, thank you, Chair. I have enjoyed the questioning and I hope to look forward to working with you.

[64] **Jonathan Morgan:** Thank you for your attendance at the Public Accounts Committee this afternoon.

2.14 p.m.

Cynnig Trefniadol Procedural Motion

[65] **Jonathan Morgan:** I ask for the committee's approval to move into private session. I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37.

[66] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.14 p.m.
The public part of the meeting ended at 2.14 p.m.*