

# Archwilydd Cyffredinol Cymru Auditor General for Wales

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Mr Simon Thomas AM  
Chair of the Finance Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

Date: 16 December 2016  
Our ref: HVT/2656/caf  
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Dear Simon

You may be aware that I wrote to Nick Ramsay AM earlier this week in his capacity as Chair of the Public Accounts Committee (PAC) to explain the position regarding the progress of my audit of the 2015-16 accounts of Natural Resources Wales (NRW). I enclose a copy of that letter. The letter summarises the circumstances that have led me to conclude that it will not be possible to meet the statutory deadline for laying the certified statement of accounts for NRW together with my report on the accounts by 23 December 2016.

I recognise that the Finance Committee will have an interest in this matter. However both PAC and the Climate Change, Environment and Rural Affairs Committee have signalled that they intend to take evidence from NRW in the New Year.

Yours sincerely



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

*Enc: Letter to Mr Nick Ramsay AM, Chair of the Public Accounts Committee*

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Auditor General for Wales

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Mr Nick Ramsay AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

Date: 14 December 2016

Our ref: HVT/2654/caf

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Dear Nick

**THE 2015-16 ACCOUNTS OF NATURAL RESOURCES WALES**

I am writing to inform you regarding the progress of my audit of the 2015-16 annual accounts of Natural Resources Wales (NRW).

Under paragraph 23(5) of the Natural Resources for Wales (Establishment) Order 2012, I am required to examine, certify and report on the statement of accounts of NRW. In particular, I am required to lay a copy of the certified statement of accounts and my report on the accounts no later than four months after the statement of accounts is submitted to me. NRW submitted its accounts on 23 August 2016 so, to meet the statutory deadline, I should lay the certified statement of accounts together with my report by 23 December 2016.

Unfortunately, I have concluded that it is not possible to meet this deadline without incurring a significant risk to fairness to third parties. My audit has encountered some significant issues concerning contracts entered into by NRW, and it is necessary in order to be fair to those concerned outside NRW (as well as NRW) that I provide reasonable opportunity to comment on my findings in line with the principles of natural justice.

I should also mention that the issues encountered are legally complex and have necessitated NRW gathering a significant quantity of documentation, which has taken nearly two months. It has also been necessary for WAO staff to review that documentation on my behalf and obtain external legal advice on the issues.

I recognise that missing the deadline for laying my report is unsatisfactory but, in the circumstances, I think it would be even more unsatisfactory to omit to provide those concerned outside NRW (as well as NRW) with reasonable opportunity to comment before laying and publication.

I am aware that the Public Accounts Committee is intending to hold an oral evidence on the annual accounts of NRW during the spring term. My audit team will liaise with the Clerks on the optimum timing for that evidence session.

Given their respective roles, I am copying this letter to the Chair of the Climate Change, Environment and Rural Affairs Committee, the Chief Executive and Accounting Officer of NRW, and the Additional Accounting Officer for the Welsh Government sponsor division.



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

cc: Mr Mark Reckless, AM, Chair of the Climate Change, Environment and Rural Affairs Committee  
Dr Emyr Roberts, Chief Executive and Accounting Officer of NRW  
Mr James Price, Additional Accounting Officer for the Welsh Government sponsor division