

**Dr Andrew Goodall**  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

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

12 February 2024

Dear Mr Isherwood

**Public Accounts and Public Administration Committee – Welsh Government  
Annual Report and Accounts 2021-22**

Further to the publication of the Public Accounts and Public Administration Committee's report on the Scrutiny of the Accounts for the Welsh Government 2021-22 on 20 October 2023, and my subsequent letter of 7 November 2023, please find attached the Welsh Government responses to the recommendations made in the report.

To facilitate consideration of the responses, three documents are provided accompanying this letter:

Annex 1 – Recommendation responses  
Annex 2 – Recommendation 7 response  
Annex 3 – Recommendation 9 response (Provided in-confidence as this relates to personal data)

Yours,  
*Andrew Goodall*

**Dr Andrew Goodall**  
Ysgrifennydd Parhaol/ Permanent Secretary  
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**Annex 1:**  
**Scrutiny of Accounts - Welsh Government 2021-22**  
**Responses to Recommendations**

**Recommendation 1**

The Welsh Government reviews the content of its accounts to ensure it is properly telling the story about its expenditure and what it has delivered. The Welsh Government should, in particular, consider the information it includes about its grant funding, which accounts for a significant proportion of its expenditure but this is not reflected in the balance of information in the accounts.

**Accept**

The Welsh Government works each year to ensure the accounts provide the reader with an appropriate overview of the wide range of activities for which expenditure is incurred and delivery activity undertaken as a Government. This can be a challenging balance, however it is always the intent to provide an accessible and complete picture. We will as part of our continuous process review the content of the accounts in terms of scope, structure and flow to ensure it properly tells the story.

The accounts for 2022-23 contain in Part 1 nine pages in respect of Administering Grants, including WEFO funding, which also provides information on hypothecated and un-hypothecated grant funding. We will review this section to see where improvements can be made to make it perhaps more succinct or user-friendly.

**Reject**

Whilst Welsh Government will review the content of the accounts to reflect and make amendments to ensure they properly 'tell the story', we wish to note that the detailed analysis of expenditure outturn at Budget Expenditure Level (BEL) annually will continue to be reported in the Outturn report, the accounts will not duplicate this information. The primary mechanism for reporting delivery of Programme for Government policy objectives and outcomes as agreed with the First Minister remains the Welsh Government Annual Report, the accounts will not duplicate this information.

## **Recommendation 2**

The Committee recommends that the Welsh Government considers how it can present its accounts in a more accessible manner. This could be achieved through summary documents or interactive tools for presenting the information more clearly, as opposed to including only the PDF copy of the full account, as it does currently.

### **Accept**

The Welsh Government works each year to improve the presentation of the accounts including the balance of narrative, tabular and infographic content and will continue to do so. These improvements have been recognised by HMT in their ‘ Best Practice Financial Reporting Review’ citing Welsh Government use of infographics over the last few years in its Best Practice examples.

We are currently exploring with Corporate Digital colleagues the processes and resources required to provide an HTML version of the accounts in the future.

## **Recommendation 3**

The Welsh Government should provide links to the publications and reports to which it refers in its accounts, as the Committee believes it is difficult to locate key documents on the Welsh Government’s website. The Welsh Government should also review its website to ensure it is easier for people to navigate and locate the information required.

### **Accept**

For the 2022-23 Accounts we have sought to ensure that links to the publications and reports referred to in the document are embedded in the document and will continue to do so in future accounts publications. Further we will update the web-pages hosting the accounts to include links to the following key reports for ease of reference:

- Welsh Government Budgets
- The Outturn report
- The Welsh Government Annual Report
- Wellbeing of Wales Report
- Future Trends Report

Work is underway to improve the website topic structure and search function. This should improve users ability to locate the information they need. Initial improvements should be in place by the second quarter of 2024. Further iterations will then follow.

#### **Recommendation 4**

The Committee reiterates its predecessor Committee's recommendation on the publication of the Outturn Report. While acknowledging practical barriers to publishing all financial reports concurrently, the Committee recommends that the Welsh Government aims to publish these documents either concurrently or as closely together as possible. Specifically, we recommend that the Welsh Government publishes its Outturn report as soon as possible following the laying of its accounts each year and in sufficient time to enable the Committee to consider its contents in its preparation for its accounts scrutiny sessions.

