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AUDIT COMMITTEE REPORT ON 'OSIRIS: THE PFI CONTRACT FOR INFORMATION TECHNOLOGY IN THE NATIONAL ASSEMBLY FOR WALES'

Your letter of 3 April requests the Auditor General's advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report, *Osiris: The PFI Contract for Information Technology in the National Assembly for Wales*.

The Welsh Assembly Government welcomed the Audit Committee's findings and has responded positively to the fourteen specific recommendations made by the Committee. The Committee will recall that many of its recommendations were designed to ensure that the Government took account of the lessons learnt from Osiris in its successor system, known as Merlin. A number of the responses, while positive in tone, reflect the fact that Assembly officials are currently involved in the latter stages of negotiating the Merlin contract. In particular the Committee will wish to note the Government's assurance that the Merlin contract will offer a more flexible solution, better reflecting the needs of individual users (recommendations 9 and 12), and that the contract will provide more robust value for money mechanisms (recommendations 2, 3, 5 and 14). Flexibility will be key to the success of Merlin, and it is essential that officials secure a contract which is able to accommodate major political change while preserving value for money.

The Merlin contract is forecast to cost £220 million over ten years. Negotiating a good deal for the Assembly is consequently of the highest importance. The full implementation of the Committee's recommendations will contribute to the achievement of suitable quality and cost. When the Auditor General comes to prepare his future value for money work programmes in due course, he will consider whether to examine the Merlin contract at an appropriate point.

I hope that you find this response helpful.

HELEN KIRKBY
Private Secretary to the Auditor General for Wales