



Llywodraeth Cymru
Welsh Government

Welsh Government
Accounting Officer System Statement
December 2023

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This Accounting Officer System Statement will be reviewed, as a minimum, on an annual basis as part of the process to produce the Welsh Government's Annual Governance Statement (AGS).

In the event there are significant changes within the Welsh Government's accountability arrangements, the production of this statement will be updated and published accordingly.

1. Introduction

- 1.1 I am the Principal Accounting Officer for the Welsh Government. This system statement summarises how I fulfil my responsibilities as an Accounting Officer in accordance with the guidance set out in Managing Welsh Public Money and within the responsibilities and controls set out in my delegated authority letter from HM Treasury.
- 1.2 This system statement describes the accountability of all expenditure of public money across the Welsh Government departments and arms-length bodies that I am responsible for. It describes the systems which I apply through my responsibilities as the Accounting Officer and ensures that public funds are spent in accordance with regularity, propriety and achieve value for money. This will continue to apply until a revised statement is published.

2. Accounting Officer Responsibilities

- 2.1 As Permanent Secretary, I have been appointed by HM Treasury as the Principal Accounting Officer (PAO) for the Welsh Ministers. This system statement sets out all of the significant accountability relationships and processes within the Welsh Government, making clear who is accountable for what at all levels of the system.
- 2.2 Senedd Cymru has the right to pass laws (known as Acts of Senedd Cymru) in areas not reserved to the UK Parliament by the Government of Wales Act (GOWA) 2006, as amended by the Wales Act 2017 and other legislation. The Welsh Government has a responsibility for implementing most of the laws of the Senedd.
- 2.3 The First Minister is accountable to the Senedd in respect of the policies, actions and conduct of the Welsh Government. As Principal Accounting Officer I am accountable to the First Minister, and it is from him I derive my authority. This authority includes my roles as Principal Adviser to the First Minister and his Cabinet and Head of the Welsh Government Civil Service. As Principal Accounting Officer my responsibilities include ensuring the Welsh Government's money and resources are used effectively and properly and there is a sound governance framework, including the system of internal control. Under the terms of my appointment by HM Treasury, my formal line management arrangement is to the Head of the UK Civil Service, who prepares my annual performance report with input from the First Minister, the Welsh Government Non-Executive Directors and an element of 360-degree feedback. I agree my priorities and focus with the First Minister.

- 2.4 Under section 133 of GOWA 2006, as Principal Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge. Where I have appointed Additional Accounting Officers under section 133 (2) of GOWA 2006 as Additional Accounting Officers, their responsibilities are also set out in this System Statement.
- 2.5 I also designate the Chief Executive of the NHS as Accounting Officer of the National Health Service in Wales. The work of Local Health Boards in Wales is governed by a separate authority and the Chief Executives of each of the Local Health Boards are appointed Accountable Officers by the Chief Executive of the NHS Wales. These appointments do not detract from my overall responsibility for the Welsh Government Accounts.
- 2.6 This Statement covers the Welsh Government, its arms-length bodies and other arms-length relationships. It describes accountability for all expenditure of public money authorised by the Senedd for use by Welsh Ministers, all public money raised as income and publicly owned assets for which I have responsibility, and for payments into and out of the Welsh Consolidated Fund.
- 2.7 This System Statement helps me ensure I am fulfilling my responsibilities as an Accounting Officer, in accordance with the Memorandum for the Principal Accounting Officer for the Welsh Ministers, the guidance set out in Managing Welsh Public Money and in the English equivalent document, Managing Public Money.

Dr Andrew Goodall CBE

Permanent Secretary to the Welsh Government

3. Welsh Government Accountability and Governance

<p>NON MINISTERIAL DEPARTMENTS</p> <ul style="list-style-type: none"> • Welsh Revenue Authority (WRA) <p>Health</p> <p>NHS Bodies</p> <ul style="list-style-type: none"> • Digital Health and Care Wales • Emergency Ambulance Services Committee • Health Education and Improvement Wales • Llais - Citizens' Voice Body (Wales) • Local Health Boards • Mid Wales Healthcare Collaborative • NHS Trusts • NHS Wales Shared Services Partnership • South Wales Health Collaborative • Welsh Health Specialised Services Committee 	<p>WELSH GOVERNMENT</p>		
	<p>Companies</p> <p>Companies Owned by Welsh Ministers:</p> <ul style="list-style-type: none"> • Adnodd Cyfyngedig • Careers Choices Dewis Gyrfa Ltd (trading as Careers Wales) • Centre for Digital Public Services Ltd • Cwmni Egino • Design Commission for Wales Ltd • Development Bank Wales Group • Global Centre of Rail Excellence • Hybu Cig Cymru - Meat Promotion Wales • Industry Wales (Sector Development Wales Partnership Ltd) • International Business Wales • National Academy for Educational Leadership • Regeneration Investment for Wales LLP • Transport for Wales Group • Wales Life Sciences Hub Ltd • Welsh Development Management Ltd • WGC Holdco Ltd <p>Public Corporations</p> <ul style="list-style-type: none"> • Cardiff International Airport 	<p>Statutory Independent Office Holders</p> <ul style="list-style-type: none"> • Children's Commissioner for Wales • Future Generations Commissioner • HM Chief Inspector of Education & Training (Estyn) • National Advisor on Violence against Women • Older People's Commissioner • Welsh Language Commissioner 	
		<p>Partly Owned Companies</p> <ul style="list-style-type: none"> • Student Loans Co. Ltd 	<p>Investments</p> <ul style="list-style-type: none"> • Airbus Group Endeavr Wales • Centre Wales Limited • International Convention Centre Wales
<p>Executive ALB</p> <ul style="list-style-type: none"> • Arts Council of Wales • Education Workforce Council • Higher Education Funding Council for Wales • Local Democracy and Boundary Commission for Wales • National Library Wales • National Museum Wales • Natural Resources Wales • Qualifications Wales • Royal Commission on the Ancient and Historical Monuments of Wales • Social Care Wales • Sports Wales 	<p>Advisory ALB</p> <ul style="list-style-type: none"> • Advisory Panel on Substance Misuse • All Wales Medicines Strategy Group • Independent Appeals Panel for Farmers • Independent Remuneration Panel for Wales • Welsh Dental Committee • Welsh Industrial Development Advisory Board • Welsh Medical Committee • Welsh Nursing and Midwifery Committee • Welsh Optometric Committee • Welsh Pharmaceutical Committee • Welsh Scientific Advisory Committee • Welsh Therapies Advisory Committee 	<p>Tribunal ALB</p> <ul style="list-style-type: none"> • Adjudication Panel Wales • Agricultural Land Tribunal (Wales) • Education Tribunal for Wales • Mental Health Tribunal for Wales • Registered Inspectors of Schools Appeals Tribunal (Wales) • Registered Nursery Education Inspectors Appeals Tribunal (Wales) • Residential Property Tribunal for Wales • Valuation Tribunal for Wales • Welsh Language Tribunal 	
<p>Grants to Local Authorities, NHS bodies, Voluntary and Private Sector</p>			