#### **Accept**

Publication of the Report on Outturn concurrently with the accounts would place an unnecessary burden on resources at a time when the (small) team are involved in preparations for the Second Supplementary budget as well as reporting to stakeholders in the current financial year. Waiting until the accounts are published reduces the burden on the team, particularly in terms of editing and translation.

The primary purpose of the report has always been for the Minister responsible for finance to update the Finance Committee. Publication within three weeks of the accounts is a recent commitment and it is proving a challenging one. Nevertheless, we will continue on that basis.

The Report on Outturn 2022-23 was published within the three-week commitment: [Report on outturn 2022 to 2023 | GOV.WALES](#)

#### **Recommendation 5**

To enable the reader to see the value of the range of different assets included in the category of assets and to facilitate scrutiny, the Welsh Government should include a breakdown of the 'Other Financial Assets' for its Core position in its accounts.

#### **Accept**

Additional breakdown of 'Other Financial Assets' will be incorporated into the Statement of Financial Position commentary in Part 1 for 2023-24.

## **Recommendation 6**

The Welsh Government should include information, in its accounts, about the impact of changes to the composition of its Group on its reported financial transactions and balances.

### **Accept**

In future when new bodies are brought within the Welsh Government Consolidated Accounts additional information will be provided about the impact on key balances such as income, overall expenditure and net asset impacts.

## **Recommendation 7**

The Welsh Government should provide to the Committee, at the time the Permanent Secretary approves and signs the 2022-23 Accounts if not before, an update about the recommendations it and its predecessor Committee made following accounts scrutiny which it has yet to action. This update should include an explanation of why the Welsh Government has not yet acted on the Committee recommendation, as well as the proposed timeframe for implementation.

### **Accept**

For clarity, the response to this recommendation is contained in Annex 2.

## **Recommendation 8**

The Committee reiterates its predecessor Committee's recommendation on FReM requirements. The Welsh Government should notify the Committee of the FReM requirements it aims to comply with when preparing its accounts. It should also notify the Committee of any changes in its decisions, or in light of new FReM requirements, when the accounts are published. This information should be provided at the earliest possible opportunity ahead of the 2023-24 Accounts.

### **Accept**

The Welsh Government has been unable to provide the detail of the FReM requirements it aims to comply with when preparing its accounts previously to the Committee due to the impact of Covid-19 and subsequent impact on the accounting timetables across the Welsh Public Sector. Resource has been prioritised to the accounts production process and the implementation of new accounting standards to the Welsh Public Sector.

The Welsh Government follows the FReM for the preparation of its accounts for most aspects of the FReM other than when requirements are specifically applicable to UK Government Departments only, or where there are exemptions for the Welsh Government from compliance - in recognition that Wales' as a Devolved Administration has a different policy context and stakeholders. Principally this relates to performance analysis and sustainability reporting requirements. The Welsh Government will provide this to the Committee in advance of the 2023-24 accounts, now the FReM for 2023-24 has been finalised in December 2023.

### **Recommendation 9**

The Committee requests that the Welsh Government provides information about who approved the Director of Propriety and Ethics' request for partial retirement and assurance that the issues identified by the Committee in relation to the former Permanent Secretary's working arrangements from 1 April 2018 do not apply in this instance. We request further information about this role and note that it is now being delivered on a part-time basis.

### **Accept**

A confidential response for this information is provided at Annex 3 as it relates to personal data.

### **Recommendation 10**

The Welsh Government should ensure it publishes the Pay Policy Statement for the year to March by the time the Permanent Secretary approves and signs the Accounts for the same financial year. This should start with the Pay Policy Statement for 2023 and the Accounts for 2022-23. This will ensure the Committee is able to scrutinise each year the Pay Policy Statement, alongside the accounts.

### **Accept**

It is always our intention to publish the Pay Policy Statement at the same time as or shortly after the annual Accounts, but always in time to enable the Committee to scrutinise both documents at the same time.

