

# Agenda – Public Accounts and Public Administration Committee

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Meeting Venue:	For further information contact:
Remote	Fay Bowen
Meeting date: 13 March 2025	Committee Clerk
Meeting time: 09.15	0300 200 6565
	<a href="mailto:SeneddPAPA@senedd.wales">SeneddPAPA@senedd.wales</a>

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## Private pre-meeting (09.00 – 09.15)

## Public meeting (09.15 – 09.30)

- 1 Introductions, apologies, substitutions, and declarations of interest  
(09.15)
- 2 Paper(s) to note  
(09.15–09.30)
  - 2.1 Letter from Wales Cancer Alliance to the Chair regarding the publication of Audit Wales report “NHS Wales’s strategic approach to improving timeliness of cancer diagnosis and treatment by Audit Wales”  
(Pages 1 – 2)
  - 2.2 Response from the Chief Executive and Clerk of the Senedd to the Public Accounts and Public Administration Committee report on the Scrutiny of Accounts 2023–24  
(Pages 3 – 9)
  - 2.3 Follow-up letter from Tim Moss, Director General and Chief Operating Officer Welsh Government to the Chair regarding public appointments  
(Pages 10 – 13)



- 2.4 Letter from the Auditor General for Wales to the Chair regarding Sector Development Wales Partnership**  
(Pages 14 – 31)
- 2.5 Letter from Chair, Communications, Welsh Language, Sport, and International Relations to the Chair regarding a newsletter from Will Hayward**  
(Pages 32 – 39)
- 3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**  
(09.30)

**Private meeting (09.30 – 11.00)**

- 4 Legislative Consent: Public Authorities (Fraud, Error and Recovery)**  
**Bill: legal briefing**  
(09.30–10.00) (Pages 40 – 53)  
Legal Advice Note
- 5 Legislative Consent: Public Authorities (Fraud, Error and Recovery)**  
**Bill: consideration of legal briefing**  
(10.00 – 10.10)
- 6 Private paper(s) to note**  
(10.10 – 10.25)
- 6.1 Response from the Chief Executive and Clerk of the Senedd to the Public Accounts and Public Administration Committee report on the Scrutiny of Accounts 2023–24**  
(Pages 54 – 63)
- 6.2 Work Programme Update**  
(Pages 64 – 65)
- 7 Consideration of Audit Wales' report: Financial sustainability of local government**  
(10.25 – 10.45)

[Audit Wales report](#)

## **8 Consideration of Audit Wales' report: The Biodiversity and Resilience of Ecosystems Duty**

(10.45 – 11.00)

[Audit Wales report](#)



Mark Isherwood MS  
Chair, Public Accounts and Public Administration Committee  
Senedd Cymru  
Cardiff Bay  
CF99 1SN

14 January 2025

Dear Mr Isherwood,

**Publication of Audit Wales report “NHS Wales’s strategic approach to improving timeliness of cancer diagnosis and treatment by Audit Wales”**

On behalf of the Wales Cancer Alliance I wish to commend to the Public Accounts and Administration Committee the recent publication of *NHS Wales’s strategic approach to improving timeliness of cancer diagnosis and treatment* by Audit Wales. We hope the Committee takes an active interest in the report and findings to better understand where and how improvements can and should be delivered.

With only a few exceptions, cancer waiting times across Wales for all tumour sites has essentially stagnated on or below 60% for several years. Any annual improvement is cancelled out by winter pressures and progress backslides illustrating concerning fragility within Wales’ cancer services. Wales’ cancer outcomes are also amongst the worst across the developed world and cancer inequalities are increasing.

Alongside these troubling metrics the cancer third sector – represented in Wales by the Wales Cancer Alliance - has experienced a period of disengagement not of the Alliance’s making.

The positive working arrangements developed prior to the covid-19 pandemic were not resurrected post-pandemic. New governance arrangements associated with the clinical networks sitting within the NHS Executive have taken an extended period of time to emerge with little consultation. During this period we also saw the publication of a new cancer improvement plan and the creation of a completely new recovery programme for cancer. Updates and opportunities to scrutinise and support the delivery of cancer services have been frustratingly slow. People affected by cancer do not have the luxury of time on their side.

The Wales Cancer Alliance hopes that this report, its recommendations and any additional scrutiny by the Public Accounts and Public Administration Committee will help with finally addressing these issues and deliver a service that fits for addressing current and future cancer challenges.

Action is needed. Currently, 54 people are diagnosed with cancer and about 25 people die from the disease each day in Wales. Projections indicate a more than 10% increase in Welsh cancer cases by 2038-2040: which will place additional strain on our healthcare system.



**WALES CANCER ALLIANCE**  
**CYNGHRAIR CANCER CYMRU**

We would welcome a response to this correspondence in due course; and look forward to working with the Committee - to provide the third sector perspective - should the opportunity arise.

Yn gywir,

*Lowri Griffiths*

**Lowri Griffiths**

**Chair, Wales Cancer Alliance**

cc.

**Russell George MS, Chair, Health and Social Care Committee**

17 February 2025

Mark Isherwood MS  
Chair of Public Accounts and Public Administration Committee  
Senedd Cymru

Dear Mark,

**Public Accounts and Public Administration Committee Report on the Scrutiny of Accounts 2023-24.**

I am writing in response to the Public Accounts and Public Administration Committee report on the Scrutiny of Accounts 2023-24. I would like to thank the Committee for its scrutiny.

