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Mr Darren Millar AM
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Dear Darren

UPDATE ON THE AUDITOR GENERAL'S VALUE FOR MONEY WORK PROGRAMME

On 6 March 2014, we discussed with the Committee potential topic areas for future value for money studies, before then sharing with the Committee a fuller briefing paper about the Auditor General's programme of value for money studies. We have since used that briefing paper as the basis for some wider consultation with, among others, the Welsh Government, other National Assembly committees, the commissioners in Wales and other inspection and regulation bodies. That process of consultation is on-going. However, we have already progressed some new work and I have set out in this letter other new studies that the Auditor General intends to take forward before the end of 2014-15. I have also listed below those reports due for publication over the summer recess and early in the autumn term to assist with the Committee's own work programme planning.

Looking ahead, we will be bringing forward the planning process for 2015-16 and we will consult the Committee in the autumn on the addition of other new studies to the Auditor General's programme from early 2015.

New value for money studies

- ***NHS Wales - Overview of service and financial performance***: As suggested in the Auditor General's March 2014 briefing paper, we have already taken forward a piece of work to report again on health finances and key indicators of service performance, following-up previous reports by the Auditor General and the Committee.
- ***Regional education consortia***: Noting the interest of Committee members in this topic, we have taken forward a new study on regional education consortia. This study has been developed, and is being delivered, alongside work that Estyn is undertaking to evaluate the work of regional school improvement services. Our study will focus on ensuring appropriate financial and governance arrangements are in place to ensure delivery of the agreed outcomes.
- ***Natural Resources Wales (NRW)***: We are planning to take forward a study examining the development of NRW. However, before confirming the scope and timescale for this work, Wales Audit Office staff are discussing with Welsh Government officials opportunities to align this review with work that the Welsh Government needs to discharge as part of its commitment to review the governance of new sponsored bodies at the end of their first two years of existence.
- ***Public procurement and the National Procurement Service (NPS)***: The development of the NPS has been referred to in a number of recent Committee inquiries, most notably as part of the Committee's inquiry on the procurement and management of consultancy services. While it is unlikely to start before the final quarter of 2014-15, we do intend to take forward a study to provide an independent review of the early development of the NPS and evidence of progress in delivering its strategic aims and objectives.
- ***Flood and erosion risk management***: This study would provide an opportunity to follow up our October 2009 report on Coastal Erosion and Tidal Flooding Risks in Wales and to look at how climate changes are influencing flood and erosion risk management. The scope of this work is also likely to encompass inland – fluvial and surface water – flood risk management.

- ***The role of commissioners in Wales:*** The Auditor General remains keen to undertake a review that could examine issues including arrangements for the appointment of commissioners, their relationship with the Welsh Government and other stakeholders, the different approaches adopted by commissioners to their work, the overall management and governance of the commissioners' work, and any opportunities to streamline back-office functions. The commissioners themselves are generally supportive of such a review. We indicated previously that any work in this area would need to take account of the review of the role and functions of the Children's Commissioner for Wales that the Welsh Government is taking forward. Wales Audit Office staff have been discussing that review with Welsh Government officials and will be represented, with observer status, on the advisory panel that has been established to support the review.

In his March 2014 briefing paper, the Auditor General indicated that the Chief Executive of Healthcare Inspectorate Wales (HIW) had asked him to consider undertaking a review of the overall effectiveness of HIW and delivery against its 2014-15 operational plan. The Auditor General indicated that he intended to include such a review in his programme of new studies to start in 2014-15, subject to any action taken by the Welsh Government to review HIW's functions in response to recommendations from the Health and Social Care Committee. Before taking this matter any further, the Auditor General will be meeting with Ruth Marks to understand better the scope of the independent review that she has been asked to undertake on behalf of the Welsh Government with a view to introducing legislation to strengthen HIW's remit.

Members may also be interested to know that, since March 2014, the Auditor General has confirmed his programme of local government studies for 2014-15. That programme will include: a review of the effectiveness of services that support independent living for older people; a 'delivering with less' review of leisure services; and a review examining financial resilience across local government in Wales (as indicated to the Committee during its consideration of the Auditor General's January 2014 *Meeting the Financial Challenges Facing Local Government in Wales* report). Our 2014 programme of local performance audit work in the NHS remains as described in the Auditor General's March 2014 briefing paper.

Work in progress

I have indicated below the value for money study reports that we expect to be able to publish between now and the end of October 2014. The broad scope of most of these pieces of work was described in the Auditor General's March 2014 briefing paper.

- ***Glastir***: This report is currently in clearance with the Welsh Government (to confirm the factual accuracy of the report) and we would expect it to be published before the end of the summer recess.
- ***NHS Wales - Overview of service and financial performance***: We plan to publish this report in the autumn.
- ***Regeneration Investment Fund for Wales***: This report will be in clearance shortly, with a view to publication in the autumn.
- ***GP prescribing***: This report is due to be in external clearance during the summer recess, with publication in the autumn.
- ***Orthopaedic services***: This report is due to be in external clearance during the summer recess, with publication in the autumn.

In addition to the value for money studies listed above, the Auditor General has also indicated previously that he will report back to the Committee in the autumn term on his findings from some specific follow up work on continuing healthcare and on hospital catering and patient nutrition. We will also be providing a memorandum on NHS governance arrangements, to include a commentary on the findings from our 'structured assessment' work at individual NHS bodies during 2013-14. We also anticipate publishing in the autumn some further local government study reports.

Finally, our work in respect of the Wales Life Sciences Investment Fund, which arose in response to concerns that were brought to the Auditor General's attention in autumn 2013, is drawing to a close. We have continued to liaise closely with the Welsh Government's internal audit service and the Auditor General anticipates reporting on this matter later in autumn 2014.

I hope this update is helpful to the Committee.

Kind regards



GILLIAN BODY

Assistant Auditor General