The 2023 Pay Policy Statement is now complete and has been agreed internally and is going through the translation and design process. It will be published on the Welsh Government website before the end of February 2024.

### **Recommendation 11**

The Committee recommends the Welsh Government provides information about how soon after each Board meeting it intends to make the agenda and papers publicly available within a timely manner.

#### **Accept**

Welsh Government aims to publish the approved and translated minutes and papers from Board meetings on the Welsh Government website as soon as possible and no later than 6 weeks after being approved by the Board (which takes place at the subsequent Board meeting).

### **Recommendation 12**

The Committee reiterates its predecessor Committee's recommendation on the publication of Audit and Risk Assurance records. We recommend the Welsh Government publishes, as a minimum, the agenda for its Audit and Risk Assurance Committee together with an appropriate summary of issues arising from those meetings. As such, the Welsh Government should ensure that this information is published retrospectively and promptly in the future.

#### **Accept**

The Welsh Government is aware of the recommendation accepted previously to publish ARAC Agendas and a summary of issues covered. The work of the ARAC Secretariat has been affected in recent years by the impact of Covid, changes in working practices and reorganisation within the Welsh Government which has led to publication not being prioritised. The Head of the ARAC Secretariat will take steps to action the recommendation.

### **Recommendation 13**

The Welsh Government should provide an explanation why it did not appoint a Non-Executive Director until March 2022 following the resignation of Jeff Farrar in August 2021.

#### **Accept**

Jeff Farrar stepped down unexpectedly from his role as Non-Executive Director to the Welsh Government Board in August 2021.

The remaining three Non-Executive Directors continued to be active in providing advice, challenge and assurance to the Board and the Permanent Secretary.

The campaign to recruit a new Non-Executive Director following Jeff Farrar's resignation was designed to allow Dame Shan Morgan's successor as Permanent Secretary to be involved in the process from the outset; Dr Andrew Goodall took up the post in November 2021.

## **Recommendation 14**

The Welsh Government should share with the Committee the conclusions of its review of its conflicts of interest policy as soon as it is available, with a full explanation of any planned revisions and the extent to which they address the review and conclusions of its Internal Audit Services.

### **Accept**

The Welsh Government has recently agreed the final draft of the revised Conflict of Interest (now called Declaration of Interest) policy with the trade unions, staff networks and other interested stakeholders. The revised policy meets all recommendations of the Internal Audit Services review. The policy, once translated will be launched early in the new year with a new electronic system developed in-house to record and monitor declarations for all staff, including nil returns.

The conclusions of the review have led to revisions to policy encompassing:

- **Relevant interests of close family/friend/associates** – policy confirms that to support only necessary data holding only the nature of the relationship between the third party and our employee will be recorded (e.g. spouse, sibling, business partner).
- **Outside occupations / employment** – we have provided more information on what falls into this category including what constitutes 'employment' and 'otherwise remunerated' both based on TU feedback and additional guidance from UK Government Cabinet Office. The policy is also now clear that 'passive income' e.g. receiving rental payments would not usually need to be declared under this category.
- **Declaration process** – the plan is to launch our electronic system, named Datgan at the same time as the revised policy.
- **Record keeping/privacy** – a separate Privacy Notice is in development which will cover outside interest declarations as well as other 'Conduct' matters. This information will be available on the intranet and a link will be included in the policy when published.

- **Publication requirement for SCS ‘paid or otherwise remunerated outside employment’** – with the publication of revised Cabinet Office guidance, we are assured this is a mandatory requirement for the WG. It should be noted (based on a previous FoI request) that we anticipate very few SCS staff within the WG will be in scope of this requirement.
- **Additional examples of conflict scenarios/mitigation (non-financial if possible)** – two further examples have been added to Annex B (including one on nil returns) and title of this Annex has been changed to reflect this
- **Clarity that the policy applies to all staff regardless of grade**
- **Clarity on how this policy relates to the WG policy on volunteering**
- **Advance notice of external publication requirements** - this is now highlighted in the policy summary and the Datgan system will also remind staff of the interest categories that will be published to Gov.Wales

## **Recommendation 15**

We recommend that the Welsh Government includes in its accounts additional information where the Head of Internal Audit provides limited or no assurance, as well as where Internal Audit Services identified fundamental weaknesses. This additional information should include a commentary about the management’s response to findings and how the Welsh Government plans to address the issues identified.