The Commission notes the views and comments of the Committee along with your recommendations concerning the Commission. We have addressed these in the attached Annex. If you would like any further information on any matter covered in the Annex, please do not hesitate to let me know.

I would like to take this opportunity to assure the Committee that we remain as committed as ever to providing greater clarity and assurance through external scrutiny and audit as well as through our internal governance framework. The Commission's approach is always to try to operate with openness, transparency and clarity.

Yours sincerely,



**Manon Antoniazzi**

**Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd**

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English



**Senedd Cymru**  
Bae Caerdydd, Caerdydd, CF99 1SN

 [Contact@senedd.cymru](mailto:Contact@senedd.cymru)  
 0300 200 6565

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Cardiff Bay, Cardiff, CF99 1SN

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 0300 200 6565

## Annex 1

### Public Accounts and Public Administration Committee Report on the Scrutiny of Accounts 2023-24

**Recommendation 1.** The Commission should set out clearly in future Accounts where in-year savings have been identified, as well as setting out the impact of these efficiency savings on processes and efficiency.

#### Accepted

The Commission will clearly set out and publish in-year savings and the impact of any efficiency savings in the Annual Report (which forms part of the Annual Report & Accounts document).

**Recommendation 2.** The Commission, in their next Accounts, should set out how delayed projects associated with the Carbon Neutral Strategy have been reprioritised during the year and set out a plan for future years if projects remain uncompleted in 2024-25 that were originally anticipated to be concluded.

#### Accepted

The Commission will include information on the works to support the Carbon Neutral Strategy, including any reprioritisation, in its next Annual Report (which forms part of the Annual Report & Accounts document). Additionally, the Committee will receive a copy of the next annual Sustainability report before its review of the Commission's 2024-25 accounts.

As of January 2025, the short-term targets in the Carbon Neutral Strategy have been met, and the medium-term targets are on track to be achieved by the end of 2026.

**Recommendation 3.** The Commission should ensure that staff voices are reflected in all of the projects associated with Senedd reform. It should ensure that there is staff representation as part of the process of both implementing and devising the change programmes associated with Senedd reform.

#### Accepted

Staff engagement has been a central tenet of Senedd Reform activity. Staff were extensively and consulted on the changes to Ty Hywel and Commission workspace through a series of workshops from which several changes emerged – including to floorplans / layouts in response to staff feedback. Staff have also been engaged through the production of FAQs on Senedd Reform projects published on the intranet, alongside vlogs. Furthermore all-staff meetings have been used to ensure staff are aware of progress.



Through its work on supporting Leadership Team's business preparedness for the Seventh Senedd, the 7th Senedd Board will review further opportunities for staff engagement, to complement the engagement channels above and the engagement undertaken by Heads of Service with their teams. The 7th Senedd Board is also in the process of redesigning its intranet presence to ensure that staff receive the most up-to-date information on the progress being made in delivering the objectives of the programme.

The Trade Union Side (TUS) is actively represented on the Siambr 26 project board, the Tŷ Hywel project board and the Ways of Working Board (which oversees the preceding two projects), ensuring that staff perspectives are incorporated into these initiatives. TUS has also been invited to join the 7th Senedd programme board. Additionally, TUS participated in all focus group sessions conducted for the Tŷ Hywel project regarding the relocation of Commission teams. TUS also plays a vital role on the Commission's Workforce Steering Group, contributing to the development of the People Strategy and Workforce Plan in anticipation of Senedd Reform. These projects are consistently reviewed and discussed between TUS and senior officials during our formal Partnership Forum with TUS.

**Recommendation 4. The Commission should review how the work of the Independent Remuneration Board is scrutinised; and set out in writing to the Committee any new ways that assurance can be provided to the public and Members about how the Board operates. This scrutiny should occur regularly and be robust and transparent.**

**Noted. We are unable to accept the recommendation due to the legislative framework which underpins the Independent Remuneration Board's operation and functions.**

The Independent Remuneration Board of the Senedd ("the Board") was established by the National Assembly for Wales (Remuneration) Measure 2010 ("the Measure"). The Measure establishes the Board's independence from any influence by the Senedd or the Senedd Commission when exercising its functions and does not provide a mechanism for Members to hold it to account. The then Senedd Commissioner, Ken Skates, wrote to you as Chair of the Committee in March 2023 and set out the governance relating to the Board's accountability. An overview of the statutory framework and how the Board operates is provided in Annex 2.

Direct support for the Board is provided by the Commission as required by the National Assembly for Wales (Remuneration) Measure 2010. Since 2022-23 the cost of this support has been ring-fenced within the total Senedd Commission budget to improve transparency. The budget allocated for the Board for 2025-26 provides for the commissioning of external expertise, including an end of term effectiveness review. The Commission agrees the budget available to the Remuneration Board to discharge its functions through its regular budget processes, which are subject to scrutiny by the Finance Committee before being agreed by the Senedd.

In terms of value for money assurances, the Chief Executive and Clerk is responsible as Accounting Officer for providing assurance that its resources are being used effectively. The Accounting Officer considers any new requests for additional funding on the basis of information provided by the Board and advice from the Chief Finance Officer. In ensuring the effective use of resources, the



Accounting Officer places reliance on assurance regarding the framework of internal controls, independent scrutiny from Audit Wales and on advice from members of the Executive Board. As part of your usual process or as part of a distinct session, you may hold the Commission to account on any aspect of the budget spend, including that used to enable the Board to discharge its functions.

