



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Cyfrifon Cyhoeddus** **The Public Accounts Committee**

**Dydd Mawrth, 15 Gorffennaf 2014**  
**Tuesday, 15 July 2014**

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

**Eraill yn bresennol**  
**Others in attendance**

Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Matthew Mortlock	Swyddfa Archwilio Cymru Wales Audit Office
Mike Usher	Swyddfa Archwilio Cymru Wales Audit Office

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Claire Griffiths	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Michael Kay	Clerc Clerk

*Dechreuodd rhan gyhoeddus y cyfarfod am 09:12.*  
*The public part of the meeting began at 09:12.*

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon**  
**Introductions, Apologies and Substitutions**

[1] **Darren Millar:** We are now in public session and we move on to item 2 on our

agenda. We have not received any apologies this morning. There are just a few formal announcements. Obviously, the meeting is a bilingual meeting, because the Assembly is a bilingual institution. There are headsets available for people to use. I would encourage people to switch off their mobile phones and other electronic equipment, or to switch them to flight mode. We have microphones that we do not need to worry about operating. In the event of a fire alarm, we should follow the instructions of the ushers.

09:13

### **Papurau i'w Nodi Papers to Note**

[2] **Darren Millar:** Moving straight on to item 3, we have papers to note. We have a number of papers today. We have the minutes of our meeting held on 8 July. I take it that those are noted. We have a response on higher education finances. This is a response to the Finance Committee's report. The Welsh Government, of course, has accepted the majority of the committee's recommendations, and there was a debate held in Plenary on 2 July. The Finance Committee, as I understand it—and perhaps Mike, Alun Ffred and Julie can help me out here—said that it wants to have a watching brief on finances. Given that there is further work being done by Professor Sir Ian Diamond, who is doing a review of HE funding and student finance arrangements that is not going to be completed until September 2016, I just wonder whether it is probably better for us to allow the Finance Committee to keep that watching brief rather than the Public Accounts Committee picking it up.

[3] **Sandy Mewies:** I think so.

[4] **Darren Millar:** Are Members content with that? Yes. That is great. Is there any advice from you, auditor general?

[5] **Mr Thomas:** There are a couple of bits that we identified in our report that were not the subject of the Finance Committee's work. I think that I would suggest that the PAC draws those to the Finance Committee's attention and suggests that it includes them in its further work.

[6] **Darren Millar:** That seems sensible. Aled is first, and then I will bring Matthew in.

[7] **Aled Roberts:** There are also the recommendations that were the responsibility of the Higher Education Funding Council for Wales. I do not know what the process is. The papers state that no response has been received. I am just wondering whether we can keep tabs on that, really.

09:15

[8] **Darren Millar:** Apparently, the Finance Committee is following that, so I am told. I now turn to Matthew.

[9] **Mr Mortlock:** I think that Aled's point also relates to two recommendations from the auditor general's report—

[10] **Aled Roberts:** Yes, recommendations 7 and 8.

[11] **Mr Mortlock:** —which are really for the Public Accounts Committee to follow up. Just to pick up on Huw's point, I think that we flagged in Huw's letter that—

[12] **Sandy Mewies:** Can you speak up?

[13] **Mr Mortlock:** Sorry; I apologise. We flagged in Huw's letter that there are a couple of areas relating to the loan book, for example, that, if you are taking evidence from the Welsh Government, based on its consolidated accounts later in the year, you can pick those issues up yourself as part of that scrutiny as well, without doing something specific on HE finances.

[14] **Darren Millar:** Okay. That is an important point, actually, is it not—the size of the loan book and the risk that that might pose in the future? If Members are content, we will write to the Finance Committee about those outstanding issues that the auditor general has referred to, and we will make sure that we pick up, in the session that we undertake with the Welsh Government on the consolidated accounts, the particular issue about the loan books, which Matthew has referred to. I now turn to Mike.