The Government of Wales Acts

- 3.1 The Government of Wales Act 1998 provided for the establishment of the National Assembly for Wales following the affirmative devolution referendum in September 1997. The Act also provided for the transfer of almost all the powers of the Secretary of State for Wales to the new Assembly.
- 3.2 The Government of Wales Act 2006 fulfilled HM Government's commitment to move the Welsh devolution process forward. It has two key elements, which were implemented in May 2007:
- Formal separation between the Senedd and the Welsh Government to provide clarity on the respective remit and role of the legislature and the executive, and to improve effective scrutiny; and
 - Enhanced legislative powers for the Senedd, initially through a new category of legislation called Assembly Measures and, following a referendum in 2011, full law-making powers with the power to pass Acts so that legislative priorities for Wales are secured more quickly and easily than through provisions in bills passed by the UK Parliament.
- 3.3 The Wales Act 2014 devolved powers to legislate for Welsh taxes to replace UK taxes for stamp duty and landfill. It also gave new borrowing powers to Wales and provided for further taxes to be devolved at a later date.
- 3.4 The Wales Act 2017:
- Includes a declaration that the Senedd and the Welsh Government are permanent parts of the UK's constitutional and political landscape;
 - Introduces a new model of devolution: a reserved powers model (similar to that in place in Scotland);
 - Gives the Welsh Ministers new powers in areas such as energy, planning, roads and harbours;
 - Gives the Senedd new powers over its own internal, organisational and electoral arrangements; and
 - Establishes the concept of Welsh tribunals and a President of Welsh tribunals.

Well-being of Future Generations

- 3.5 I am committed to supporting Welsh Ministers in discharging their duty to promote sustainable development (Government of Wales Act 2006) and well-being (Well-being of Future Generations Act (Wales) 2015) (WFG Act). The WFG Act puts sustainable development as the central organising principle of government and public bodies, and it follows that the operation, governance and mechanics of government, and the advice and support provided by the Welsh civil service should continually improve to respond to these requirements. Through WG2025, our three-year programme for organisational development, we are deepening the sustainable development principle of the Well-being of Future Generations Act at the heart of how we work.
- 3.6 In February 2023, we published the [Well-being of Future Generations Continuous Learning and Improvement Plan 2023-25 \('WFG CLIP'\)](#), which brings together over 50 actions that are designed to deepen the understanding and application of the sustainable development principle in Welsh Government. We have committed to publishing an annual update on our progress. The WFG CLIP includes those actions that are to be embedded into WG2025 and new actions that will strengthen the information and insight I require to provide assurance that the sustainable development principle is being promoted and applied across departments. This is an innovative and evolving approach recognising the role that permanent secretaries have in the sustainable development and well-being of future generations agenda. We will also continue to use, develop, and embed performance in applying the sustainable development principle within the Welsh Government Performance Framework.
- 3.7 The WFG CLIP has been shared with our partner organisations and has been used as a platform for discussions on how we can collectively enable more sustainable organisations, both in what they do, and how they work. Over the course of 2022-23, the Executive Committee and Welsh Government Board were engaged on the plan's development and the arrangements for its implementation. We believe our approach will send an important signal to other public bodies in Wales that the Well-being of Future Generations agenda requires continuous improvement and reflection.
- 3.8 The WFG CLIP also serves as the Welsh Government's substantive response to the Future Generations Commissioner for Wales' [section 20 review report](#). The review looked at how the machinery of the Welsh Government implements the WFG Act. The report has provided a timely and welcome opportunity for us to take stock, reflect on what we have achieved so far, and to help us seize new opportunities to deepen the understanding and

application of the sustainable development principle at the heart of how Welsh Government works. The report highlights the significant progress we have made in embedding the WFG Act in how we work and recognises the progressive nature of this legislation and our maturity as an organisation leading the change, while also identifying areas where we can improve.

Programme for Government (2021 – 2026)

- 3.8 The [Programme for Government](#) is our five-year strategic plan for the Welsh Government, setting out what Ministers want to deliver over the next term (2021- 2026). The programme sets out the ambitious and radical commitments we will deliver over the next five years in order to tackle the challenges that we face and improve the lives of people across Wales. It is founded on the distinctively Welsh values of community, equality and social justice. It puts collaboration ahead of competition, showing how we will act to maximise fairness for all and eliminate inequality at every level of society.
- 3.9 The Programme for Government also sets out the ten well-being objectives that the government will use to maximise its contribution to Wales’ seven long-term well-being goals and the steps we will take to deliver them. A Well-being Statement has been published alongside the Programme for Government setting out our well-being objectives in line with our statutory duty under the [Well-being of Future Generations \(Wales\) Act 2015](#) (the WFG Act).

