

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 June 2024

Dear Mr Isherwood

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

When I provided the Welsh Government's response to the recommendations made in the Public Accounts and Public Administration Committee's report on the Scrutiny of the Accounts for the Welsh Government 2021-22, I agreed to provide an update on Recommendation 18 by 30 June 2024.

The original recommendation and our corresponding response is below.

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.



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To address this recommendation, we have looked at the way in which losses have been reported over the last five years and compared the way the Welsh Government reports serious losses with the reporting undertaken by the other devolved Governments and the UK Government.

We have identified that our reporting practices and how we define a serious loss is consistent with the other administrations. In accordance with Managing Welsh Public Money where a loss is considered “serious” it is reported to the Senedd by a Written Statement.

The definition of a serious loss is dependent on the circumstances relevant to it; therefore it is not appropriate to put a value or threshold on a serious loss. Whilst large value losses are serious we would not want to have a threshold below which smaller value losses could not be considered serious and therefore brought to the Senedd’s attention. The reason for the loss also needs to be taken into consideration when determining whether it is considered serious or not. For example, a loss due to external fraud may well be considered serious, whereas the same amount lost in the ordinary course of business due to exchange rate movements may not. Ultimately, the judgment is one for the Additional Accounting Officer or Principal Accounting Officer to make.

We will ensure that guidance is issued clarifying this and it is reflected in the update to MWPM.

Yours,
Andrew Goodall

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