[15] **Mike Hedges:** I have heard what you said, but—correct me if I am wrong—it is my understanding on the loan book and the debt there that it is underwritten by the Treasury. If it all went pear-shaped it would not have any effect on the usable money of the Welsh Government.

[16] **Mr Mortlock:** Certainly, the issuing of loans is underwritten by Treasury money, but there is obviously the loan policy write-off charges that are charged against the Welsh account. There are also issues that we have flagged in our report around a one-off stock-challenge arrangement because of changes in the way that the loan book valuation is carried out that may well fall to the Welsh Government. These are issues that we expect to feature and which will be picked up in some way in the accounts. I think that the point is that the implications of that can be explored specifically in the context of looking at the wider consolidated account. However, there are implications for the Welsh Government's budget arrangement itself.

[17] **Mike Hedges:** Do you think that we could have a short note on that? What has just been said there contradicts the information that I have previously been given.

[18] **Darren Millar:** I am sure that we could ask for a note. We can raise this in more general terms when we look at the consolidated accounts as well. However, let us ask for a specific note.

[19] **Mr Thomas:** We will need to make sure that you are briefed when you come to look at the consolidated accounts. The two should go hand in hand.

[20] **Darren Millar:** Yes. Is that okay, Mike?

[21] **Mike Hedges:** It seems to go hand in hand, but as there appears to be information that is absolutely contrary to the information that I previously received, I would like to get that information as soon as possible.

[22] **Darren Millar:** Perhaps we can follow up that specific individual issue, if Members are content. Okay. We will allow the Finance Committee to have a watching brief; we will follow up the issues that we can with the consolidated accounts on the loan book, in addition to receiving a formal note on that and who underwrites the loan book; and we will raise the specific issues—the other issues in the report—that the Finance Committee can follow up with the Finance Committee to alert it to them. That is excellent.

[23] The next item of correspondence is on the Welsh Government's location strategy. We have had the response from the Permanent Secretary, setting out the Welsh Government's response to the five recommendations in the auditor general's report. Four of the five

recommendations have been accepted. There is one that has been accepted in principle, which is around the use of the Y Bont areas, which are in the two regional offices in north Wales and in west Wales, but not in the office in Merthyr Tydfil. There is a recommendation that the Welsh Government evaluates the effectiveness of the Y Bont arrangements and extends them, or considers extending them, to Merthyr Tydfil.

[24] **Alun Ffred Jones:** They have been scrapped.

[25] **Darren Millar:** I beg your pardon.

[26] **Aled Roberts:** They have got rid of them, have they not?

[27] **Darren Millar:** Well, they have not completely got rid of them. The response actually states that they no longer have dedicated staff, but that they are still open and available for the public to come in to, according to the Welsh Government's response. So, the question is whether we want to follow anything up in terms of that recommendation. Do we want to revisit it in the autumn term? There is a suggestion that the effectiveness be looked at in terms of the engagement in those offices, and for that to be looked at later this year. Do we want to perhaps pick it back up and ask for an update in the new year?

[28] **Mr Thomas:** I think that, formally, we should write to ask for its response once it has completed the evaluation.

[29] **Darren Millar:** Yes. Shall we do that? Are Members content? It is going to be at least the end of the year, is it not? Therefore, we will do that. We will write. I see that everything is okay. That is excellent.

[30] The next paper to note is a letter on meeting the financial challenges facing local government in Wales from the Welsh Local Government Association, correcting some of the information that was provided in the oral session. Are Members content to note the correspondence? I see that you are.

[31] The final letter is a Wales Audit Office update on the auditor general's value-for-money work programme. This is a letter from Gillian Body, and, of course, there are a number of new value-for-money studies that the auditor general has put into his work programme as a result of the engagement that he undertook with this committee, other Assembly scrutiny committees and other stakeholders. So, in time, we will be receiving reports on those additional value-for-money studies. Did you want to comment on them briefly?