The Board holds regular meetings with the Member Representative Group and Support Staff Representative Group. It is an avenue for the Representatives to raise any Member concerns directly with the Board, on behalf of Members of their groups. The Board is also undertaking workstream specific engagement with Members and Support Staff.

The Board and Commission are undertaking a structured dialogue which will help address some of the recommendations which relate to both the Commission and Remuneration Board's remit, including engagement on simplification of the Determination which provides an additional avenue for establishing an understanding of the Board's work.

**Recommendation 5. The Commission should write to the Committee to update us on the work being done to mitigate the risks posed by these large reform projects and set out how their risk profile is changing, as those programmes develop, ahead of the Committee's scrutiny of their 2024-25 Accounts.**

#### **Accepted**

The Commission attaches the current summarised SENEDD RESTRICTED versions of the 7<sup>th</sup> Senedd and Ways of Working risk registers (Annexes 3 and 4). Ahead of the Committee's scrutiny of its accounts the Commission will also send the newest version of the same risk registers to allow the Committee to understand how the risk profile has evolved.

The Commission also manages a Corporate level risk regarding Senedd Reform. This risk is reviewed quarterly by Executive Board, and has been the subject of ARAC scrutiny and an audit. Further assurance on its effective management will be provided to the Commission (and to the Committee) in the Accounting Officer's Annual Governance Statement.

**Recommendation 6. The Commission should send the Committee a copy of its new long-term sickness policy, once it's available, with a summary of its contents and aims alongside it.**

#### **Accepted**

The Commission will share the new long term sickness absence policy once the internal consultation process is concluded. This is expected to be within the Spring Term.



## Annex 2

### Related to recommendation 4: an overview of how the Board requests Commission resources and accounts for their use

The Independent Remuneration Board of the Senedd ("the Board") was established by the National Assembly for Wales (Remuneration) Measure 2010 ("the Measure"). The Measure affords a great deal of autonomy to the Board and does not provide a mechanism for Members to hold it to account.

The Measure establishes the Board's independence from any influence by the Senedd or the Senedd Commission when exercising its functions. In terms of the Board's accountability for its decisions and their effectiveness, the Measure:

- a. requires the Board to generally act in an open and transparent manner and publish on the website such information as will enable the public to be kept informed as to its activities;
- b. requires the Board to consult those who are likely to be affected, before making its decisions (except where it would be inappropriate); the Determination also specifically requires the Accounting Officer to be consulted on matters such as exceptional expenses; the Board may seek or receive advice from the Accounting Officer on issues relevant to her Accounting Officer duties.
- c. requires the Board to lay before the Senedd an annual report on its activities, including its use of resources, during that financial year;
- d. enables the Senedd to remove a member of the Board if a motion in the Senedd is supported by two thirds of the Members voting. A motion must be brought by a Commissioner on behalf of the Commission. This is the ultimate accountability mechanism and would serve as an expression by the Senedd of no confidence in the Board.

The Board meets its duty to act in an open and transparent way. It does this through a variety of publications - letter updates to Members and Support Staff (which are also published), minutes of its meetings, producing a strategy for its term in office; all its Determinations are published on the website, and consultation proposals, including research papers which set out relevant data, international and comparative analysis which the Board has taken into account (the publication of research papers was in response to a recommendation of its 2023 Mid-term Effectiveness Review).

The Board publishes an Annual Report of its activities including its use of resources. The Board has also invited Members and Support Staff to meetings to discuss its Annual Report. The Remuneration Board has periodically commissioned its own effectiveness reviews. Its mid-term effectiveness review was undertaken by the Commission's Head of Internal Audit and was received by the Board in March 2023. The Board published the review on its website, including the recommendations made to the Board in April 2023 alongside the Board's response. The Board wrote to all Members to inform them of this. The Board has agreed an action plan which was implemented from May 2023. Updates on delivery of the action plan were published by the Board for 2022-23 and 2023-24. [Corporate and](#)



**Strategic (remunerationboard.wales)** The Board's budget for 2025-26 includes resources to commission an external end of term effectiveness review.



# Agenda Item 2.3

Gwasanaethau Corfforaethol ac Arolygiaethau  
Corporate Services and Inspectorates



Llywodraeth Cymru  
Welsh Government

Mark Isherwood MS  
Chair of the Public Accounts and Public Administration Committee  
Welsh Parliament  
Cardiff Bay  
CF99 1SN

Ein Cyf/Our Ref: 250227/PAT

27 February 2025

Dear Mr Isherwood,

## Public Appointments

Further to my letter of 20 December 2024 in which I committed to updating the Public Accounts and Public Administration Committee on the work being undertaken to determine the Welsh language assessment of our board members, I am writing with the results of a recent short survey.

This survey was issued in January 2025 to capture data from Public Sector Bodies listed in the Order in Council as following the Governance Code on Public Appointments. We received 188 responses, which is an approximate response rate of 47% of all Board Members.

The tables below provide a breakdown of Welsh language skills across four categories - listening, reading, speaking and writing. The information is presented as 'total responses' as further breakdowns may be disclosive of individuals identities.

This data is for the information of the members of the Public Accounts and Public Administration Committee and we kindly request that it is not released into the public domain.

[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text]

[Redacted]	[Redacted]	[Redacted]

[Redacted text]

[Redacted]	[Redacted]	[Redacted]

[REDACTED]

The Committee will be aware that the data in the 'Evidence Paper on Public Appointments', which was submitted ahead of the evidence session with Welsh Government on 17 October 2024, reported that 27.3% of appointees for the period of 17 July 2023 to 16 July 2024 were advanced Welsh speakers. By comparison, the results of this survey (as detailed in the tables above) captured data from current boards, many of whom were appointed prior to 17 July 2023.