## **Reject**

The Head of Internal Audit (HIA) has reviewed other Devolved Administrations’ and also a sample of UK Government Departments’ accounts, to benchmark the position across UK central government. There is a mixed picture with most leaning towards not disclosing any more detail than the Welsh Government already discloses. Indeed, the Welsh Government already discloses comparably more information about internal audit outcomes.

The level of disclosure has been reviewed and developed since 2017-18. Prior to this, the Governance Statement contained only the Head of Internal Audit’s one-word assurance opinion (level). The Governance Statement now includes the HIAs annual opinion and a table showing the number of assignments analysed by level of assurance given for each (from “substantial” assurance to “no assurance”). A brief commentary is also provided on the common themes or key elements of “limited” and “no assurance” assignments. In addition, controls issues have been included in Governance Statements on occasion, prompted by Internal Audit Service work, even if specific references to internal audit findings have not been included in the commentaries on those issues.

However, internal audit is not intended, or designed, to be an outward-facing reported activity but one which informs, advises, assures and reports internally to the Accounting Officer. This is why global professional and UK Public Sector Internal Audit Standards include in their Ethical Code the requirement for internal auditors to “respect the value and ownership of information they receive and... not disclose information without appropriate authority unless there is a legal or professional obligation to do so”. In the view of the HIA, there is no legal or professional obligation to disclose information in the Governance Statement over and above what the FReM, Managing Welsh Public Money and Public Sector Internal Audit Standards require.

The reason for this limited disclosure is the risk to the effectiveness of internal audit work if additional information is published about audit outcomes. The HIA is dependent on the cooperation and transparency of officials to provide an effective audit and needs a safe space within which to have open and honest conversations with Officials. The HIA is concerned this ‘safe space’ may be lost if internal audit outcomes are reported upon in detail in the Governance Statement. Internal auditors do not have the powers or protections external auditors like AW have to conduct their work effectively but rely on the trust and confidence between themselves and the officials within their organisation. The HIA is uneasy about the potential unintended harm to this relationship which more detailed commentary might cause.

It may also be the case, on occasion, that reported findings might put the WG at risk where they relate to weaknesses in IT or cyber controls or weaknesses in processes intended to prevent fraud and where the WG would not want those weaknesses to be exploited.

Therefore, the wider value of including more detailed commentary would need to be very carefully measured against the potential negative impact on the effectiveness of the Internal Audit Service as a consequence. The better outcome is sufficient openness and transparency in the Governance Statement about critical controls issues or risks which have not been managed effectively as part of the risk mitigation commentary, rather than increased information about internal audit activity. It might, perhaps, provide greater assurance to a reader that such control issues have been disclosed if this were to be confirmed by the Head of Internal Audit for inclusion in the commentary on their annual assurance opinion.

## **Recommendation 16**

The Committee reiterates its predecessor Committee's recommendation on risk reporting. We recommend that the Welsh Government includes a summary of the principal risks and any changes to them during the period covered by the accounts. This should set out information about the potential impact of the risks and how these are being mitigated. Consistent with our predecessor Committee's recommendation, we are not calling for the inclusion of the Welsh Government's entire risk register in its accounts.

### **Accept**

The reporting of corporate risks has been expanded in the 2022-23 Accounts including a new risk infographic giving a summary of the principal risks and changes to them during the reporting period of the accounts. The mitigations that have been put in place to manage significant risks are also included in Part 2, the Annual Governance Statement. Any further feedback the Committee may have on the reporting of Corporate Risks would be considered for the 2023-24 accounts.

## **Recommendation 17**

The Welsh Government should review the information it includes in the accounts about its Performance Framework, since without any targets for, and commentary about, specific measures, it is not possible to understand how the Welsh Government is performing.