Funding

- 3.10 The Welsh Government receives the majority of funding, known as the ‘block grant’, from HM Treasury and is set through UK Government Spending Reviews and adjusted at UK Budgets.
- 3.11 The amount of the block grant is determined as part of the UK Government’s Comprehensive Spending Review, in accordance with the policies set out in HM Treasury’s “Statement of Funding Policy” for the devolved administrations.
- 3.12 As a block grant, the funding allocated to Wales can be spent as the Welsh Government sees fit; it is not tied to being spent on particular functions. When the UK Government reviews its spending plans, changes in the allocation to Wales are determined by changes in planned spending on comparable services in UK Government departments. The actual change is calculated using the population-based Barnett formula.

- 3.13 This means, Wales receives the amount allocated in the previous year, plus or minus a population-based share of changes to comparable UK Government spending for England. The Barnett formula operates an incremental system, in that the allocation in one year is based on that in the previous year.
- 3.14 Once the funding required to run the Wales Office (Office of the Secretary of State for Wales) is taken, the rest of the block grant, together with the tax receipts collected by the Welsh Revenue Authority (LTT and LDT) are then placed in the Welsh Consolidated Fund (WCF), which is essentially Wales' devolved bank account. Welsh Rates of Income Tax (WRIT) are agreed with the HM Treasury each year and paid into the WCF in the same way as the block grant.
- 3.15 The procedures governing the Welsh Government budget process are set out in the Senedd's Standing Orders, in line with Section 125 of the Government of Wales Act. The Government is required to move an annual budget motion which authorises use of resources; retention of income; and drawing of cash from the Welsh Consolidated Fund. The Senedd Committees and other interested parties then scrutinise and comment on the draft Budget before it is finalised and approved by the Senedd in the annual Budget motion. The Budget may be varied through a supplementary Budget motion approved by the Senedd.

The Welsh Government 1st supplementary budget for 2023-24 is:

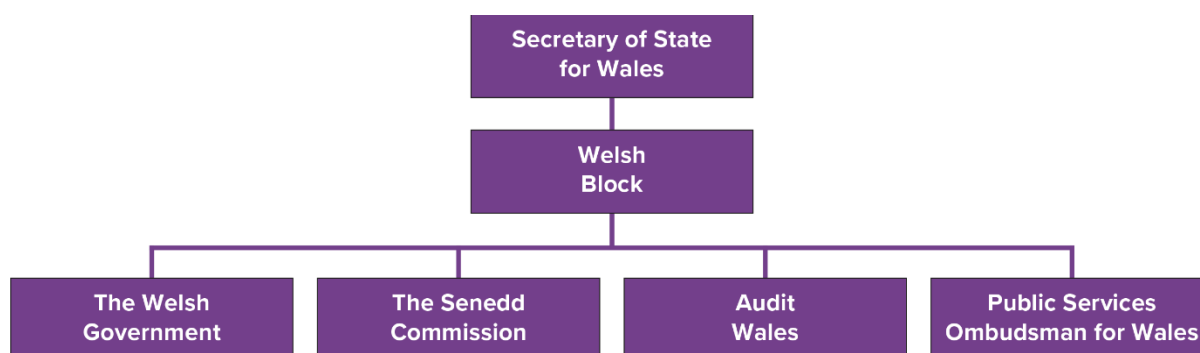
Final Budget Main Expenditure Group (MEG)							
Components of the Welsh Government Budget							£000s
Main Expenditure Group (MEG)	2023-24						
	Resource and Capital (Excluding AME)	Resource			Capital		
Fiscal		Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	
Health and Social Services	10,120,775	262,926	10,383,701	378,000	-	378,000	10,761,701
Finance and Local Government	4,900,641	545	4,901,186	223,889	-	223,889	5,125,075
Education and the Welsh Language	1,778,125	491,667	2,269,792	357,300	14,886	372,186	2,641,978
Climate Change	919,626	236,812	1,156,438	1,632,983	108,770	1,741,753	2,898,191
Economy	452,457	13,912	466,369	81,516	(2,253)	79,263	545,632
Rural Affairs	409,938	10,817	420,755	61,725	-	61,725	482,480
Social Justice	136,038	210	136,248	17,000	494	17,494	153,742
Central Services and Administration	332,590	17,020	349,610	10,000	-	10,000	359,610
Total Resource and Capital (Excluding AME)	19,050,190	1,033,909	20,084,099	2,762,413	121,897	2,884,310	22,968,409

Main Expenditure Group (MEG)	2023-24				
	Resource	Capital	Total	Resource	Capital
Health and Social Services	219,216	-	219,216		
Finance and Local Government	906,453	-	906,453		
Education and the Welsh Language	(596,212)	1,386,466	790,254		
Climate Change	57,477	-	57,477		
Economy	58,525	-	58,525		
Rural Affairs	-	-	-		
Social Justice	24,546	-	24,546		
Central Services and Administration	3,200	-	3,200		
Total Annually Managed Expenditure (AME)	673,205	1,386,466	2,059,671		

Total Allocations to Welsh Government MEGs	20,757,304	4,270,776	25,028,080
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3.16 The Welsh Government, the Senedd Commission, Wales Audit Office and the Public Services Ombudsman for Wales each receive allocations from the Welsh Budget (Figure 2). A significant proportion of the Budget is allocated to the NHS in Wales, local authorities, public bodies and Welsh Government sponsored public bodies which the Welsh Government sponsor and fund. This is the money used to provide public services in Wales.

