

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
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Dear Darren,

Thank you for your letter of 23 September 2014. As you will be aware, the AWEMA report produced by the Auditor General for Wales in October 2012 was considered part of the discussions that led to the issuing of the final PAC report and the Welsh Government accepted all of the recommendations in the reports.

It has been well documented through a number of cases, including AWEMA, that our grant processes and procedures had not been operating as well as they should. Learning from these cases is important, and has enabled us to improve grant management across the Welsh Government. A significant amount of work has been undertaken and a range of improvements are now in operation as a result of this work. In terms of what lessons have been learned these include:

- The need to act on warning signs at an early stage;
- to be well networked across Welsh Government (and other public sector) interests;
- intervening decisively and being prepared to take a robust position even when there are reputational risks for the Welsh Government in doing so;
- to act swiftly to secure documentation when it is needed to verify claims;
- accessing the appropriate specialist professional advice when circumstances require it;
- where appropriate to convene a task and finish group to oversee any work that is needed; and
- to push for an earlier settlement with Administrators.

The Welsh Government took action on AWEMA as there were serious concerns about the proper use of Welsh Government grant funding by the organisation. Despite the outcome of the court proceedings against the Chief Executive of AWEMA, we still consider the correct approach was taken.

It is clearly important to learn from all these cases but we cannot automatically assume that what works for one case will apply across the board; we recognise that each case needs to be actioned on its own merits and with the Welsh Government funding approximately five thousand organisations, a "one size fits all" approach is not suitable.

There will always be a degree of risk in grant funding and the measures we have in place help to mitigate these risks. However, we must also guard against becoming risk averse by introducing so many processes and procedures that the whole process becomes over bureaucratic, unmanageable and unfair to smaller organisations. That is the balance we are trying to achieve.

In all this work, I am determined that our grants management should be as consistent, robust and well managed as possible and I am grateful for the encouragement and constructive challenge of yourself and the Committee.

Yours,
Derek