Estimates of Welsh language ability at a population level vary across surveys. The 2021 Census reported that 17.8% of the population were able to speak Welsh, while the 2023 Annual Population Survey put the figure at 29.2%. As such, it appears that Welsh language ability among board members is approximately in line with, or higher than, the population figures.

The results of this survey are in line with Action 1.1 of the Reflecting Wales in Running Wales strategy and allow us to establish a baseline to guide future action. We will incorporate Welsh language proficiency into future data collection efforts for board members going forward.

I hope this is helpful to the Committee in considering its Inquiry into Public Appointments.

Yours sincerely



Tim Moss  
Cyfarwyddwr Cyffredinol a Phrif Swyddog Gweithredol  
Llywodraeth Cymru  
Director General and Chief Operating Officer  
Welsh Government

Mark Isherwood MS  
Chair, Public Accounts & Public  
Administration Committee  
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[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

**Reference:** AC484/caf

**Date issued:** 4 March 2025

Dear Mark

## Sector Development Wales Partnership

On 10 February 2024 you were a copy recipient of a letter from my colleague Ann-Marie Harkin to the Chair of the Finance Committee. In line with recommendations made by both the Finance and Public Accounts & Public Administration Committee's Ann-Marie's letter related to the late audit of the 2023-24 accounts of the Sector Development Wales Partnership Limited (SDWP). She advised that the audit would not meet its deadline owing to significant difficulties in obtaining the required audit evidence to support material asset disclosures in the accounts.

In the context of your Committee's remit, I must now advise that on 19 February 2025, I 'disclaimed' my audit opinions on these accounts. This is a highly unusual position whereby I am stating that I am unable to provide either a 'true and fair' or 'regularity' opinion on the accounts as I have been unable to obtain sufficient, appropriate evidence over material assets. Unfortunately, this inability to obtain sufficient, appropriate evidence applied to multiple connected parts of the accounts. Consequently, the impact is so significant and pervasive in the context of SDWP's accounts that I am unable to give an opinion at all.

SDWP Ltd, which operates under the trading name *Industry Wales*, is a company wholly owned by the Welsh Government. It is not a large organisation, having expenditure in 2023-24 of around £1.1 million.

I attach the signed accounts for information which contain the disclaimer statements on page 5.

I am copying this letter to Peredur Owen Griffiths MS, Chair of the Finance Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal flourish underneath.

**ADRIAN CROMPTON**  
**Auditor General for Wales**

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**Directors' Report and Audited Accounts**

**for the year ended 31 March 2024**

**Company No: 08379693**

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**Accounts for the year ended 31 March 2024**

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**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**  
**Company Limited by Guarantee**

**General Information**

**Directors**

Dr JT Baxter  
Prof T Crick  
Mr J Davies  
Ms C Lewis  
Dr H Miah  
Prof K Ridgway  
Mr H G Watkins

**Registered office**

Waterton Centre  
Waterton Industrial Estate  
Bridgend  
CF31 3WT

**Registered number**

08379693

**Auditor**

The Auditor General for Wales  
1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

**Bankers**

Barclays Bank Plc  
73 Holton Road  
Barry  
CF6 6SU

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**REPORT OF THE DIRECTORS**

The directors submit their report and the audited accounts for the year ended 31 March 2024.

**DIRECTORS**

The directors who served during the year and subsequently were as follows:

Dr JT Baxter

Prof T Crick

Mr J Davies

Ms C Lewis

Dr H Miah

Prof K Ridgway

Mr HG Watkins

## **SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

### **DIRECTORS' REPORT (ctd)**

**for the year ended 31 March 2024**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year.

Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITOR**

Under paragraph 18(1) of Schedule 8 to the Government of Wales Act 2006, the Welsh Ministers have appointed the Auditor General for Wales as auditor.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**DIRECTORS' REPORT (ctd)**

**for the year ended 31 March 2024**

**SMALL COMPANY PROVISIONS**

This report was approved by the board on 17 February 2025 and has been prepared in accordance with the small companies regime of the Companies Act 2006.

By order of the board

A handwritten signature in black ink that reads "J Baxter." The signature is written in a cursive style and is underlined with two horizontal strokes.

Dr JT Baxter  
Director

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**INDEPENDENT AUDITOR'S REPORT to the member of Sector Development Wales Partnership Limited**

**Disclaimer of Opinion**

I was appointed to audit the financial statements of Sector Development Wales Partnership Ltd (SDWP Ltd) for the year ended 31 March 2024, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I do not express an opinion on the financial statements of the SDWP Ltd. Because of the significance of the matter described in the 'Basis for Disclaimer of Opinions' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Disclaimer of Opinion on Regularity**

I do not express a regularity opinion on the financial statements of the SDWP Ltd.

Because of the significance of the matter described in the 'Basis for Disclaimer of Opinions' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for a regularity opinion on these financial statements.

**Basis for Disclaimer of Opinions**

The balance sheet and Note 4 to the accounts, disclose Fixed Assets assets to the value of £1,053,967 which are based upon costs to date.

The majority of this balance is associated with a single asset (a packing line), currently valued at £836,000. This is not yet operational but there are indications it may have a significantly impaired value. Furthermore, for the remaining balance of Fixed Assets (£217,967), a lack of robust record keeping and accounting controls mean I have not been able to obtain the assurances I require to valuation or rights and obligations.