3.17 Section 129 of the GOWA 2006 sets out the law in relation to drawing payments out of the Welsh Consolidated Fund. Subsection 129(4) does not include the Electoral Commission as a payee body. Therefore, one of the bodies listed in subsection 129(4) must be administratively responsible for paying the Electoral Commission (for Welsh elections) from the funds it draws from the Welsh Consolidated Fund. Under the Accounting Officer Agreement between the PAO of the Welsh Government and the Chief Executive of the Electoral Commission, the Welsh Ministers agreed to undertake this administrative function.



3.18 The Welsh Government is accountable to the Senedd for the way in which it applies and manages the Budget. The Welsh Ministers are required to produce accounts recording the financial affairs of the Welsh Government and payments into and out of the Welsh Consolidated Fund. The Auditor General for Wales reports on those accounts and has a role in checking that expenditure has been incurred lawfully and checking that if funds were made available for a particular purpose, they were used for that purpose.

Welsh Taxes

3.19 The Wales Act 2014 and Wales Act 2017 devolved taxation and borrowing powers to the Welsh Government and the Senedd.

3.20 There are two fully devolved taxes: Land Transaction Tax (LTT) and Landfill Disposals Tax (LDT). LTT and LDT were introduced on 1 April 2018, replacing the UK taxes Stamp Duty Land Tax (SDLT) and Landfill Tax (LFT) in Wales. They are fully devolved taxes, which means the Welsh Government has complete control over their design. The Welsh Revenue Authority (WRA) was established in October 2017 to collect these taxes.

- 3.21 The Welsh Rates of Income Tax (WRIT) was introduced on 6 April 2019, is partially devolved to Wales, enabling Welsh Ministers to vary the rates paid by Welsh basic, higher and additional rate taxpayers. His Majesty's Revenue and Customs (HMRC) retains responsibility for most aspects of the tax, including the collection and administration, setting the personal allowance and income thresholds, and taxing income from savings and dividends.
- 3.22 Due to the tax revenue generated by the Welsh taxes, the UK Government reduced the block grant funding it provides to Wales by an equivalent amount. It is essential that Welsh taxes are operated efficiently and effectively, to generate the revenue needed to fund Wales' vital public services - such as health, social services, education, and transport infrastructure.

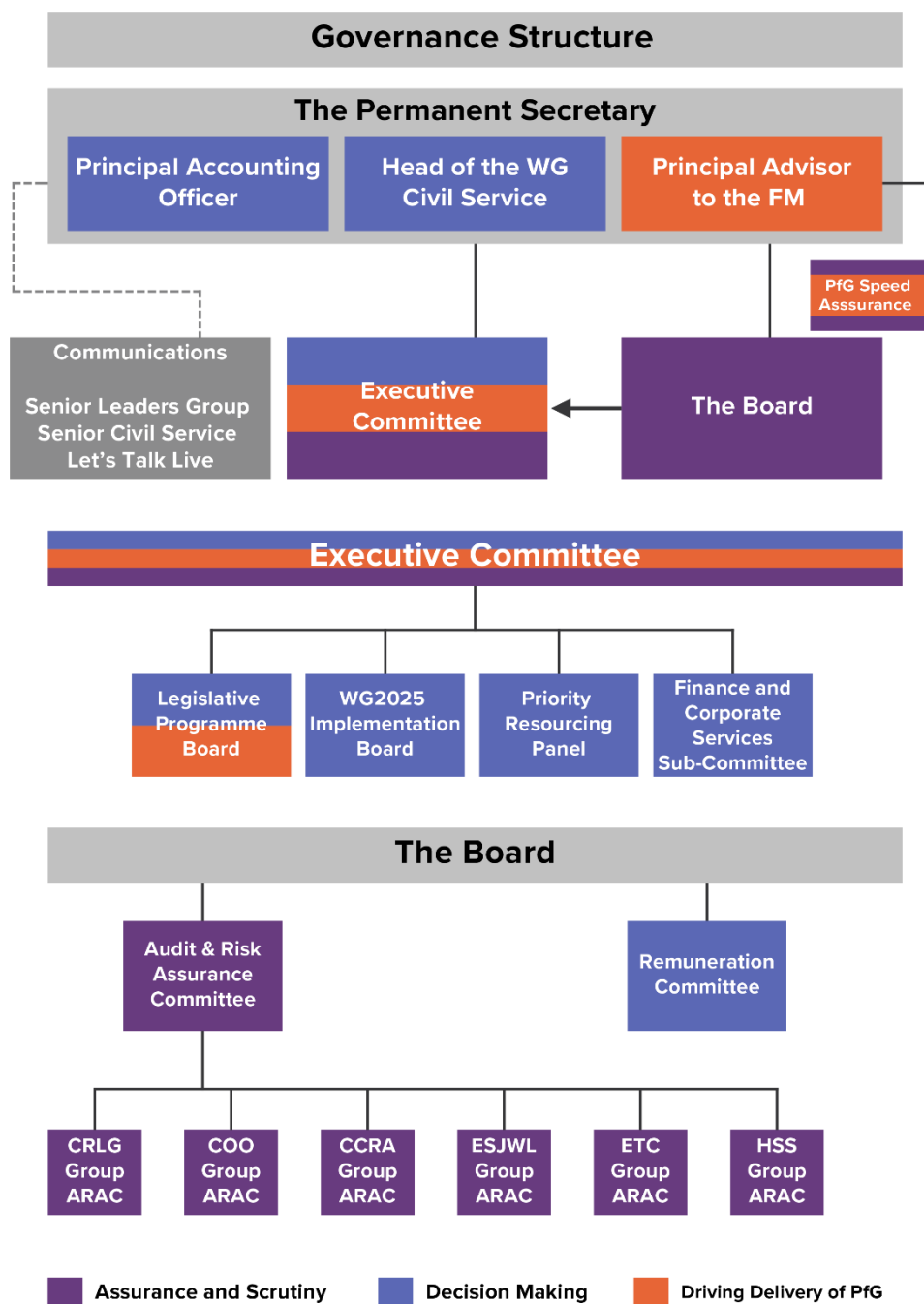
4. Responsibilities within the Core Groups

4.1 From April 2022 onwards, I restructured the core groups within the Welsh Government to six Groups and one Directorate, headed by myself as Permanent Secretary and six Directors General who have been appointed Additional Accounting Officers.