[32] **Mr Thomas:** The only comment that I want to make is that, later on, we are going to be looking at your forward work programme for the autumn. The last page of this letter from Gillian, setting out the work in progress, you ought to perhaps consider at that stage.

[33] **Darren Millar:** Okay. Thank you, Huw. Are Members content to note that? I see that you are. Excellent.

09:20

**Trefniadau Cyflenwi ar gyfer Absenoldeb Athrawon: Trafod yr Ymateb gan  
Lywodraeth Cymru  
Covering Teachers' Absence: Consideration of Response from the Welsh  
Government**

[34] **Darren Millar:** We have a detailed response from the Minister's office in relation to the recommendations that we made on managing teachers' absence. To be fair, the Welsh Government has, I think, responded very well to the recommendations that we made, accepting almost all of them. A number of the recommendations have been accepted only in principle, because the Welsh Government is effectively saying that it is up to local education authorities to deal with some of them. However, it has rejected one of our recommendations, recommendation 3, and perhaps we can hear the auditor general's advice in respect of that. We have had a letter from the auditor general as well, just to jog everybody's memory in relation to these recommendations, which suggests that the rejection of recommendation 3 is reasonable given what the response says. However, there are issues in relation to recommendations 1 and 13 that we may want to seek some additional information on. Auditor general, did you want to add anything?

[35] **Mr Thomas:** I do not think I need add very much to the letter. In terms of the rejection by the Welsh Government of recommendation 3, as I said in the letter, its argument is a reasonable one, particularly because it says that the forward guidance will include a specific requirement on headteachers to report to governors on those issues that gave rise to the committee's recommendation.

[36] **Darren Millar:** That was the recommendation, if people remember, about nominating a governor to take on specific responsibility and perhaps changing the regulations. Mike, do you want to add anything?

[37] **Mike Hedges:** I sit on two governing bodies, and we have governors for all sorts of things, including information technology, special educational needs and about another nine things. It may not be possible for the Government to do it by legislation, but it could send out one of the infamous notes that it sends out to local authorities and schools recommending that. Can we perhaps push the Government on that, and ask it whether it could send out a recommendation to schools that they do that? Once these recommendations are taken by schools—and I have seen this with the schools that I have been involved with—they have the power of law, so, consequently, most, if not all, schools would follow. So, could we ask the Government to recommend it to schools? We cannot tell the Government that it has to do it, but we can recommend that it does.

[38] **Darren Millar:** That is a fair point.

[39] **Julie Morgan:** I have a similar point, really. It seems quite reasonable that the regulations cannot require it, so we have to accept that, but it would be very good to delegate things to people. So, if there is some way of encouraging them to do it—. I have been on lots of governing bodies over many years, and sometimes you have someone and sometimes you do not; it depends on the individual governing body. So, it would be good to try to give a bit of direction on it, even though I understand why the Government has rejected the recommendation.

[40] **Darren Millar:** Okay. Aled.

[41] **Aled Roberts:** Mae gweithgor wedi bod yn cyfarfod ers rhai blynyddoedd bellach i ddelio â newid o ran rheolaeth mewn **Aled Roberts:** A working group has been meeting for some years now to deal with changing management in schools, including

ysgolion, gan gynnwys llywodraethwyr. A oes rhywun yn gwybod beth sy'n digwydd gyda hwnnw? Mae wedi bod yn cyfarfod ers rhyw ddwy flynedd.

governors. Does anyone know what is happening with that? It has been meeting for about two years.

[42] **Mr Thomas:** Nid wyf yn gwybod. **Mr Thomas:** I do not know.

[43] We can inquire to find that out.

[44] **Darren Millar:** Are you happy with that, Aled? I see that you are. Is there anything else? No-one has mentioned recommendations 1 and 13. This is where the Welsh Government essentially does not want to take on responsibility for capturing and disseminating information.

