



**Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio**

**The National Assembly for Wales
Audit Committee**

**Y Modd y mae Llywodraeth Cynulliad Cymru yn
Goruchwylio'r Cyrff Cyhoeddus a Noddir gan y Cynulliad
a'u Rheolaeth Ariannol**

**Welsh Assembly Government Oversight of Assembly
Sponsored Public Bodies and their Financial Management**

**Cwestiynau 1-59
Questions 1-59**

**Dydd Iau 25 Medi 2003
Thursday 25 September 2003**

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Leighton Andrews, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, Carl Sargeant.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Lew Hughes, Swyddfa Archwilio Genedlaethol Cymru; Mike Usher, Swyddfa Archwilio Genedlaethol Cymru.

Tystion: Syr Jon Shortridge, Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru; David Richards, Prif Swyddog Cyllid Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Leighton Andrews, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, Carl Sargeant.

Officials present: Sir John Bourn, Auditor General for Wales; Lew Hughes, National Audit Office Wales; Mike Usher, National Audit Office Wales.

Witnesses: Sir Jon Shortridge, Permanent Secretary, National Assembly for Wales; David Richards, Principal Finance Officer, National Assembly for Wales.

*Dechreuodd y sesiwn cymryd tystiolaeth am 2 p.m.
The evidence-taking session began at 2 p.m.*

[1] **Janet Davies:** Good afternoon. I think that we are all here, so we might as well begin. As you know, this particular session is about the Welsh Assembly Government's oversight of Assembly sponsored public bodies and their financial management. I welcome Sir Jon Shortridge and David Richards as witnesses for this part of the proceedings.

My first question concerns the nature of the Assembly Government's relationship with its sponsored public bodies. Sir Jon, I will begin by asking you to set up some introductory comments on your view on how the relationship between the Assembly and its sponsored public bodies should operate. Also, why does it not appear to have done so in the case of the National Council for Education and Training for Wales?

Sir Jon Shortridge: May I just say, Chair, that that is a very big question. I will try to give bite-sized answers to it. Essentially, what I will do is talk about the nature of the political relationship, then the nature of the official relationship, and then I can go on to deal with the subsidiary questions of how it should have worked and why it did not. May I do it in those four bits?

[1] **Janet Davies:** Prynhawn da. Credaf ein bod ni i gyd yma, felly cystal i ni ddechrau. Fel y gwyddoch, mae'r sesiwn penodol hwn yn ymwneud â'r modd y mae Llywodraeth Cynulliad Cymru yn goruchwylio cyrff cyhoeddus a noddir gan y Cynulliad a'u rheolaeth ariannol. Croesawaf Syr Jon Shortridge a David Richards fel tystion ar gyfer y rhan hon o'r cyfarfod.

Mae fy nghwestiwn cyntaf yn ymwneud â natur perthynas Llywodraeth y Cynulliad â'i gyrff cyhoeddus a noddir. Syr Jon, dechreuaf drwy ofyn i chi roi rhai sylwadau rhagarweiniol ar eich safbwynt chi am sut y dylai'r berthynas rhwng y Cynulliad a'r cyrff cyhoeddus a noddir ganddo weithio. Hefyd, pam nad yw'n ymddangos ei fod wedi gwneud hynny yn achos Cyngor Cenedlaethol Cymru dros Addysg a Hyfforddiant?

Syr Jon Shortridge: A gaf fi ddweud, Gadeirydd, fod hwnnw yn gwestiwn mawr iawn. Ceisiaf roi atebion cryno iddo. Yn y bôn, yr hyn y byddaf yn ei wneud yw siarad am natur y berthynas wleidyddol, yna natur y berthynas swyddogol, ac yna gallaf fynd ymlaen i ddelio â'r cwestiynau atodol o sut y dylai fod wedi gweithio a pham na weithiodd. A gaf fi ei rannu'n bedwar fel hynny?

[2] **Janet Davies:** Yes.