I have therefore been unable to obtain sufficient appropriate evidence to support the Fixed Asset balance disclosed in the financial statements.

My report, which follows on pages 7-8 provides further details of this disclaimer.

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**INDEPENDENT AUDITORS' REPORT to the member of Sector Development Wales Partnership Limited (ctd.)**

**Responsibilities of the directors for the financial statements**

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for:

- maintaining proper accounting records;
  
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
  
- ensuring the regularity of financial transactions;
  
- internal controls as the directors determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
  
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors anticipate that the services provided by the company will not continue to be provided in the future.

**Auditor's responsibilities for the audit of the financial statements and annual report**

My responsibility is to conduct an audit and report on the financial statements in accordance with the Companies Act 2006.

My responsibilities also include reading the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

However, because of the matters described in the 'Basis for Disclaimer of Opinions' section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion or a regularity opinion on the financial statements. Nor was I able to consider information contained with the annual report.

My staff and I are independent of the Company and its directors in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

My report, which follows on pages 7-8 provides further detail of reasons why I have not been able to give an opinion or a regularity opinion on the financial statements.



Adrian Crompton  
Auditor General for Wales  
Date: 19 February 2025

1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**  
**Company Limited by Guarantee**

**Auditor General's report to the Board of Sector Development Wales Partnership Limited**

**Introduction**

I am reporting on these financial statements for the year ended 31 March 2024 to draw attention to:

- my disclaimer stating that I am unable to give either a 'true and fair' or 'regularity' opinion on these financial statements, as I have been unable to obtain the assurances I require relating to valuation or rights and obligations of the Fixed Assets disclosed in the balance sheet.

- my qualification on previous years 'regularity' opinion due to the failure to follow public procurement regulations.

**Why I am unable to give opinions on these accounts**

The balance sheet (and Note 4) of the financial statements disclose Fixed Assets to the value of £1,053,967 which are based upon costs to date.

£836,000 of this balance is associated with a single asset (an automated packing line development). I am informed that it is not yet fully operational.

When it becomes operational its value to SDWP Ltd is unclear. From discussion with management, I believe it is likely that the actual value of the packing line will be materially impaired. No impairment review had been undertaken, and I have not been provided with a reliable estimate of any possible impairment.

Furthermore, for the remaining balance of £217,967 I have not been able to obtain the assurances I require relating to valuation or rights and obligations.

Given the values and uncertainty involved, my view is that these uncertainties are pervasive to the financial statements as a whole and consequently I am unable to form an opinion on them.

As a consequence, I was unable to complete the work I was appointed to undertake and have not been able to express a view on the regularity of the transactions in the accounts.

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**Auditor General's report to the member of Sector Development Wales  
Partnership Limited**

**Failure to follow Public Sector Procurement Rules**

In 2021-22, Welsh Government awarded Sector Development Wales Partnership Ltd (SDWP Ltd) funding of £1.3 million in relation to a Business Innovation and Tourism Escalator Scheme. As part of this project, SDWP Ltd entered into a contract with EBS Automation to provide an automated decorating, cutting and packing line. The contract was valued at £830,820 including VAT.

SDWP Ltd maintain they selected EBS Automation as the contractor to supply, develop, manufacture, and install the packing line, based upon an assessment of their experience and track record within the food and drink manufacturing sector and their work on other related projects. To assess EBS Automation's competitiveness, SDWP Ltd carried out a market comparison for key parts of the packing line against three other international companies, with EBS Automation ranked second in price.

The award of the contract was approved by SDWP Ltd's Board on 21 February 2022, and the selection of the contractor was approved by Welsh Government on 16 March 2022.

As required by Managing Welsh Public Money paragraph A4 5.11 public sector organisations are responsible for ensuring that they comply with the law on procurement. The Welsh Procurement Policy Note 03/20 Post EU Transition Public Procurement including Find a Tender Service (FTS) applies to "all contracting authorities in Wales, including Welsh Government departments, NHS Wales bodies, Welsh Government Sponsored Bodies, local authorities and the wider public sector" and should be complied with when purchasing goods and services over a certain value. From 1 January 2022 the threshold for goods and services is £213,477. SDWP Ltd did not consider the Welsh Procurement Policy Note when procuring the packing line, and therefore have not complied with public sector procurement regulations.

Expenditure on the packing line totalled £956,000 in 2022-23 and £81,541 in 2023-24 and I consider £829,000 of this to be "irregular". Consequently, I qualified my 'regularity' opinion in 2022-23.

As described above in "Why I am unable to give an opinion on the accounts", for 2023-24 I have issued a disclaimer on my opinion and am therefore not issuing a regularity opinion.

Adrian Crompton  
Auditor General for Wales  
Date: 20 February 2025

1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

Company Limited by Guarantee

**INCOME AND EXPENDITURE ACCOUNT**

for the year ended 31 March 2024

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>£</b>	<b>£</b>
<b>INCOME</b>	2	1,094,949	1,163,229
Direct expenses		720,565	831,258
<b>GROSS SURPLUS</b>		<u>374,384</u>	<u>331,971</u>
Administrative expenses		419,140	327,016
<b>(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR</b>	3	<u>-44,756</u>	<u>4,955</u>

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

Company Limited by Guarantee

**BALANCE SHEET**

as at 31 March 2024

		<b>2024</b>		<b>2023</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible fixed assets	4		1,059,622		964,741
<b>CURRENT ASSETS</b>					
Debtors	5	47,521		170,574	
Cash at bank		<u>53,517</u>		<u>18,242</u>	
		101,038		188,816	
<b>CREDITORS: Amounts falling due within one year</b>					
	6	<u>1,195,407</u>		<u>1,143,548</u>	
<b>NET CURRENT ASSETS</b>			-1,094,369		-954,732
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>-34,747</u>		<u>10,009</u>
<b>RESERVES</b>					
Income and expenditure account			-34,747		10,009
<b>MEMBERS' FUNDS</b>			<u>-34,747</u>		<u>10,009</u>

For the year ending 31 March 2024 the company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non profit making companies subject to public sector audit).