<p style="text-align: center;">Chief Operating Officer's Group (COOG)</p> <ul style="list-style-type: none"> • Care Inspectorate Wales (CIW) • Commercial & Procurement • Communications • Continuous Improvement • Corporate Service • Digital, Data and Technology (DDat) • Finance • Healthcare Inspectorate Wales (HIW) • Knowledge and Analytical Services (KAS) • Planning & Environment Decisions Wales 	<p style="text-align: center;">Climate Changes and Rural Affairs Group (CCRA)</p> <ul style="list-style-type: none"> • Chief Veterinary Officer • Climate Change, Energy & Planning • Environmental Sustainability • Finance & Operations • Housing & Regeneration • Rural Affairs • Transport & Digital Connectivity
<p style="text-align: center;">Covid Recovery and Local Government Group (CRLG)</p> <ul style="list-style-type: none"> • Local Government • Police Liaison Unit • Risk Resilience & Community Safety 	<p style="text-align: center;">Education, Social Justice and Welsh Language Group (ESJWL)</p> <ul style="list-style-type: none"> • Communities and Tackling Poverty • Education • Operations Team • Skills, Higher Education and Life Long Learning • Social Partnership, Employability and Fair Work • Welsh Language
<p style="text-align: center;">Economy, Treasury and Constitution Group (ETC)</p> <ul style="list-style-type: none"> • Borders Programme • Business & Regions • Chief Scientific Office • Constitution & Justice • Culture, Sport & Tourism • ETC Finance & Operations • EU Transition • International Trade & Relations • Legal Services • Office of the Legislative Counsel • Regional Investment & WEFO • Welsh Treasury • Welsh Tribunals 	<p style="text-align: center;">Health and Social Services Group (HSS)</p> <ul style="list-style-type: none"> • Cafcass Cymru • Chief Medical Officer • Digital Transformation • Director General's Office • Health Protection • Health & Wellbeing • Mental Health & Primary Care • NHS Finance • NHS Performance • NHS Workforce & Operations • Population Health • Quality & Nursing • Social Services & Integration
	<p style="text-align: center;">Office of the First Minister Group</p> <ul style="list-style-type: none"> • Cabinet Division • Cabinet Office • Co-operation Agreement Unit • Office of the First Minister • Propriety and Ethics

Welsh Government Governance Structure

4.2. Within the Welsh Government, the governance framework comprises of the processes and structures which inform, direct, manage and monitor the activities of the Welsh Government towards the achievement of its objectives.



Governance structure from April 2022 onwards

Board & Committee Details

Principal Accounting Officer	As Permanent Secretary I am also the PAO for the Welsh Ministers by virtue of Section 129 (6) of the Government of Wales Act 2006. In addition, I am accountable to the Welsh Ministers for the resources of the Welsh Government and its Arms-Length Bodies (ALBs).
Additional Accounting Officers	<p>My role as PAO of the Welsh Government I am granted powers under Section 133(2) of the Government of Wales Act to appoint Additional Accounting Officers (AAOs). Section 133 (3) of the 2006 Act allows the PAO to specify the responsibilities of the Additional Accounting Officers I appoint. I have designated all Director Generals as Additional Accounting Officers. Certain specific Directors are also designated as AAOs to further clarify corporate governance and accountability arrangements, both for the use of public funds and in accounting to the Public Accounts and Public Administration Committee, these Director designations are reviewed to ensure their ongoing relevance.</p> <p>An AAO is also the senior sponsor for Welsh Government Sponsored Bodies.</p>
The Board	<p>The Board consists of 17 members, both Non-Executives and Executives. TUS representatives and Shadow Board members also attend as participative observers. The Board supports, challenges and advises me in taking key strategic decisions about how the Welsh Civil Service is developed to support the First Minister and Ministers and ensures the Welsh Government delivers the objectives and strategies set out in the Ministers' Programme for Government. Board members are appointed by the Permanent Secretary in line with Civil Service best practice.</p> <p>I chair the Board meetings and after each Board I meet with the Non-Executive Directors. The Non-Executive Directors continue to pay particular attention to specific portfolio areas as requested by the First Minister in the summer of 2021.</p> <p>The role of the Board is to provide:</p> <ul style="list-style-type: none"> • Assurance to the Permanent Secretary in discharging their role as Principal Accounting Officer. • Support to the Permanent Secretary to ensure that the organisation operates to the highest standards of governance, financial management, management of risks and processing of the annual accounts. • Strategic advice on the delivery of the Government's priorities in line with the objectives of the Well-being