[45] **Sandy Mewies:** On recommendation 13—[*Inaudible.*]. I think that it is a good idea to say, 'Okay, but how are we going to do it?' I think that that comes out in a couple of the recommendations, does it not?

[46] **Mr Thomas:** It does. It is particularly on recommendations 1 and 13 that I am suggesting that you ask that question.

[47] **Sandy Mewies:** I think that that is fair.

[48] **Jenny Rathbone:** There is a philosophical approach to this, which is that local authorities have duties to both monitor teachers' absence and assess value for money regarding supply. What the Welsh Government is doing is saying not that it will not observe what they are up to, but that, at the end of the day, it has to be their responsibility, because it is something that can only be done closer to the coalface.

[49] **Darren Millar:** Are there any other comments? No. So, we will follow up those specific issues and, in addition, the pursuit of our recommendation that there ought to be a nominated governor in the guidance to governing bodies in relation to the human resources side of things.

[50] **Sandy Mewies:** That will just be where it is possible to do that, will it not? Julie made the point that you cannot always have people with that ability coming in as governors.

[51] **Jenny Rathbone:** The guidance, especially the last paragraph, is pretty clear.

[52] **Darren Millar:** It is clear that it is developing guidance, but it wants the governing body to corporately be responsible for the management, which is absolutely fine, but if you have somebody who is able to keep a closer watching brief on these things—

[53] **Sandy Mewies:** If you have.

[54] **Darren Millar:** That is the recommendation that the committee made, of course—or, at least, the spirit of the recommendation that the committee made—so I am sure that we would want to see that. Obviously, we will follow up on recommendations 1 and 13 to ask for further information as to how it will deliver against our recommendations, given that it accepts them only in principle.

[55] **Sandy Mewies:** I thought that there had been some guidance issued to governing bodies about eight months ago, or something like that. The reason I am saying that is that I had objections from some governing bodies that said, 'We can't do this; we find it hard enough to get governors at the moment, without having to do this, that and the other'.

[56] **Darren Millar:** Well, there is guidance at the moment, but it is refreshing it. That is what it has indicated in its letter.

[57] **Mr Mortlock:** I think that I am right to say that the guidance that is referred to in the Welsh Government's response is specific to managing staff absence. In that context, it talks about reporting information on staff absence through to governors. The issue that you are talking about is perhaps a slightly broader issue for different guidance on the make-up of the governing body, which could apply to requirements on HR, or it could be applied to finance or a number of specific areas. So, I suppose the question is whether the supply teacher guidance would be the correct vehicle for making a wider point about the make-up of the governing body and HR requirements. That is perhaps something to probe if you were going to follow that up with the Welsh Government.

[58] **Darren Millar:** Okay. Is everybody happy with that?

[59] **Aled Roberts:** Y peth pwysicaf yw bod cysondeb, os ydym yn dweud mai mater i'r awdurdodau lleol a'r ysgolion ydyw. Un broblem o fewn llywodraeth leol yw bod gwahanol fesuriadau yn cael eu gwneud o un cyngor i'r llall. Felly, rydym am sicrhau, os yw'r Llywodraeth yn trafod ac os yw'n dweud y bydd yn gosod canllawiau newydd ac y bydd y gwaith yn cael ei gwblhau erbyn mis Rhagfyr, ei bod yn cytuno â llywodraeth leol beth yn union y mae'n ei fesur ym mhob ysgol.

**Aled Roberts:** The most important thing is that there is consistency, if we are to say that it is a matter for local authorities and schools. One problem within local government is that there are different measurements being taken from one council to another. So, we want to ensure that, if the Government is to discuss this and if it says that it will issue new guidance and that the work will be completed by December, that it agrees with local government what exactly is being measured in each school.

[60] **Darren Millar:** Okay, that is a fair point. We will obviously have to revisit this again once we have had the updates from the Welsh Government, because some of this stuff will not be addressed until much later in the year—in December. We will want to have an update on the guidance that has been produced on these recommendations by the new year, so that we can look at the situation in a bit more detail and see whether it has been managed down a bit more. If Members are content with that, then that is the approach that we will take.