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006 and with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements were approved by the board of directors on 17 February 2025 and were signed on its behalf by:



Dr JT Baxter  
Director

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

**Company Limited by Guarantee**

**NOTES TO THE ACCOUNTS**

**for the year ended 31 March 2024**

**1 ACCOUNTING POLICIES**

**Basis of preparation**

The accounts have been prepared under the historical cost accounting rules and in accordance with United Kingdom accounting standards including the small entities regime (Section 1A) of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

**Non- consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group which is under the control of the Welsh Government. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts. These accounts therefore cover the individual company only.

The Welsh Government, which itself draws up consolidated financial statements, can be contacted at Cathays Park, Cardiff CF10 3NQ.

**Public benefit entity**

The company is a public benefit entity.

**Income**

The income shown in the income and expenditure account mainly represents grant funding receivable during the period and relates to the principal activity of the company which is that of a public service body. It also includes sales income earned from the rendering of services. The revenue associated with the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract cost. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

**Fixed assets and depreciation**

Depreciation is provided by the company to write off the cost or valuation of its tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	- 3 years
Office equipment	- 3 years
Plant & equipment	- 5 years

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

Company Limited by Guarantee

**NOTES TO THE FINANCIAL STATEMENTS (ctd.)**

for the year ended 31 March 2024

<b>2 INCOME</b>	<b>2024</b>	<b>2023</b>
	£	£
Grant income	1,070,013	1,104,631
Other income	9,286	56,598
Sales income	15,650	2,000
	<u>1,094,949</u>	<u>1,163,229</u>

**3 DEFICIT FOR THE FINANCIAL YEAR**

Deficit for the year is stated after charging:

	<b>2024</b>	<b>2023</b>
	£	£
Auditor's fees	30,374	7,094
Directors' remuneration	125,436	120,767

**4 FIXED ASSETS**

	<b>Assets under construction</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>TOTAL</b>
<b>COST</b>	£	£	£	£
At 1 April 2023	956,259	13,466	5,088	974,813
Additions	97,708	1,424		99,132
At 31 March 2024	<u>1,053,967</u>	<u>14,890</u>	<u>5,088</u>	<u>1,073,945</u>
<b>DEPRECIATION</b>				
At 1 April 2023	-	10,072	-	10,072
Charge for the year	-	2,555	1,696	4,251
At 31 March 2024	<u>-</u>	<u>12,627</u>	<u>1,696</u>	<u>14,323</u>
<b>NET BOOK VALUE</b>				
At 31 March 2024	<u>1,053,967</u>	<u>2,263</u>	<u>3,392</u>	<u>1,059,622</u>
At 31 March 2023	<u>956,259</u>	<u>3,394</u>	<u>5,088</u>	<u>964,741</u>

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

Company Limited by Guarantee

**NOTES TO THE FINANCIAL STATEMENTS (ctd.)**

for the year ended 31 March 2024

<b>5 DEBTORS</b>	<b>2024</b>	<b>2023</b>
	£	£
Trade debtors	10,000	-
Other debtors	33,267	153,637
Prepayments	4,254	16,937
	<u>47,521</u>	<u>170,574</u>

<b>6 CREDITORS: Amounts falling due within one year</b>	<b>2024</b>	<b>2023</b>
	£	£
Trade creditors	8,006	16,584
Capital grant	1,057,360	961,347
Accruals and deferred income	117,596	165,617
Other taxes and social security costs	12,445	-
	<u>1,195,407</u>	<u>1,143,548</u>

The capital grant will be recognised in the income and expenditure account over the useful economic life of the asset.

Other creditors and accruals include outstanding pension contributions of £117 (2023: £3,046).

There are no secured creditors (2023: £nil).

<b>7 EMPLOYEE NUMBERS</b>	<b>2024</b>	<b>2023</b>
The average number of persons employed by the company was	3.8	3.5

**8 RELATED PARTY TRANSACTIONS**

Sector Development Wales Partnership Ltd. is controlled by the Welsh Government, which is the sole member of the company. During 2023-24, Sector Development Wales Partnership received core grant funding of £909,405 (2022-23: £964,400) from the Welsh Government. At the year end, £nil (2022-23: £151,637) was outstanding in respect of this funding.

Sector Development Wales Partnership Ltd. is the sole member of its four subsidiary companies, the Welsh Automotive Forum, Aerospace Wales Forum, the ESTnet Ltd and Net Zero Industry Wales Ltd.

**SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED**

Company Limited by Guarantee

**NOTES TO THE FINANCIAL STATEMENTS (ctd.)**

for the year ended 31 March 2024

**8 RELATED PARTY TRANSACTIONS (ctd.)**

<b>Aggregate capital and reserves</b>	<b>2024</b>	<b>Restated 2023</b>
	£	£
Welsh Automotive Forum Ltd	230,353	203,745
Aerospace Wales Forum Ltd	159,901	105,506
ESTnet Ltd	163,540	105,163
Net Zero Industry Wales Ltd	33,491	-
<b>Surplus/(Deficit) for the year</b>	<b>2024</b>	<b>2023</b>
	£	£
Welsh Automotive Forum Ltd	26,608	72,315
Aerospace Wales Forum Ltd	54,395	-127,928
ESTnet Ltd	58,377	45,905
Net Zero Industry Wales Ltd	33,491	-

During the year, Sector Development Wales Partnership Ltd provided funding of £175,850, £142,155, £145,800 and £174,000 to the Welsh Automotive Forum, Aerospace Wales Forum, ESTnet Ltd and Net Zero Industry Wales Ltd.

Balances owing at the year end were £36,945 to the Welsh Automotive Forum, £35,655 to Aerospace Wales Forum and £17,828 to ESTnet Ltd. These were all paid in entirety in April 2024.

**9 ADDITIONAL INFORMATION**

The company has no share capital as it is limited by guarantee.

Its registered number is 08379693.

The company is registered in England and Wales and its registered office is:-

Waterton Centre  
 Waterton Industrial Estate  
 Bridgend  
 CF31 3WT

—  
**Culture, Communications, Welsh Language,  
Sport, and International Relations Committee**

**Senedd Cymru**

Bae Caerdydd, Caerdydd, CF99 1SN  
SeneddDiwylliant@senedd.cymru  
senedd.cymru/SeneddDiwylliant  
0300 200 6565

—  
**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN  
SeneddCulture@senedd.wales  
senedd.wales/SeneddCulture  
0300 200 6565

Mark Isherwood MS

Chair

Public Accounts and Public Administration Committee

04 March 2025

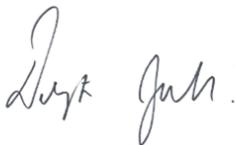
**Will Hayward newsletter**

Dear Mark,

At the Committee's meeting on 19 February 2025, we discussed a newsletter published by journalist Will Hayward, detailing a leaked internal report highlighting concerns about the management and governance of the Welsh Government's Culture Division. Members agreed to write to the Minister for Culture, Skills and Social Partnership to ask about the actions taken to address the issues identified in the report.

Given the nature of the report, we believe it may also be of interest to the Public Accounts and Public Administration Committee. We hope your Committee will consider this issue in your future work. I am sharing the Committee's letter to the Minister and the newsletter detailing extracts from the leaked report.

Yours sincerely



**Delyth Jewell MS**  
**Committee Chair**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Jack Sargeant MS  
Minister for Culture, Skills and Social Partnership  
Welsh Government

4 March 2025

Dear Jack,

At our meeting on 19 February 2025, the Committee considered the Culture Division Review, excerpts of which have recently been published by the journalist, Will Hayward.

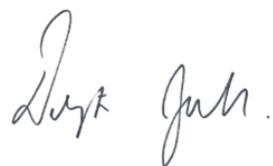
The Committee would like to request:

- A copy of the Culture Division Review produced by Resolution at Work Ltd.
- Details of actions that the Welsh Government has taken in response to the issues raised in this review.
- The Minister's assessment of the extent to which the department today resembles the description in the review.
- Whether any issues identified in the review are still outstanding (and, if so, if you could please provide a timescale for addressing them.)

The Committee has raised a number of concerns about the delivery of the Welsh Government's Programme for Government commitments (for example the National Contemporary Art Gallery, the Culture Strategy and the devolution of broadcasting) in reports and correspondence. Against this backdrop, the depiction of the Division in excerpts from the leaked report – that there is “no sense of longer-term strategic planning” and “described as in chaos and survival mode” – is one we find alarming. We are also worried about the effect which such an environment would have on staff.

I look forward to receiving your response by 1 April 2025.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Delyth Jewell'.

Delyth Jewell MS  
Committee Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



constituents.

In a statement the councillors said:

---

*“Who in the Welsh Government has authorised this fresh appeal? Which government minister approved it at a time when they should have a laser-like focus on sorting out the NHS, reducing child poverty and pensioners left out in the cold?”*

*“Our case is simple - we want a plan that meets the needs of Wrexham. We don't agree with the plan inspectors want to impose on us and we have the right to reject it. That was the Court of Appeal's clear ruling.*

*“The Welsh Government has sided with the developers not local democracy at every step of the way. Why?”*

---

I went to the Welsh Gov and asked them why they were continuing with this legal challenge and how much public money they had spent on it. They replied:

*“Ministers have applied to the Supreme Court for permission to appeal the Court of Appeal's judgment. As this is ongoing litigation, we cannot comment further.”*

If councillors are forced to vote for something that they don't agree with, it very much begs the question of what the point of them is at all?

## **A damning leaked report**

**STRICTLY CONFIDENTIAL**  
**WELSH GOVERNMENT CULTURE DIVISION REVIEW**

Over the years I have had several “strictly confidential” government reports leaked to me. People leak for all sorts of reasons but I have always found the

most common one to be that of principle. A feeling that change is needed but simply isn't going to happen without an external kick up the arse.

As a rule, the person (or persons) leaking them usually overestimates the significance of what they are leaking. They will think it is really explosive when in fact it is more often than not fairly mundane management speak.

This report is not like that. It is, in my view, indicative of a chaotic situation inside a Welsh Government department.

It is a review of the "culture division" within the Welsh Gov which has responsibilities for the arts, museums, libraries and archives. It oversees our nation's cultural heritage organisations. Given the state the Welsh cultural sector is in, you would hope that the culture division would be in a great position to support it - apparently you would be wrong.