### **Accept**

The Welsh Government Performance Framework is currently under review in order to ensure that we are making best use of the data we have to support and improve Welsh Government's organisational performance, across the diverse range of activities carried out by the organisation. As part of this review, we are considering a range of different factors, including maximising opportunities for performance information to inform relevant action; optimising the frequency of performance reporting to ExCo and the Board; consideration of the indicators that are scrutinised and improving efficiency and effectiveness of reporting outputs.

We are also considering the best way to approach publishing our data externally, to ensure that the range and complexity of the performance information that is contained in our reports can be clearly conveyed in an accessible and easy to understand format.

We are currently measuring our organisational performance against a number of targets and will consider where further use of targets may be beneficial. Examples of previously published indicators which have associated targets are:

- FOI – the ICO has set a target for 90% of requests to be completed within the statutory deadline.
- Internal Finance – We have a target for 80% of correctly presented invoices to be paid within 5 days.
- Equality and Inclusion – There is a target within Anti-Racist Wales Action Plan for 6% of our staff to be from an ethnic minority.

### **Recommendation 18**

The Welsh Government should review the way it reports losses to the Senedd and provide an explanation of what it considers a “serious” loss, as per paragraph A4.9.6 of Managing Welsh Public Money.

#### **Accept**

We will review the way in which all losses have been reported over the last 5 years to the Senedd, consider good practice elsewhere and report back to this Committee by 30 June 2024 on our findings, including if we consider there is a need to update our current guidance on how we report losses or define a serious loss.

### **Recommendation 19**

We recommend the Welsh Government provides an update to the Committee following the completion of its impairment review to ascertain the retained value of data and other preparatory work for the Road Schemes.

#### **Accept**

As a result of the Roads Review the decision was taken not to proceed with the A55 3rd Menai Crossing, Flintshire Corridor Improvements and A483 Junction 3-6 Improvement schemes in their current form.

The total historic expenditure relating to the A55 3rd Menai Crossing, Flintshire Corridor Improvements and A483 Junction 3-6 Improvement projects is £5.9m, of which £5.7m was assessed as obsolete and therefore written off during 2022-23 Financial Year.

To assess any retained value, cost associated with physical outputs from activities e.g. outline design, survey data and traffic modelling outputs, are still of potential future value.

Even though these costs will no longer be held on the balance sheet as assets that does not mean that studies and data sets will be disregarded. The data created through the expenditure will remain in Welsh Government and referred to as necessary in future studies including the alternative schemes identified in the National Transport Delivery Plan to maximise value to the public purse.

### **Recommendation 20**

The Welsh Government should provide information to the Committee about the timetable for updating Managing Welsh Public Money, along with an indication of when it is expected to be published.

#### **Accept**

Welsh Government is aware of the importance of Managing Welsh Public Money and the need for it to be updated. However, it is a lengthy and complex document where much of the underlying guidance has changed significantly over the last few years. We are currently considering the resourcing implications and will provide the Committee with a further update before the summer recess.

### **Recommendation 21**

The Committee requests further information about the ex-gratia payments made to Hardshell UK Limited and Surviva Limited, in addition to that provided by the Permanent Secretary in his letter of 6 April 2023. This should set out information about the governance arrangement around these payments, including the process adopted for considering the cases made and who approved the payments. The Welsh Government should also provide information about any other assurance work undertaken and the lesson it learned from this process.

#### **Accept**

Governance Arrangements:

Consideration of special payments such as the ones made to Hardshell and Surviva is subject to scrutiny by senior management and the corporate governance team in the Division concerned and, as these types of payment are unusual, clearance by the Corporate Governance Centre of Excellence before approval at Director, Director General and Ministerial Level.

The rules on the subject of losses, write offs and special payments are contained in Managing Welsh Public Money and detailed guidance to staff provided through a Policy Document and Scheme of Delegation available on the Intranet. It should be noted that this document specifies the need that, before agreeing to a special payment, the responsible accounting officer should feel able to justify the proposed payment to the Senedd if challenged.

#### Process Adopted:

The companies in question contacted Welsh Government and advised they were experiencing hardship as a consequence of responding to the call to action for Personal Protection Equipment (PPE), but not securing any business as a result. Due diligence work verified firstly that the financial predicament of both businesses had worsened over the course of the pandemic and secondly that there was a reasonable assumption that this was connected to their investment in developing PPE supply capability.