	<p>of Future Generations Act; and Challenge to the organisation and advice to the Permanent Secretary on organisational strategy, design and workforce planning to ensure the organisation continues to be fit for purpose, adequately resourced and promotes equality and diversity throughout the organisation.</p>
The Executive Committee (ExCo)	<p>The Executive Committee is the strategic decision-making forum of the Welsh Government at official level. It provides support to the Permanent Secretary as Principal Policy Adviser to the FM, Principal Accounting Officer and Head of the Welsh Government Civil Service and acts under their authority.</p>
Board Sub Committees – Audit and Risk Assurance Committee	<p>The purpose of this Committee is to provide support and advice to the Permanent Secretary in their capacity as Principal Accounting Officer on risk management, control and governance and on the Governance Statement. This sub-committee is chaired by a Non-Executive Director, and I also attend as Permanent Secretary.</p>
Board Sub-Committee – Remuneration Committee	<p>This sub-committee is the SCS Remuneration Sub-Committee which is responsible for Senior Civil Service (SCS) pay and conditions, senior succession planning and recruitment and all SCS personnel cases. The Permanent Secretary’s salary on appointment, must be approved by the Chief Secretary to the Treasury. All Permanent Secretary appointments and remuneration are managed centrally by the UK Cabinet Office. They are also in scope of the Treasury senior pay control.</p> <p>A Non-Executive Director chairs the Committee, and I attended all the meetings.</p>
Finance and Corporate Services Sub Committee	<p>The Finance and Corporate Services Sub-Committee is a permanent sub-committee which supports ExCo with the internal running of the organisation on an operational level, with respect to the management of HR, IT security, data management, finances and resources, allowing ExCo to maintain a strategic, cross-organisational focus. The Finance & Corporate Services Sub-Committee is chaired by the Chief Operating Officer and membership includes one of the Non-Executive Directors on the Welsh Government Board. The responsibilities of the Sub-Committee are separated into two separate Strands: Finance and HR Corporate Services and the Sub-Committee meets once every 4 weeks.</p>
Permanent Secretary’s Delivery Board	<p>This sub-committee supports ExCo by monitoring the progress of the delivery of the priorities identified in the Programme for Government.</p>

Legislative Programme Board	This Programme Board co-ordinates and oversees at official level the delivery of the Government’s programme of legislation.
Welsh Government 2025	<p>Welsh Government 2025 (WG2025) is our programme for changing and improving the organisation over the next three years so that we can support Ministers effectively and deliver for Wales in an increasingly challenging financial and global context.</p> <p>Launched in January 2023, the WG2025 Action Plan brings together the actions of five dedicated workstreams into a cohesive and measurable plan for improvement. Together, the workstreams cover how we operate as the Welsh Government Civil Service, from the technology we use and the offices we work in, to the way we develop our people and deliver our priorities. The actions were developed in response to extensive staff engagement, in addition to ongoing organisational commitments and priorities.</p>

Social Partnerships

4.3. The Welsh Government has well established social partnership structures to support our effective working with public and private sector employers and trade unions. These structures have a long history of allowing us to work collaboratively through our shared interests. The Social Partnership and Public Procurement (Wales) Act 2023 puts some of this partnership work on a statutory basis.

Assurance Framework

4.4. The Welsh Government’s assurance framework, shown in figure 4, has been developed to give sufficient, consistent, continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved, cost effective, public services.

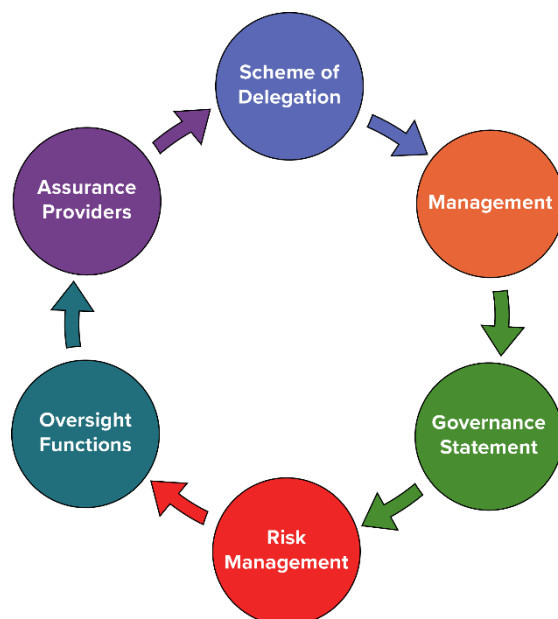


Figure 4

Scheme of Delegation	<p>The Welsh Government’s “Scheme of Delegation” is an integral part of the organisations internal control system and provides a mechanism to support:</p> <ul style="list-style-type: none"> • Swift, agile and flexible responses to changes in need and priority; • Simple and clear procedures; • Clarity of responsibilities for decision-making, and ensuring those responsibilities are at the right level within the organisation; and • Providing appropriate delegations and clear accountabilities.
Management	<p>Management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.</p>
Governance Statement	<p>The governance statement is a key feature of the Welsh Government’s annual report and accounts. It covers the accounting period, providing an understanding of the organisation’s internal control structure and its management of resources. The statement is informed by work undertaken throughout the period to gain assurance about performance and risk management, providing an insight into the Welsh Government’s risk profile and its responses to identified and emerging risks.</p>
Risk Management	<p>The risk management process is designed to identify and prioritise the risks to the achievement of the Welsh Government’s policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and then to manage them efficiently, effectively and economically. The Welsh Government adheres to the main principles for risk management in government set out in H M Treasury’s <i>The Orange Book; Management of Risk – Principles and Concepts (2019)</i>.</p>
Oversight Functions	<p>This represents the Welsh Government’s review and monitoring functions to ensure that its policies, plans, programs, and projects are:</p>

	<ul style="list-style-type: none"> • achieving expected outcomes; • represent good value for money; and • are in compliance with applicable policies, laws, regulations, and ethical standards.
Assurance Providers	<p>Within Welsh Government this includes a variety of independent assurance providers including:</p> <ul style="list-style-type: none"> • Internal Audit; • External Audit; and • Gateway Reviews.

Three Lines of Defence

4.5. The Welsh Government’s assurance framework is built upon the three lines of defence model to ensure that the different sources of assurance are clearly identified and understood; whilst avoiding gaps in assurance or duplication.