Sir Jon Shortridge: Basically, the political relationship is defined by the remit letter that the Minister sends to the chair of the body, usually at some time between January and March—the earlier the better. That sets out what the expectation is of that body, certainly over the following year, but also, indicatively, into subsequent years. The other element is then the fact that the Assembly makes the appointments to the board. Certainly all the Members from the previous Assembly will be aware of the nature of that relationship, which is that these appointments are made, as far as possible, on a bipartisan basis within the Assembly. The Minister then has regular meetings with the chair and/or the council. In the case of the national council, I think that they were six-monthly meetings. That is about monitoring performance. Certain of the control documents, which I will come on to in a moment, define very clearly the nature of the responsibility of the Minister and the nature of the responsibility of the chair of the council, which I define as the political relationship.

In summary, I would say that the role of the Minister, and the Government in its political form, is to set the agenda for the council—in this case—and satisfy herself that the council is fulfilling those policy objectives. There is a residual interest in the effectiveness of the management of the operation of the council. I say ‘residual’ because I am very clear that Ministers should have an expectation that things are done properly and that it is the accounting officer who has a responsibility to ensure that things are done properly. It is only when there is some evidence that things are not going right that, in my view, there should be the political and the ministerial interest. So, if I can take the example of procurement problems, the moment that it became apparent that there were these procurement problems last year, it was right and proper that the Minister should, at that stage, take a close interest and seek to be satisfied that these things were being dealt with properly. So, that is a summary of the political relationship.

The official relationship is much more

[2] **Janet Davies:** Gallwch.

Syr Jon Shortridge: Yn sylfaenol, diffinnir y berthynas wleidyddol gan y llythyr cylch gorchwyl a anfonir gan y Gweinidog at gadeirydd y corff, rywbryd rhwng mis Ionawr a mis Mawrth fel arfer—gorau po gyntaf. Mae hynny'n nodi'r hyn a ddisgwylir gan y corff hwnnw, yn sicr yn ystod y flwyddyn ganlynol, ond hefyd, yn arwydd o'r hyn a ddisgwylir yn y blynyddoedd a ganlyn. Yr elfen arall wedyn yw'r ffaith mai'r Cynulliad sy'n penodi i'r bwrdd. Yn sicr bydd pob un o'r Aelodau o'r Cynulliad blaenorol yn ymwybodol o natur y berthynas honno, sef y gwneir y penodiadau hyn, cyn belled â phosibl, ar sail ddwybleidiol o fewn y Cynulliad. Mae'r Gweinidog wedyn yn cael cyfarfodydd rheolaidd gyda'r cadeirydd a/neu'r cyngor. Yn achos y cyngor cenedlaethol, credaf mai cyfarfodydd bob chwe mis oeddynt. Mae hynny'n ymwneud â monitro perfformiad. Mae rhai o'r dogfennau rheoli, y byddaf yn eu trafod mewn munud, yn diffinio'n glir natur cyfrifoldeb y Gweinidog a natur cyfrifoldeb cadeirydd y cyngor, sef yr hyn yr wyf fi yn ei ddiffinio fel y berthynas wleidyddol.

I grynhoi, byddwn yn dweud mai rôl y Gweinidog, a'r Llywodraeth yn ei ffurf wleidyddol, yw gosod yr agenda ar gyfer y cyngor—yn yr achos hwn—a bodloni'i hun bod y cyngor yn cyflawni'r amcanion polisi hynny. Mae diddordeb parhaus yn effeithiolrwydd y gwaith o reoli gweithrediad y cyngor. Dywedaf ‘parhaus’ oherwydd yr wyf yn sicr iawn y dylai Gweinidogion ddisgwyl bod pethau'n cael eu gwneud yn gywir ac mai'r swyddog cyfrifo sy'n gyfrifol am sicrhau bod pethau'n cael eu gwneud yn gywir. Dim ond pan fo rhyw dystiolaeth nad yw pethau'n cael eu gwneud yn iawn, yn fy marn i, y dylid cael y diddordeb gwleidyddol a gweinidogol. Felly, os caf fi gymryd yr enghraifft o broblemau caffael, y funud y daeth yn amlwg bod y problemau caffael hyn y llynedd, yr oedd yn gywir ac yn briodol y dylai'r Gweinidog, ar yr adeg honno, gymryd diddordeb manwl a cheisio bod yn fodlon bod pethau'n cael eu trafod yn briodol. Felly, dyna grynodeb o'r berthynas wleidyddol.