09:29

### **Rheoli Grantiau yng Nghymru: Trafod Gohebiaeth Grants Management in Wales: Consideration of Correspondence**

[61] **Darren Millar:** We have had a detailed response from the Permanent Secretary, arising from the action points that we passed to him at the meeting regarding further information on spot checks, the improvements to reduce administration costs, an update on the IT issues, including the change of heart in relation to our suggestion that there ought to be a specific IT system to deal with the grants management systems in the Welsh Government in the future, and on the good governance group. Again, to be fair, it is a pretty robust response, particularly on spot checks and indeed the complexities of trying to tease out the administration costs of grants, which appears to be much more complex than perhaps we may have first anticipated. So, I will be looking to the auditor general to see whether he is able to shed any more light on how we can best measure performance against the recommendation that we made in our grants management report.

09:30

[62] On the IT system, this is an interesting one because the Welsh Government seemed to say that it had gone quite some distance down a route towards procuring a system, but paused on the basis of the cost of the system and the fact that it may introduce some risk to implement it within the different departments. However, it does say that it hopes that it might be able to manage the risk in future, so it is not completely writing off the introduction of a new system in future. However, it is saying that, for the time being, it just wants things to bed down. I do not know what Members feel about the response. Are there any comments, or any guidance from Mike?

[63] **Mr Usher:** I would like to make a couple of points, if I could, Chair. On spot checks, Members may have noticed the difference in the level of error rates that the checks are finding. Just to explain, there are two different sorts of checks going on here. The first is the grants centre for excellence checks, which are conducted within the Welsh Government itself and are looking at people who are running grant schemes, and that is finding errors of around 5%. You will see, at the bottom of page 1, that there were 12 failures out of 234 checks. That is in addition to work that the internal audit is doing within the Welsh Government. The Welsh European Funding Office spot checks are quite different. Those are done outside of the Government—they are actually beneficiaries—and although the rate at the bottom there of 25% looks quite alarming on the face of it, as it goes on to explain, a number of those quite detailed checks find some very small issues. In actual fact, it is only on about 10% of the issues that it actually starts thinking about making some changes to the amounts that are being claimed; 10% is still quite a high rate, but it is not quite as alarming. However, the two sets of spot checks are quite different in their nature.

[64] Going back to administration costs, Members may recall that, in our original report on grants management, we pointed out that it was very difficult to come up with any estimate of how much it costs to run grant schemes in Wales. That remains the case. It is not a problem that is confined to Wales. The Cabinet Office has been doing some work recently across grants management in England. The National Audit Office has recently produced a report, and it had exactly the same difficulty in working out how much it costs the public sector to run grant schemes. So, what the Welsh Government is doing, in the absence of things like time sheets for staff to come up with accurate time recording, is identifying a sample of individual grant schemes and going to those staff and asking, ‘How long do you take doing X, Y and Z?’ So, its intention in its next annual report is to give you some examples from individual schemes of roughly how long it thinks this is taking and how much resource is going into this in terms of staff time and cost. So, we will not get a picture for the totality of grants management and it might be quite dangerous to try to extrapolate from that sample to give a figure, but it will give you some illustrative examples. That, at least, is a step forward and it does support a drive within the Welsh Government, I think, to focus on driving down cost. Even though it may not know the total quantum, it is clearly focused on trying to drive down cost, and that has to be a good thing.

[65] On the IT system, clearly, the decision, as the Chair said, has been a fairly recent one, and it is, in effect, parking that decision. It is not a case of saying that it is not going to go with SAP Grantor—its identified preferred option—but that it has taken, in effect, a risk-based decision. It has given, I think, quite a lot of thought to this and has used the gateway review process of the OGC as well, very sensibly. There is considerable uncertainty around the deliverability of that system in terms of being able to deliver everything that is being promised; because it is largely untested, there are no examples of other organisations using it in this way at present. So, in effect, it has parked that decision. In the meantime, it is continuing to work on its existing e-Grants system, which does have some quite significant limitations, compared with that new system, but it is working on what enhancements it is able to make to it. So, it is something of a pause rather than a decision not to go ahead, and it will certainly be reviewing that one later in the year and providing an update to you.

