

**Gwybodaeth Ychwanegol at Gwestiynau Ysgrifenedig y Cynulliad
Information Further to Written Assembly Questions**

Cyhoeddir atebion yn yr iaith y'u darparwyd, gyda chyfieithiad Saesneg o atebion yn y Gymraeg.

Responses are published in the language in which they are provided, with a translation into English of responses provided in Welsh.

**Gwybodaeth ychwanegol at WAQ59863 a WAQ59864 a gyhoeddwyd gan yr
Ysgrifennydd Parhaol, y Fonesig Gill Morgan, ar 19 Mawrth 2012
Information further to WAQ59863 and WAQ59864, issued by the Permanent Secretary,
Dame Gill Morgan, on 19 March 2012**

At/To Kirsty Williams:

The Minister has asked me to respond to you as your questions relate to issues of regularity, propriety and value for money, which fall to me as Principal Accounting Officer, and for which I am accountable to the Public Accounts Committee.

Our dealings with our delivery partners, or with organisations for which we provide grant funding, are conducted on the basis of systems and processes which are designed to give us a degree of assurance that the public funds with which we are entrusting these organisations are being used properly and will deliver value for money. We rely on a range of assurances: information provided to us in the original application for funding; the external auditors of the bodies themselves; regular reports and returns telling us what the grant funding has been used for; regular monitoring meetings; and sometimes audit and inspection checks and visits. As you will appreciate, the sheer number and variety of bodies which we grant aid means that we have to rely on standard systems and processes as much as we can. There is a limit to the extent to which we can test and audit the way in which public money is applied in every single body.

However, there are occasions when we will have particular concerns about an organisation. These may arise from a variety of sources. Sometimes it is thrown up by internal controls-an organisation may not submit its returns on time, for example, or those returns may be received but be incomplete in some material respects. Sometimes our own audit and checking processes will throw up concerns. Also, at times, we receive information from an external source that there may be shortcomings in the way our grant aid is being managed or applied. We take all this information very seriously and our aim is to always follow up any concerns which arise from our own controls, or from information which is brought to our attention, rigorously and carefully.

The action which we take to follow up those concerns will depend upon the circumstances. In many cases, our grant will have been channelled through an intermediate distributor, often a Local Authority. In those cases, it is the responsibility of the intermediate body to ensure that any requirements attached to the funding are observed under the terms and conditions of the grant with the recipient. Where concerns are confined to the recipient we would normally raise our concerns with the body and ask them to investigate. When the concerns extend also to the intermediate body, or we have a direct relationship with the recipient, there are occasions when we will commission our own review.

A recent example was the Communities First Plas Madoc Project where we had reason to believe-again, acting on information which had been passed to us-that there were serious impropriety in the use of public funds. As you will know, the end result of that investigation was that information was passed to the police and a senior manager in the organisation was

convicted and received a prison sentence. Another recent example was the Prince of Wales Innovation Scholarship where, in relation to a WEFO funded project, there was no suggestion of criminal wrongdoing but we had reason to believe that the scheme had changed from what had been approved and was not delivering its original objectives. We decided to launch an investigation and the result, as you will know, was that funding for this programme was withdrawn and the scheme was wound down.

From time to time, the Welsh Government does receive reports which recommend that funding to delivery partners should be suspended or withdrawn. However, I am not aware of any live reports at the current time apart from, of course, the AWEMA case.

You also asked about organisations which are “high risk”. To go back to what I said above, one of the things which may trigger a particular focus on an organisation is if we have had grounds to have concerns about them in the past and if those concerns have not been resolved. However, there is not a formal “high risk” register or organisation kept within the Welsh Government, although we are looking at these issues again in the light of the AWEMA experience. You will appreciate that I cannot say more about the way in which AWEMA in particular has been handled because it is currently the subject of a Wales Audit Office study which was requested by Ministers and by myself. In accordance with the normal conventions, it would not be appropriate for me to comment further on that particular case. More generally, however, work has been underway corporately within the Welsh Government which is intended to introduce a stronger framework able to detect and enforce through conventional administrative action instances where grant funding requirements are not being adhered to. We will not hesitate to investigate thoroughly in those serious cases where such action appears to be warranted, and where the commitment of resources is proportionate to the objective being pursued.

I hope that this reply has helped to put the very important issues which you have raised into context.