Mae'r berthynas swyddogol yn llawer mwy

comprehensive and I can again only sketch some of this out because otherwise it would be a very long presentation. You can come back to me on some of it. The official relationship is defined very much in terms of the documentation that is provided. So the prime documentation that determines the relationship is the management statement and financial memorandum, which we spoke about this morning. Those two documents together—I have them here and I would think that we are talking about 30 or 40 pages—are very comprehensive documents, which define the nature of the relationship that should exist between the two organisations. Essentially, they are setting out the framework within which we expect the organisation to operate. It defines the organisation's freedoms to operate. These are organisations that are independent statutory bodies for the most part, and so they have to take responsibility for their actions. However, we define for them the freedoms that they have and the parameters within which they take those actions and then, by definition, to the extent that we have not specified the freedoms, they have to come back to us as officials for the necessary approvals.

Now, underlying all of that, there is a very complex network of relationships and of meetings, which I have twice a year with the accounting officers, which David Richards has twice a year with the finance directors, and which certain of our other finance colleagues have on a regular basis with the organisations collectively. Then we have the sponsor division, which has the responsibility for managing the relationship of the Assembly Government, or the Assembly in one sense, with the particular body. Those are pretty hands-on relationships so that, for example, there are regular monthly meetings between the sponsor division and the relevant executives within the body concerned. We receive their monthly financial reports and we monitor those pretty closely. So we are constantly looking for intelligence about how the body is performing against its remit letter and also against—and I should have mentioned this earlier—its corporate plan and its business plan, both of which are signed off by the Minister. So, those are, fundamentally,

cynhwysfawr ac unwaith eto dim ond amlinelliad y gallaf ei roi neu byddai'n gyflwyniad hir iawn fel arall. Gallwch ddod yn ôl ataf ynglŷn â rhai agweddau arni. Mae'r berthynas swyddogol yn cael ei diffinio i raddau helaeth yn nhermau'r dogfennau a ddarperir. Felly, y prif ddogfennau sy'n pennu'r berthynas yw'r datganiad rheoli a'r memorandwm ariannol, y buom yn sôn amdanynt yn ystod y bore. Mae'r ddwy ddogfen hyn gyda'i gilydd—maent gennyf yn y fan hon a byddwn yn meddwl ein bod yn sôn am tua 30 neu 40 tudalen—yn ddogfennau cynhwysfawr iawn, sy'n diffinio natur y berthynas a ddylai fodoli rhwng y ddau sefydliad. Yn eu hanfod, maent yn gosod y fframwaith yr ydym yn disgwyl i'r sefydliad weithio oddi fewn iddo. Mae'n diffinio rhyddid y sefydliad i weithredu. Mae'r rhain yn sefydliadau sy'n gyrff statudol annibynnol i raddau helaeth, ac felly mae'n rhaid iddynt fod yn gyfrifol am eu gweithredoedd. Fodd bynnag, yr ydym yn diffinio ar eu cyfer y rhyddid sydd ganddynt a'r paramedrau y maent yn cyflawni'r camau gweithredu hynny oddi fewn iddynt ac yna, trwy ddiffiniad, i'r graddau nad ydym wedi nodi'r hawliau, mae'n rhaid iddynt ddychwelyd atom ni fel swyddogion am y gymeradwyaeth angenrheidiol.

Yn sail i hynny i gyd, mae rhwydwaith cymhleth iawn o gydberthnasau ac o gyfarfodydd, yr wyf fi yn eu cael ddwywaith y flwyddyn gyda'r swyddogion cyfrifo, y mae David Richards yn eu cael ddwywaith y flwyddyn gyda'r cyfarwyddwyr cyllid, ac mae rhai o'n cydweithwyr cyllid eraill yn eu cael yn rheolaidd gyda'r sefydliadau gyda'i gilydd. Yna mae gennym yr is-adran noddi, sy'n gyfrifol am reoli perthynas Llywodraeth y Cynulliad, neu'r Cynulliad mewn un synnwyr, gyda'r corff penodol. Mae'r rheini yn gydberthnasau eithaf ymyrrol felly, er enghraifft, mae cyfarfodydd misol rheolaidd rhwng yr is-adran noddi a'r swyddogion gweithredol perthnasol yn y corff dan sylw. Derbyniwn eu hadroddiadau ariannol misol ac yr ydym yn monitro'r rheini'n eithaf gofalus. Felly yr ydym yn edrych yn gyson am wybodaeth am sut mae'r corff yn perfformio yn erbyn ei lythyr cylech gorchwyl a hefyd yn erbyn—a dylwn fod wedi sôn am hyn yn gynharach—ei gynllun corfforaethol a'i gynllun busnes, sydd ill dau yn cael eu