Officials undertook a joint assessment of the current position as well as future business plans from both companies, prior to seeking appropriate Director General approval to request Ministerial agreement to make special payments.

In relation to calculation of the value of the special payments - Hardshell advised officials that the business would fail unless it was able to access financial support up to £447,000. To avoid receivership, Surviva Wear advised that it needed £330,000 to pay down its loans, arrears and unpaid business rates and replace the R&D required to return the business back to a supplier of survival products. The maximum amount of financial support which could be considered for either company was £330,000, in accordance with de-minimis state aid/subsidy control. The Minister therefore approved payments of up to £330,000 per company. Surviva received the full £330,000. The payment to Hardshell was reduced to £325,000 in order to comply with de minimis due to previous SMART Innovation M&D consultancy support received.

Prior to seeking Ministerial approval for making the payments to both businesses, a detailed review of the process by which the companies engaged in the exercise to develop local capability to produce and supply critical items of PPE was undertaken.

The proposal to seek Ministerial Approval for the payments was approved by the Director General of the then ESNR (Economy Skills and Natural Resources) on 17<sup>th</sup> March 2022. The final approval regarding the payments was made by the Minister for Economy on 21<sup>st</sup> March 2022.

## Lesson Learned from the Process:

The circumstances which had given rise to these payments and the process by which the decision to approve them was taken were subject to an Internal Audit Review for which the report was issued in February 2023. The report contained three main observations, two of which were given “Significant” status. However, Internal Audit was able to confirm there was sufficient evidence and an audit trail supporting the decision-making process for the special payments themselves. The management action plan agreed with Internal Audit following the Review contains four clear actions, of which two are in progress and two have been implemented.

## **Recommendation 22**

The Welsh Government should provide details of the number of companies to whom it made ex-gratia payments for COVID-19 Personal Protective Equipment from budgets other than that for the Economy Main Expenditure Group, as well as the aggregate value of them. This should be provided by financial year.

## **Accept**

Welsh Government Losses and Special Payments Registers have been interrogated for all special payments and all items noted as COVID-19 related for the following financial periods:

2019-20  
2020-21  
2021-22  
2022-23  
2023-24

No ex-gratia payments for COVID-19 Personal Protective Equipment were made to companies from any budgets other than from the Economy MEG.

## **Recommendation 23**

We recommend that work to implement a new Welsh Government workforce plan should continue apace, with a focus on the areas suggested by the Auditor General for Wales. The Welsh Government’s progress in this area should be shared with the Committee on a six-monthly basis until the plan is finalised. The finalised workforce plan should be shared with the Committee once it is concluded.

## **Accept**

The workforce action plan for year one was developed and published in January 2023 with key 'chapters' of the strategy now in place including a new Values and Behaviours Framework, Health, Safety and Well-being Strategy, Capability and Skills Plan and Promotion and Progression approach. Priorities for 2024 are currently being discussed as part of the over-arching WG2025 priorities. Our year one action plan will be shared with the Committee.

## **Reject**

Welsh Government does not see the need to provide 6 monthly progress updates and as this relates to the operational running of the organisation.

## **Recommendation 24**

The Committee requests that six-monthly updates are provided on the implementation of the Delegation and Accountability Framework, given our concerns about the slow pace of implementation. We would also welcome confirmation that the Welsh Government intends to undertake a formal review of its impact, at the end of 2023-24. If so, a copy of this review should be shared with the Committee.

## **Accept**

Through the introduction of the Workforce Delegation and Accountability Framework Director Generals received delegated authority and responsibility for resourcing decisions from the Permanent Secretary. The implementation and operationalisation of the framework remains ongoing using the flexibilities available to reflect the changing budget context and support workforce planning and resourcing.

A commitment was made to a review of the framework and a review is currently scheduled to take place formally by April 25.

In the meantime, the Welsh Government's Priority Resourcing Panel will continue to monitor the arrangements until the formal review is due. An overview of the findings of the review when it is undertaken will be shared with the Committee.