[66] The last annex there was the good governance group. There is a good example here of an instant Public Accounts Committee impact. After Members questioned the director of governance around the state of play with this group, it was swiftly resuscitated and a meeting has now been set up for September. It is reviewing the terms of reference and it will also now be bringing WEFO into those discussions, which I think is an excellent step forward. The meetings will now be chaired by the director of governance, who previously was not attending them. So, I think that the PAC challenge certainly caused a lot of them to raise their game, in a very constructive way.

[67] **Darren Millar:** Excellent. Mike, do you want to come in?

[68] **Mike Hedges:** Yes. May I commend the Welsh Government on its action regarding IT? Never buy a new IT system that has not been proven to work somewhere else. Until 20 other people have had it working for some time, keep away from it. I would hope that we would support it on not becoming a guinea pig for an IT system. My experience of being a guinea pig of IT systems is that they cost you an awful lot of money and barely achieve anything near what you were hoping for.

[69] The other thing is that I am concerned about the time sheets element. I think that there is serious danger of people filling time sheets in at quarter of an hour intervals on what they have been working on. Maybe I am the only one, but I am less concerned about whether somebody has spent three quarters of a day or a day on something that is grant funded, and how that is funded; I am more concerned about the big picture of some of the things that have received grant funding that should never have had it. We have looked at a couple of those recently that, even with a cursory glance, you should have been able to see that they could not work. I think that we are in danger of getting people worrying about the pennies when hundreds of thousands of pounds are going out wrongly.

[70] **Darren Millar:** We will have an update on this on an annual basis, of course, from the Welsh Government, to be fair, and it will be able to touch on some of these issues. Sandy is next.

[71] **Sandy Mewies:** I just wanted to ask, regarding the governance group, whether there will be some monitoring of it—you know, that it is being taken seriously, and that it is not just, ‘Yes, we will do this again’, and that it will then fade into the background.

[72] **Mr Usher:** The terms of reference are appended, and you may have spotted that my name actually appears there as a Wales Audit Office observer on the group. I have attended previous meetings of the group, and when it has met there has certainly been a useful discussion. I think that there was a concern—rightly raised by the committee—in terms of the fact that it was not meeting often enough, and its composition. So, I will certainly be on the ground, making sure that that does work through.

[73] **Darren Millar:** The one area that I did think that it might be interesting for us to follow up on is in terms of the rates of compliance with the spot checks, or the non-compliance with the spot checks that has been identified. It does not actually attach to it any value as to the scale of the grants that might have been affected. It might be useful to request that it puts that information into its annual report later in the year, and that when it does pick up an issue with a spot check that the value that is attached to that grant is included, just to give us an indication as to whether it is the big grants that are failing more often or whether it is the smaller grants that have more compliance issues. Jenny has a question.

[74] **Jenny Rathbone:** I welcome the concentration on value for money. As chair of the PMC, I do not have worries about fraud, because we have the lowest error rate of any country in Europe. We have minor matters around time sheets and people not keeping their bus

tickets, and that sort of stuff. I think that a much bigger concern for me is whether or not the project is providing value for money, which I think is something that is much more interesting, and something that we all ought to agonise about.

[75] However, I think that your good governance group is very useful, because it does enable you to share soft information and anxieties without making them into headlines. I just wondered whether other funders—you know, charitable bodies and trusts—are able to have informal conversations with you about any anxieties that they might have about somebody who is applying to them for funding.