the hard relationships and how they are defined in documentation, but then there is a lot of softer stuff that goes on as well in terms of training and sharing experience and so on, which I can talk about subsequently. That, given that I am not reading from a text, I think defines sufficiently clearly for you the nature of the relationship.

Now, your subsidiary questions—I cannot read my writing—one was why did it not work on this occasion and the first was about how it should have worked, was it?

[3] **Janet Davies:** Really, it was on your view of how the relationship should operate in general.

Sir Jon Shortridge: Okay. Well, I think, having defined that sort of framework, how it should work is on a basis of openness, trust and no surprises. Both sides—this is the sponsor division now and the sponsor body—should be in pretty much constant communication so that we know what is going on, we are being told what is going on and we have the opportunity to challenge whether what is being proposed is satisfactory and appropriate. I should perhaps add that part of our intelligence comes, certainly in the case of the national council, from the fact that we have a right to have an observer at every council meeting and to see the papers, and that right is invariably taken up. I am not aware of one council meeting where we were not represented. We also have Laurie Pavelin, our chief accountant, as a member of the council's audit committee. So we are quite well wired into the national council and can get intelligence from what is going on.

Now, why did this not work properly and effectively on this occasion? It is my judgment, and this is one of the big lessons from this experience, that the assumption was made in the case of the national council—this is an assumption by officials, I must emphasise, of the national council—that you could just move pretty seamlessly into that sort of relationship. With hindsight, clearly, we should have been treating the national

harwyddo gan y Gweinidog. Felly, dyna, yn sylfaenol, yw'r cydberthnasau caled a sut y'u diffinnir mewn dogfennau, ond yna mae llawer o bethau llai difrifol sy'n digwydd hefyd o ran hyfforddiant a rhannu profiad ac ati, y gallaf siarad amdanynt maes o law. Credaf fod hynny, gan ystyried nad wyf yn darllen o destun, yn diffinio natur y berthynas yn ddigon clir i chi.

Yn awr, eich cwestiynau ategol—ni allaf ddarllen fy ysgrifen—un ohonynt oedd pam na wnaeth weithio ar yr achlysur hwn ac yr oedd y cyntaf ynglŷn â sut y dylai fod wedi gweithio, oedd?

[3] **Janet Davies:** Mewn gwirionedd, yr oedd ynglŷn â'ch safbwynt chi ar sut y dylai'r berthynas weithio yn gyffredinol

Syr Jon Shortridge: O'r gorau. Wel, credaf, ar ôl diffinio'r math hwnnw o fframwaith, y dylai weithio ar sail natur agored, ymddiriedaeth a dim syndod. Dylai'r ddwy ochr—sef yr is-adran noddi yn awr a'r corff noddi—fod yn cyfathrebu fwy neu lai'n gyson fel ein bod yn gwybod beth sy'n digwydd, ein bod yn cael ein hysbysu am yr hyn sy'n digwydd a bod gennym gyfle i herio a yw'r hyn sy'n cael ei gynnig yn foddhaol ac yn briodol. Efallai y dylwn ychwanegu y daw rhan o'n gwybodaeth, yn sicr yn achos y cyngor cenedlaethol, o'r ffaith bod gennym hawl i gael rhywun yn arsylwi yn holl gyfarfodydd y cyngor ac i weld y papurau, ac yr ydym yn manteisio ar yr hawl honno yn ddieithriad. Nid wyf yn ymwybodol o un cyfarfod cyngor lle na chawsom ein cynrychioli. Hefyd, mae Laurie Pavelin, ein prif gyfrifydd, yn aelod o bwyllgor archwilio'r cyngor. Felly yr ydym yn ymwneud yn eithaf agos gyda'r cyngor cenedlaethol ac yn gallu cael gwybodaeth o'r hyn sy'n digwydd.