## **Reject**

As this framework is an operational matter for the organisation, the Permanent Secretary does not feel it is appropriate to update the Committee on a six-monthly basis.

## **Recommendation 25**

The Welsh Government should update the Committee on the implementation of the new HR management information system. If there are any further delays in implementation, the Committee should be informed about this and provided with reasons for the delay.

## **Accept**

Pobl, the Welsh Government's new HR information system, was launched in July 2023. Work to fully embed the system, further develop reporting capability and enable longer term business improvements continues.

**Annex 2:**  
**Scrutiny of Accounts - Welsh Government 2021-22**  
**Response to Recommendation 7**

**Recommendation 7**

The Welsh Government should provide to the Committee, at the time the Permanent Secretary approves and signs the 2022-23 Accounts if not before, an update about the recommendations it and its predecessor Committee made following accounts scrutiny which it has yet to action. This update should include an explanation of why the Welsh Government has not yet acted on the Committee recommendation, as well as the proposed timeframe for implementation.

**Accept**

I wrote to the Committee on 7 November 2023 to explain why the responses to this reports' recommendations would not be available at the time of signing the 2022-23 Accounts.

Welsh Government accounts scrutiny recommendations made by the Committee and its predecessor Committee from the 2017-18 report to the 2020-21 report have been considered, including the recommendations for the Welsh Government included in the 5<sup>th</sup> Senedd Legacy report. In total 59 recommendations relating to Welsh Government have been assessed.

Of these 59 recommendations, 9 are outstanding or partially outstanding:

**2017-18**

Recommendation 14, inclusion of detailed (within MEG) financial information and programme delivery against outcomes linked to performance.

- Further to this recommendation, subsequent recommendations and discussions throughout scrutiny have taken place between Welsh Government and the Committee on the level of detail for inclusion regarding expenditure, delivery and outcomes. This is addressed at Recommendation 1 in the 2021-22 Report and response in Annex 1.

**Recommendation 20, Whole of Government of Wales Account**

- Welsh Government has continued liaison with the Scottish Government on its progress towards a Whole of Scottish Government Account and has noted the challenges encountered to date whereby such an account, agreed with auditors, has not yet been able to be published. Based on this work Welsh Government has yet to identify persuasive evidence of the benefits of the production of a Whole of Government of Wales Account. Therefore, the Welsh Government believes that at this point in time the priority should be to

work with Audit Wales on returning cross-Welsh public sector accounts to an earlier timeline, after the impact of Covid-19 delays, and on the Alignment process between Budgets and the Consolidated Accounts.

### **2018-19**

Recommendation 2, Welsh Government to work with sponsored bodies to review Board and Audit Committee meeting information to develop a consistent minimum.

- This was raised with the Public Leaders Forum who agreed to establish a Group to take this work forward, however subsequently Covid-19 events overtook the work of the Public Leaders Forum and the Group did not progress.
- This will be raised at the next Public Leaders Forum to discuss how it should be taken forwards.

Recommendation 3, Whole of Government of Wales Account

- See response for 2017-18 Recommendation 20 above.

### **2019-20**

Recommendation 2, Compliance with the Financial Reporting Manual

- This is addressed at Recommendation 8 in the 2021-22 Report and response in Annex 1.

Recommendation 11, Publication of ARAC Agendas

- This is addressed at Recommendation 12 in the 2021-22 Report and response in Annex 1.

### **2020-21**

Recommendation 8, Action to improve record keeping processes – partially complete:

- The Quick Guide to Information and Records Management was updated and launched to all staff.
- Updates have been made to connected guidance and intranet pages to reflect the changes to the Guide.
- Record keeping training is also integrated into iShare (Corporate Records Management System) training.
- Our 2024 Year of Knowledge and Information Management (KIM) campaign has been launched which is a year-long campaign to improve knowledge and help manage, share and retrieve information.
- A bespoke training course on record keeping for Welsh Government has not yet been implemented, training resources particularly to develop bespoke courses are assessed and prioritised as part of wider Welsh Government training requirements, and as noted above the Year of Knowledge Management will provide articles, guidance and events to raise understanding of the importance of good information management and apply best practice.

