

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Dear Nick,

24th January 2017

Thank you for your letter, and cover email, from 15 December providing more detail from Lee Waters on bus concessions whistle-blowing and requesting figures for the 'true cost' of the Welsh Government's counter-fraud measures.

Bus concessions whistle-blowing

A search of our electronic document management system has not revealed a note of the meeting referred to by Lee Waters. I am seeking clarification from officials involved in the management of concession arrangements at the time to confirm their recollection of events. I, or my successor, will write to you again should further information come to light.

Counter-fraud measures

In my previous letter to the Committee, I sought to set the Welsh Government's dedicated Counter-Fraud Unit within the wider context of the support the Unit draws from audit, corporate governance, and finance colleagues to assist with its work. I also described some of the IT systems that are used.

With respect to establishing a 'true cost' of counter-fraud measures within the Welsh Government however, I am afraid that I am not able to provide this information. I have not established metrics for measuring and costing the totality of counter-fraud measures because, in reality, work that helps the Welsh Government to prevent fraud is integrated into the job roles, controls, processes and IT systems we have in place for the proper management of public funds more generally, and cannot be isolated and costed separately.

For example, colleagues managing grants undertake due diligence on grant recipients before agreeing to fund them in order to confirm their identity and assure themselves that the Welsh Government is not dealing with convicted criminals or a fake organisation created to defraud it. However, due diligence checks also help the Welsh Government to assess the financial robustness of the organisation to which public funds are being given, providing assurance that the organisation is viable and capable of delivering the outcomes expected of it. Due diligence work is routinely carried out by grants managers across the organisation and supported by the Grants Centre of Excellence.

There are several other examples which reach right across the organisation and its work - such as the Welsh Government's finance system, procurement and purchasing procedures, and separation of duties and conflicts of interest requirements - all of which are designed to support the proper management of public money and have counter-fraud elements woven into them.

I hope that the Committee will appreciate that this is a complex picture, and therefore understand that attempting to apply a true cost to this activity is not possible.

Yours,
Jenny



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