[76] **Mr Usher:** I think that the hub of this, if you like, would be the head of counter fraud in the Welsh Government, Steve Tooby, who I think is regularly approached by people who have concerns, whether they are inside the public sector or outside. Certainly, members of the public who have concerns, obviously, do write to the auditor general on occasion. You will see that the terms of reference refer to ‘tangible’ and ‘intangible’ information, and, if you like, the group provides a safe space in which information can be shared, which may simply be anecdotal and informal—there may not be a robust evidence base behind it, but simply a concern. Members will recall issues around bodies like the All Wales Ethnic Minority Association, where concerns were raised, but without someone saying, ‘Here’s a dossier of information’, it is quite hard for people to act on them. The good governance group, I think, is partly aimed at looking to find a way forward on those sorts of issues. Clearly, while it is not able to take decisions on the back of rumours or speculation, if someone raises a concern that appears to merit some investigation, or if someone else in the group chimes in with, ‘Yes, I’ve picked up something similar, a similar sort of concern’, then that raises a flag and it is something that the group can then work out as to who is best placed to do something about it.

[77] In terms of others coming into the group, I think that that might start to cause a few difficulties. The group at the moment comprises public sector funders, and the Wales Council for Voluntary Action is represented, which gives a link out to voluntary organisations. However, I think that it might be quite problematic if individual charities were to start seeking to come along to the group.

[78] **Jenny Rathbone:** I was not arguing for that.

[79] **Mr Usher:** Okay. Fine.

[80] **Jenny Rathbone:** I was merely trying to find out what vehicle there might be for having discussions about their concerns, but if it can be done through the WCVA, that is fine.

[81] **Mr Usher:** Yes, the WCVA could bring concerns in.

[82] **William Graham:** If I might just return to IT matters, I am not speaking with authority on this, I have to say—it is what people have told me—but I gather that SAP Grantor is one of these systems for which there are concerns about storage and retrieval, and particularly retrieval, in that there is not a common platform agreed, and that has international implications also. Clearly, the Welsh Government hardly wants to purchase a system that is not compatible with others. I am sure that this is a consideration, but it seems to me that it is often overlooked.

[83] **Mr Usher:** I am not a technical specialist, so I would not be able to comment on the detail of that. I do know that they evaluated the system very carefully, using IT specialists. The SAP platform is very widely used across a whole range of organisations worldwide. The Grantor module within that is the bit that is relatively untested. So, the platform itself, I think, is sound; it is just the application of the Grantor module that has not been done on this kind of scale elsewhere, and that is why I think the Welsh Government is cautious.

[84] **William Graham:** Will it be compatible, therefore? Do we know whether it will be compatible in the future?

[85] **Mr Usher:** Again, I would not be able to give a technical response to that, but I imagine that the Welsh Government would be able to, if this committee were to ask it. I am sorry.

[86] **Darren Millar:** Okay. I will write to the Welsh Government, thanking it for the response and telling it that we will look forward to receipt of the annual report and to receiving updates on the matters on which it provides further information. If I specifically ask that it is able to report, in the annual report, on the values attached to the spot checks that fail the compliance checks—

[87] **Mr Thomas:** I think that that could be burdensome. There is a point at which you have to have a significant issue here. As Jenny has indicated, the WEFO spot checks carried out by the European Commission identified very minor matters, which may be missing bus tickets or perhaps the lack of a postcode, even. I think that it is important that we allow perhaps a group that the Welsh Government has to identify what the level of materiality is. The 25%, in a sense, is driven down, but it is a minor—

[88] **Darren Millar:** I appreciate that, but it could easily define what it is reporting on, could it not, within the annual grants management report, in terms of scale and size?

[89] **Mr Thomas:** Yes, it could.

[90] **Darren Millar:** Okay. We will write on that basis.

09:43

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r  
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the  
Meeting**

[91] **Darren Millar:** I move that

*the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42.*

[92] If no Members object, we will move into private session. There are no objections.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 09:43.*

*The public part of the meeting ended at 09:43.*