Recommendation 10, Cabinet Office work on relationship between Cabinet Office and Permanent Secretaries of Welsh and Scottish Government

- This is awaiting further engagement by the Cabinet Office, as and when such engagement takes place the Committee will be provided with updates.

Recommendation 15, Six-monthly updates on the progress being made on Covid-19 Business Grants Post Completion Monitoring to be provided to the Committee.

- Completed for April 2023, October 2023 update has been delayed and an update as at November 2023 will shortly be provided to the Committee.

**Annex 3:**  
**Scrutiny of Accounts - Welsh Government 2021-22**  
**Response to Recommendation 9 – in confidence**

The Committee requests that the Welsh Government provides information about who approved the Director of Propriety and Ethics' request for partial retirement and assurance that the issues identified by the Committee in relation to the former Permanent Secretary's working arrangements from 1 April 2018 do not apply in this instance. We request further information about this role and note that it is now being delivered on a part-time basis.

**Accept**

Approval for partial retirement

- David Richards took partial retirement on 1 September 2021. David had discussed his plans with the WG HR Director (then Peter Kennedy who has since retired). He then emailed the HR Director, copying in his line manager (Shan Morgan, then the Permanent Secretary) to explain that his partial retirement was being processed by our pension provider, MyCSP.
- David made an application to MyCSP for partial retirement via Welsh Government's Corporate Shared Service Centre and also submitted a change of working hours form to the Corporate Shared Service Centre as is standard for any member of staff requesting partial retirement.
- David's request to take partial retirement met the process in place at the time, but we have since strengthened the policy and process to support partial retirement requests from members of the Senior Civil Service. The new process includes a formal request, a documented conversation with the line manager, advice from HR, a business case to and consideration by the People and Remuneration Committee and a formal notification to the employee.

Working hours

- Since his partial retirement, David has frequently worked above his contracted 18.5 hours per week due to the COVID response and continued pressures of work. David has kept a record of the hours he has worked in partial retirement and asked the then HR Director (at the time of his retirement authorisation) whether any additional hours worked could be 'banked' for use as time off in lieu at a later date, potentially at the time of his final retirement. This was agreed and the HR Director clarified that David could not be paid for additional hours worked at a later date. No request was made for David to be paid for the additional time worked, the HR Director clarified this at the time to ensure there was no ambiguity on this point.

- David is reducing the level of these hours accruing and using the time off in lieu periodically at present, it is not intended that all will be retained to be taken prior to his final retirement.

#### Annual leave

- David was unable to use all his annual leave in his 2022-23 leave year. He made a request to bank some unused annual leave to take an extended holiday in the future. This is permitted within the WG's annual leave policy. Advice was given to David by the Pay and Reward team that this is appropriate for partially retired staff and that the maximum 5 days that can be banked specified in the policy must be pro-rated to reflect the employee's part time hours. No annual leave hours are being accumulated outside the standard annual leave policy that is applicable to all Welsh Government staff, including the SCS.

#### Annualised hours

- David expressed an interest in moving formally to an annualised hours contract which would allow him to work more hours at busy periods and fewer hours during quieter periods. This request was considered as part of a wider discussion around annualised hours contracts for SCS colleagues by our People and Remuneration Committee. Whilst there is support for annualised hours becoming part of the 'toolbox' of flexible working options for SCS in line with options available for colleagues below SCS if business needs are met, it was decided not to introduce this option at this time and neither David, or any other member of the SCS, have moved to annualised hours contracts.
- Although David is a part-time member of staff, his role is not one which can be undertaken on the basis of set times each week as it is responsive to business need, is dependent on the current challenges and where his attendance at meetings is needed. While not on a formal annualised hours contract, where there is an accumulation of hours in one period, this is offset by working fewer hours in the next and the position is regularly reviewed.

#### Further information about the role

- The workload of the Director of Propriety and Ethics was reshaped to reflect his part time status by responsibility for line management and oversight of the Audit, Assurance and Counter Fraud Division being transferred to the Finance Director; chair of the Legislative Programme Board being assumed by the Permanent Secretary; and oversight of preparations for the Covid Public Inquiry being transferred to a new Director post created for this purpose.