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## **AUDIT COMMITTEE REPORT ON 'NATIONAL COUNCIL FOR EDUCATION AND TRAINING FOR WALES: ACCOUNTS FOR THE PERIOD ENDING 31 MARCH 2002'**

Your letter of 20 May 2003 requested the Auditor General's advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report, 'National Council for Education and Training for Wales: Accounts for the period ending 31 March 2002', and on any follow-up action.

In its response, the Welsh Assembly Government has welcomed the Audit Committee's findings and responded positively and in detail to the thirteen specific recommendations in the report. Eleven of the recommendations were accepted in full, but the remaining two recommendations have only been accepted in part. These were:

**Recommendation 1**, where the Welsh Assembly Government has agreed that there are lessons to be learnt from this case on the identification and minimisation of risk, but has not accepted the Committee's conclusion that insufficient attention was paid by Welsh Assembly Government officials to the risks inherent in the timetable for establishment of the National Council. Nonetheless, the Government has now instituted a requirement on the National Council to conduct quarterly internal audit reviews of its business systems to ensure compliance with authorised procedures, including procurement, and for its Accounting Officer to submit a new annual statement of compliance to the Assembly's Principal Accounting Officer.

**Recommendation 5**, where the Welsh Assembly Government does not accept the Committee's view that rigorous sponsorship was lacking in this case. However, the Government's response goes on to set out a range of detailed measures that have since been introduced to strengthen the monitoring and oversight of the National Council by its sponsor division within the Welsh Assembly Government

Exceptionally, and as noted at the end of the Government's response to Recommendation 1, the Permanent Secretary wrote to the Accounting Officers of all Assembly Sponsored Public Bodies on 20 May 2003. He enclosed a copy of the

Government's response to the Committee's report, and drew particular attention to the importance of ensuring the regularity, propriety and value for money of the actions of each body. Both documents have since been circulated to all members of the Senior Civil Service within the National Assembly for Wales, and the Permanent Secretary has requested that they should also be drawn to the attention of senior managers within each sponsored body. On the specific issue of the use of confidentiality clauses by public bodies in Wales, the Assembly's Principal Finance Officer had already written to all the Accounting Officers on 31 March 2003 to make clear that this practice is unacceptable to the Audit Committee. This point was reiterated by the Permanent Secretary in his letter of 20 May.

The Committee will recall that the identification, assessment and management of risk represented a key theme of both the Auditor General's report on the accounts of the National Council and the resultant Audit Committee report. In addition, the Committee's report stressed the importance of ensuring that lessons of wider application arising from the experience of the National Council should be shared with all interested parties. The Welsh Assembly Government response demonstrates that appropriate guidance has now been disseminated to all Assembly Sponsored Public Bodies.

On this basis, the Auditor General is content with the response of the Welsh Assembly Government to the Committee's report. The responses to recommendations 1 and 5 reflect a genuine difference of opinion over the extent to which Assembly officials could have done more to minimise or mitigate the problems that arose at the National Council, but we do not consider that this has had an effect on the practical measures that the Welsh Assembly Government has taken in response to all 13 of the Committee's recommendations.

I hope that you find this response helpful.

**HELEN KIRKBY**  
**Private Secretary to the Auditor General for Wales**