



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE 'GRANTS MANAGEMENT IN WALES FINAL REPORT' - UPDATE ON
THE RECOMMENDATIONS MADE BY THE PUBLIC ACCOUNTS
COMMITTEE

DATE 2 July 2014

BY Jane Hutt, Minister for Finance

As promised within Plenary on Wednesday 18 June, I agreed to follow up on the delivery of the recommendations of the 'Grants Management in Wales – Final Report.'

I am grateful for the Public Accounts Committee's (PAC) continued interest in improving grants management across the public sector in Wales. With its help, we have been able to focus on the detail of our grants improvement programme and develop our relationships with stakeholders and partners, both within the Welsh Government and externally.

The final report made a total of eighteen recommendations that the Committee believed would improve grants management in Wales. I am pleased with the progress that we have made in addressing these recommendations. Sixteen of the recommendations have now been successfully discharged with the remaining two being close to completion. The work undertaken has provided a strong foundation upon which to continue the improvement of grants management in the Welsh Government.

A number of actions have been undertaken in response to the recommendations, including amending the award letter template to require funded bodies to notify Welsh Government of any significant changes in their trustees, a significant lapse of constitutionally required meetings or a resignation of external auditors. This gives the Welsh Government the opportunity to investigate the matter and, if appropriate, the ability to terminate or withdraw grant funding in a timely manner. Guidance has also been developed so that officials understand what action to take when such an event occurs. Further guidance has been developed specifically covering the need for accurate and appropriate record keeping,

coupled with monitoring processes suited to any concerns. The due diligence process introduced in October 2013 has provided a mechanism whereby officials can record and efficiently share information about external bodies.

Where a concern is identified with an organisation or individual, that could impact on other external organisations that provide grant funding, the information is shared with the relevant partner bodies. This included the sharing of information through the Good Governance Group which includes Big Lottery Fund, Charity Commission, WCVA, WLGA and other appropriate bodies who are providers of publicly funded grants.

The responsibilities of both the Welsh Government and funded bodies have also been published on the website and refers to the circumstances and mechanisms for raising concerns about an organisation's use of public money and its governance.

As regards the rationale for termination or adjustment of grant funding, the Welsh Government commits to giving the organisation concerned appropriate notice of the change and to clearly set out the rationale why. In line with the Code of Practice for Funding the Third Sector, the notice period will be at least three months. The Welsh Government has developed strengthened processes and procedures to proactively assess and monitor compliance with the updated Code of Practice.

The Welsh Government has previously acknowledged the limitations of its overall management information and corporate data available to support decision making on grants. As a result of the PAC recommendations the Welsh Government has been reviewing how best to take this work forward and a number of measures have been put in place to address these issues. The immediate, but interim, approach has been to develop a corporate due diligence sharing area to facilitate the sharing of information on external organisations and provide a point of contact for officials seeking further details. This highlights any organisations/individuals around which we might have information and/or governance concerns. The facility prompts officials to seek further information before awarding a grant or processing a claim.

Significant work has been undertaken on defining IT requirements and various options have been appraised to identify the best possible solutions to support the grant processes. At this time, the Welsh Government has decided to continue to make further enhancements to the current payments system which will make the information available much more transparent across the Welsh Government and allow for greater performance management.

Other actions have involved the introduction of minimum standards, which highlight the need to assess risk, and the rollout of a suite to training to better equip grant managers. A system of spot checks has been introduced to help secure assurance of improvements in grants management and administration.

I know that there is still some work to do to embed the principles and practice across the Welsh Government but I am determined that our grants management should be as consistent, robust and well managed as possible. The Grants Centre of Excellence continues to work closely with grant managers to improve standards and to provide consistent advice across the Welsh Government.