4.6. The table below shows an example of where assurances are obtained within the Welsh Government, aligning them to the model. This is not an exhaustive list of the assurances available in the organisation.

“First Line” of Defence	“Second line” of Defence	“Third line” of defence
Management Controls	Management oversight “The people that don’t mark their own homework.”	Independent and Objective Reviews
<ul style="list-style-type: none"> • Schedule of Delegation • Internal Control Questionnaire • Directors General Assurance Statements 	<ul style="list-style-type: none"> • Risk Management • Compliance Functions such as: <ul style="list-style-type: none"> ○ Health and Safety ○ Fraud Risk Assessments ○ Integrated Assurance Hub - PPM ○ Equality & Diversity Monitoring 	<ul style="list-style-type: none"> • Internal Audit Opinion • External Audit (Wales Audit Office) • HMRC reviews • PPM Gateway Reviews • ISO18001 Accreditation

5. Relationships with Welsh Public Bodies

- 5.1 As PAO of the Welsh Government, I have to satisfy myself that each public body funded by Welsh Government has systems adequate to meet the standards outlined in Managing Welsh Public Money.
- 5.2 The Welsh Government delivers its aims and objectives, in part, through a number of public bodies, including Welsh Government Arm's Length Bodies (ALBs), subsidiary companies, independent statutory office holders and other government-funded public bodies. An Accounting Officer is appointed for each body with executive functions and is responsible for an organisation's management of public finances and delivery of its objectives. Accounting Officers are required to sign a governance statement which is published in their body's annual accounts. The relationship with the Welsh Government is defined in written documentation for each body, including a Framework Document setting out the level of financial delegation and which decisions require approval from the Welsh Ministers.
- 5.3 The Public Bodies Unit has been established to improve engagement with, and the governance of, the public bodies for which the Welsh Government is responsible. The Public Bodies Unit is responsible for the delivery of an action plan which is designed to support that improved engagement, and more effective governance arrangements between the Welsh Government and public bodies in Wales and has put in place templates for a consistent framework of a roles, accountability and delegation for all arms-length bodies and Welsh Government-owned companies. This supports the move towards Term of Government Remit Letters, backed up by annual finding letters, and a Risk Assurance model which will inform the ongoing cycle of Tailored Reviews.

6. NHS Wales

- 6.1 The NHS receives the majority of its funding from the Welsh Government to cover the day-to-day running costs of health services in Wales during each financial year. The NHS delivers services through seven Health Boards, three NHS Trusts and two Special Health Authorities, Health Education and Improvement Wales (HEIW) and Digital Health and Care Wales (DHCW).
- 6.2 This takes the following forms:

- Revenue allocations to local health boards to secure hospital, community and primary care services for their resident populations including GP's, General Dental Practitioners and Pharmacists;
- Capital allocations to local health boards and NHS Trusts for operational and strategic capital developments; and
- Targeted funding for health improvement and other Welsh Government initiatives.

6.3 The Welsh Government's Director General for Health and Social Services is also Chief Executive of NHS Wales. As Chief Executive of NHS Wales, they are accountable to the Minister for Health and Social Services, and responsible for providing them with policy advice and exercising strategic leadership and management of the NHS.

6.4 Each NHS organisation in Wales has a Chief Executive who is appointed Accountable Officer, through an Accountable Officer Memorandum issued by the Chief Executive of NHS Wales. This Memorandum outlines the responsibility of the Accountable Officer in each NHS organisation for financial management and performance.

6.5 The Memorandum clearly states that the Accountable Officer is directly accountable for all financial performance issues (and all other performance issues) delegated to the organisation and to the Chief Executive of NHS Wales as Additional Accounting Officer for Health and Social Services.

7. Local Government

7.1 Grant funding is provided to Unitary Authorities, Fire and Rescue Authorities and Police and Crime Commissioners in Wales. The largest single component of grant funding is the annual settlement for Unitary Authorities which comprises Revenue Support Grant (RSG) and a share of non-domestic rates income. This funding may be used for any purpose in delivering the services for which those authorities are responsible. The quantum of funding is set as part of the Welsh Government's annual budget round. It is distributed using a formula which reflects the factors which drive authorities' need to spend to deliver a wide range of services, including education and social care. The formula is maintained, updated and improved through an ongoing programme of work with local government.

- 7.2 Funding is also provided to authorities through grants which can be used only for the specific purposes for which they are provided. Additionally, Unitary Authorities receive some specific grants from UK Government Departments for non-devolved functions, from locally set council tax, fees, charges and other sources of income. Unitary Authorities also receive Welsh Government grants for capital spending and support for borrowing. This is complemented by authorities' own borrowing capacity, grants from other bodies and capital receipts.
- 7.3 Similar arrangements apply to the revenue provision for Police and Crime Commissioners, who are funded through a mix of RSG and non-domestic rates income from the Welsh Government, Police Grant from the Home Office, specific grants and from council tax. Other authorities are funded through arrangements such as specific grants, levies and precepts.
- 7.4 Each authority is accountable for how it uses the available funding in delivering the functions for which it is responsible. Unitary Authorities, police bodies and fire and rescue authorities must have an appointed officer under Section 151 of the Local Government Act 1972 who has statutory duties to ensure there is proper administration of financial affairs. Authorities are held to account through their scrutiny functions and through direct accountability to their local electorate. Their financial affairs are governed by a statutory accounting and audit framework and their accounts are subject to full annual external audits by the Auditor General for Wales.
- 7.5 Until 1 April 2021 principal councils had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether each council was likely to (or had) met these requirements. From 1 April 2021 councils are subject to a new performance and governance regime requiring them to keep their performance under review, and requiring them since 5 May 2022 to arrange a panel performance assessment at least once every electoral term. The Auditor General for Wales also carries out performance audit work at each council to be satisfied that it has put in place proper arrangements to get value for money for the resources it uses and to assess the extent to which councils are acting in accordance with the sustainable development principle.
- 7.6 In respect of funding provided for specific purposes, individual grant terms and conditions are the responsibilities of the relevant policy departments. These terms and conditions must have due regard to the Grants Centre of Excellence Minimum Standards for Grant Funding. Adherence to these standards should ensure compliance with the Welsh Government's governance and financial arrangements, relevant law, policy and good

