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AUDIT COMMITTEE 'GENERAL REPORT ON THE FINANCIAL AUDIT WORK OF THE AUDITOR GENERAL FOR WALES 2002'

Thank you for your letter of 17 March 2003 requesting the Auditor General's advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its "*General report on the financial audit work of the Auditor General for Wales 2002*".

The Assembly Government has accepted all nine of the Committee's recommendations and has indicated that it is taking a number of positive actions in response. For example:

- All accounting officers have been reminded of the need for prompt follow-up action in response to audit recommendations. The Permanent Secretary is to raise the matter with chief executives of Assembly sponsored public bodies on 3 April (recommendation (i));
- Major grant schemes are now reviewed regularly for value for money and to ensure that the control framework is still appropriate. Formal training is available to Assembly officials engaged on grant appraisal and monitoring activities and the matter is under consideration in respect of Assembly sponsored public bodies (recommendations (ii) and (iii)). The response does not, however, indicate if such training is or is to be made mandatory for key staff;
- The Assembly has put revised procedures in place for the draw down of its funds and will encourage sponsored bodies to draw down on the basis of operational need. This issue is also to be raised with chief executives on 3 April (recommendation (iv));
- The Welsh European Funding Office will be working more closely with project sponsors to minimise errors in claims for EU funds and has recently revised its guidance on grant claiming and audit procedures. WEFO also intends to hold workshops for sponsors, and contact points are available to help with completing the forms. New arrangements for audit certification have been introduced (recommendations (v), (vi) and (vii)); and
- The Permanent Secretary regularly reviews the staffing of the finance Group to ensure that important accounting functions are adequately resourced. The Finance Group continues to work with bodies

involved in the production of whole of government accounts. The teething problems with the new accounting system have been resolved and further improvements continue to be rolled out.

The Auditor General is currently preparing his next general report on issues arising from his financial audit work, and will be providing an update on the above matters from his perspective. This report will provide an opportunity for the incoming Committee to consider important ongoing issues of financial management within the Assembly and its related public bodies.

Yours sincerely

Helen Kirkby
Personal Secretary to the Auditor General for Wales