According to the report there were "several areas of concern after the 2020/21 staff survey". It then adds that "the 2021/22 survey reinforced these concerns". Therefore the company Resolution at Work Ltd were brought in to look at the issues in the division. I understand this was delivered in early 2024.

### **So what did the report find?**

The report was substantial and wide ranging so I have broken it down into sections.

#### **Lack of direction/ organisation:**

The parts in speech marks come directly from the report:

- *"There is no sense of longer term strategic planning."*
- *"The division is consistently described as in chaos and survival mode."*
- *"A perception that there is a real problem with recruitment/resourcing and a lack of joined up thinking on recruitment."*
- Frustration at a lack of succession planning. *"There is a sense that the organisation knows when people are going to retire yet it seems to come as a surprise when they leave and they are not replaced."*
- A lack of contingency planning. *"There is a sticking plaster approach that doesn't work".*

- *There is a widely held perception that within the current Welsh Government processes there is no real performance management taking place. This means that managers who may not wish to have difficult conversations can avoid them and therefore staff who are not performing 'get away' with it.*
- *"Problems are not resolved but are ignored and moved; due to the lack of job descriptions or moving goal posts."*
- *There were: "Multiple areas where streamlining processes, removal of duplication and capturing information and knowledge would be hugely beneficial".*

### **3.3.4 Performance Management issues**

There was a widely held perception that within the current Welsh Government processes, there is no real Performance Management taking place. This means that managers who may not wish to have difficult conversations can avoid them and, as such, staff who are not performing 'get away' with it.

One of the biggest frustrations with covering Welsh politics (and living in Wales) is that while the Welsh Gov have had to absorb major cuts, the things well within their ability to deliver, like effective governance and management, seem to be lacking.

The cuts to Welsh culture have been brutal. These are things that make us who we are. The fact that there was such a seeming lack of direction within the department is really concerning.

### **Welsh Government ministers not knowing what is really happening**

I found this quote particularly damning:

There is no sense of longer-term strategic planning. A widely held view is that Ministers' expectations are not being realistically managed and rather than supporting staff to push back a 'yes' approach is adopted with teams being given more, not less work.

The idea that minister's do not fully understand what is happening in the departments they run is also of deep concern. This reminded me of [Eluned Morgan telling me](#) that she had been "assured" that the Welsh NHS waiting

lists would come down 66% by the spring. How much of this is deliverable and how much is simply civil servants telling her what she wants to hear?

If Welsh Labour are not really across the limitations of the civil service, it explains why the Welsh Government so often talks a good game but falls down when it comes to delivery.

### **Staff morale**

I have read this report from cover to cover and the overwhelming emotion I felt was sympathy for the staff in this division. Yes, everyone moans about their job and I don't think you will find a person in any role who couldn't do with more resources, but the findings were bleak:

- *"There is a critical and unsustainable imbalance between demanding workloads, current resource levels and individual and team capacity."*
- *"The overwhelming view expressed was that both training and development are not priorities for the Welsh Government."*
- *"A long hours culture not helped by back-to-back meetings and excessive screen time."*
- *"An overwhelming sense of fragility across all teams."*
- *Staff "expressed feelings of burnout, stress, emotional shutdown and self-preservation".*
- *"At the time of the review morale was very low."*
- *"There is a real risk of Senior Management losing credibility, trust and respect across the division."*
- *"Staff are sceptical of any change occurring."*

When I went to the Welsh Government they said that "they do not comment on leaks".

It is important to bear in mind that the senior civil service leadership within the division has since changed (we have had three First Ministers since then). Things may have improved in the last 12 months but given that the report itself indicates that issues have been there for the last three years at least, you get a real sense that these issues are entrenched.

Welsh Labour can rail against Tory cuts and Brexit (and without doubt they have made a hard job much harder), but what Wales needs is leaders, not

buck passers. Energy, not lethargy. Ideas, not stagnation.

That's all for this week.

Thanks for reading and if you value this newsletter please share it and encourage other people to sign up. That is how I can afford to keep doing this.

Take care

Will

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Mr Peredur Owen Griffiths MS  
Chair, Finance Committee  
Senedd Cymru  
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1 Cwr y Ddinas / 1 Capital Quarter  
Caerdydd / Cardiff  
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Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

**Reference:** AMH/MJ/NG

**Date issued:** 10 February 2025

Dear Peredur

## Notification of audit deadline position

I write further to your letter of 17 July 2023 regarding the Committee's recommendation that I notify you when I am unable to complete the audit of specified bodies within the agreed timeframe.

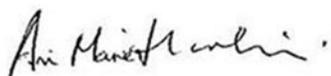
I now notify you of the following audit that has not met its deadline.

<b>Name of body</b>	Sector Development Wales Partnership Limited
<b>Audit year</b>	2023-24
<b>Initial deadline</b>	31 December 2024
<b>Commentary on delay</b>	The audit has been delayed owing to significant deficiencies in obtaining the required audit evidence to support material asset disclosures

<b>Name of body</b>	Sector Development Wales Partnership Limited
<b>Date of expected audit completion</b>	20 February 2025

I am copying this letter to Mark Isherwood MS, Chair of the Public Accounts and Public Administration Committee.

Yours sincerely



For and on behalf of  
Adrian Crompton  
Auditor General for Wales

# Agenda Item 4

By virtue of paragraph(s) vi of Standing Order 17.42

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# Agenda Item 6.1

By virtue of paragraph(s) vi of Standing Order 17.42

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