practice. Work was begun in 2022-2023 to review the administrative burdens on local authorities under the Welsh Government's Programme for Government. This identified specific grants as a significant element of concern and work, across Welsh Government, will be undertaken in 2023-2024 to reduce the impact of these grants whilst ensuring proportionate assurance. With regard to funding provided by the UK Government in respect of non-devolved functions, the arrangements for accountability will be agreed between the local authorities and the relevant UK Government Department.

8. Third Party Delivery Partnerships

8.1 The Welsh Government has developed partnerships with 3rd parties to deliver its policy objectives, however none are so significant that the Welsh Government is dependent on them to deliver core parts of its business and they are generally managed through grant funding or commercial arrangements.

9. Grants to Private and Voluntary Sector Organisations

9.1 Grants and funding form one of the Welsh Government's most important mechanisms for delivering Ministerial priorities and making a difference to the lives of people in Wales. The management of grants and other non-procured funding is a core activity undertaken in almost every department within the Welsh Government.

9.2 Within the Welsh Government there is a Grants Centre of Excellence who are there to provide support with all aspects of the end-to-end grant process. This includes:

- Comprehensive suite of guidance/templates;
- Standard award letter template;
- Grant Minimum Standards;
- Central Mailbox for queries; and
- Face to face support.

9.3 In order to provide practical advice and challenge to Grant Managers when developing a new grant scheme, the Welsh Government has established a Grants Assurance Panel. This panel consists of key officials from the Grants Centre of Excellence, state aid, legal services, internal audit, tax expert services, Cabinet Office and relevant policy team. Grant managers are able to present their grant scheme proposals and receive advice and practical

recommendations from a number of sources, to help improve the proposed grant scheme and ensure that the grant scheme is consistent with wider Welsh Government policy.

- 9.4 In 2022-23 the Welsh Government provided grant funding totalling £20.4bn. The grant funding provided can be divided into two distinct categories. Un-hypothecated grants are those payments provided to local health bodies and local government and account for £15.3bn of the £20.4bn total. Hypothecated grants represent payments where there are clear deliverables and criteria surrounding the purpose of the grants and account for the remaining £5.1bn of funding.

10. Commercial and Procurement

- 10.1 Procurement is an essential value-adding activity within government, helping the Welsh Government meet Ministerial priorities and deliver effective public services. Procurement is cross-cutting and is seen as a key enabler for the delivery of the Wellbeing of Future Generations Act. The Commercial Procurement Directorate supports both the wider public sector and Welsh Government direct procurement activities.
- 10.2 The Welsh Government's Corporate Procurement Services (CPS) and Corporate Procurement ICT (CPICT) teams are responsible for developing the Welsh Government's own procurement strategy, policies and procedures. They offer advice and guidance on behalf of the Accounting Officer, to ensure that all Welsh Government procurement is carried out in accordance with its responsibilities for regularity, propriety and value for money. CPICT also manages the procurement systems used by the Welsh Public Sector and includes business intelligence services too.
- 10.3 The Procurement Reform and Commercial Policy team is externally focused, developing procurement legislation and providing procurement policy advice and guidance. The externally focussed Commercial Delivery and Capability team also provides capability and skills development and a pipeline of national collaborative agreements which the Welsh Government is committed to utilising.

11. Investments, Joint Ventures and other Assets

11.1 The Welsh Government has five wholly owned subsidiaries whose accounts are consolidated into the Welsh Government Accounts. These are:

- Development Bank of Wales Group
- Regeneration Investment Fund for Wales LLP
- WGC Holdco Limited
- Careers Choices Dewis Gyrfa Limited
- Transport for Wales Group

Other minor subsidiaries and interests

11.2 The following Welsh Government Joint Ventures are included in the consolidated accounts:

- International Convention Centre Wales Limited – The Welsh Government owns 50% of the issued share capital of the International Convention Centre Wales Limited, with the other 50% being held by The Celtic Manor Resort Limited.
- Airbus Group Endeavr Wales (formerly EADS Foundation Wales) – a joint interest in a company limited by guarantee. Joint ownership is held with Airbus Defence and Space Ltd (formerly Cassidian Holdings Limited) and Cardiff University.

The following Welsh Government interests are not included in the consolidated accounts:

Welsh Government – Non-Ministerial Departments – subject to a designation order but immaterial for consolidation:

- Welsh Revenue Authority

Welsh Government Subsidiaries

11.3 These bodies are subject to a designation order but immaterial for consolidation:

- Design Commission for Wales Limited (Design Commission for Wales/Comisiwn Dylunio Cymru)
- Meat Promotion Wales Limited/Hybu Cig Cymru Cyf
- Sector Development Wales Partnership Limited
- Life Sciences Hub Wales Limited
- Centre for Digital Public Services Limited (formerly Innovation Point Limited)
- National Academy for Education Leadership

- International Business Wales Limited
- Cwmni Eginio
- Global Centre of Rail Excellence
- Adnodd Cyfyngedig

Welsh Government Subsidiaries – not subject to a designation order and immaterial for consolidation:

- Welsh Development Management Limited

Student Loans Company Limited

11.4 The Welsh Government holds one share with a nominal value of £1. Joint ownership is held with the Department for Education, Scottish Government and Northern Ireland Government. The share gives the Welsh Government 5% holding in the company.