Felly, pam na weithiodd hyn yn gywir ac yn effeithiol ar yr achlysur hwn? Yn fy marn i, a dyma un o'r gwersi mawr o'r profiad hwn, gwnaed y rhagdybiaeth yn achos y cyngor cenedlaethol—rhaid i mi bwysleisio mai rhagdybiaeth gan swyddogion y cyngor cenedlaethol yw hon—y gallech symud fwy neu lai'n ddidrafferth i'r math hwnnw o berthynas. O edrych yn ôl, yn amlwg, dylem fod wedi trin y cyngor cenedlaethol yn ei

council in its first year, arguably the first two years, as a new body on probation. We should therefore have been adopting a much more active sponsorship role in relation to the national council than we did. I would not want to give the impression that it was an entirely passive relationship or that it was no more active than in other cases. I am confident from the significant team that we had there, and the very experienced team that we had there, that they were actively engaging with the council, and more so than they would have done with the predecessor body. However, nonetheless, in light of what we have all heard this morning, I would not begin to pretend that that proved to be sufficient. I think that underlying all this was that we trusted them too much and we challenged them too little, particularly on the issue of whether they should have been allowed to go ahead and bring forward these innovation and development projects in the latter half of the year.

So what would I have done differently? With the benefit of hindsight, I would have put the council officials on probation for up to two years. I would have been looking for independent assurance of the quality of the council's systems and controls before it had the freedoms to embark upon what was for it a novel grant scheme. Only once we had the necessary assurance would we have let it off the leash more.

[4] **Janet Davies:** Thank you, Sir Jon. I would like to refer to the answer to the last part of my question. It does seem to me that it may possibly have been that perhaps not as full information as possible was coming to the board meetings, if the people from the Assembly Government did not pick up that things needed harder and closer monitoring. Perhaps you would like to comment on that and also on the ways in which you pick up on when things are not perhaps going according to rule, and how you would do it in future if you had a similar situation. It does appear that there was not sufficient information coming through for the officials from the Assembly Government to get to grips with the situation. I hope that I have made myself clear.

Sir Jon Shortridge: Yes, you have. May I

flwyddyn gyntaf, neu gellir dadlau y ddwy flynedd gyntaf, fel corff newydd ar brawf. Felly dylem fod wedi mabwysiadu rôl noddi llawer mwy gweithgar mewn perthynas â'r cyngor cenedlaethol nag y gwnaethom. Ni fyddwn am roi'r argraff iddi fod yn berthynas hollol oddefol neu nad oedd yn fwy gweithredol nag mewn achosion eraill. Yr wyf yn hyderus o ystyried y tîm sylweddol a oedd gennym yno, a'r tîm profiadol iawn yr oedd gennym yno, eu bod wedi ymwneud yn ddiwyd â'r cyngor, a hynny i raddau helaethach nag y byddent wedi ei wneud â'r corff rhagflaenol. Fodd bynnag, serch hynny, yn sgil yr hyn yr ydym wedi ei glywed y bore yma, ni fuaswn yn dechrau esgus bod hynny wedi bod yn ddigonol. Credaf mai'r hyn sydd wrth wraidd hyn oll yw i ni ymddiried ormod ynddynt a methu â'u herio ddigon, yn enwedig ynghylch y mater a ddylent fod wedi gallu mynd rhagddynt a dod â'r prosiectau arloesi a datblygu hyn ymlaen yn hanner olaf y flwyddyn.

Felly beth fyddwn i wedi ei wneud yn wahanol? O edrych yn ôl, byddwn wedi rhoi swyddogion y cyngor ar brawf am hyd at ddwy flynedd. Byddwn wedi bod yn edrych am sicrwydd annibynnol am ansawdd systemau a chamau rheoli'r cyngor cyn bod ganddo'r hawliau i gychwyn ar yr hyn a oedd yn gynllun grant newydd iddo. Ar ôl cael y sicrwydd angenrheidiol yn unig y byddem wedi rhoi mwy o ryddid iddo.

[4] **Janet Davies:** Diolch, Syr Jon. Hoffwn gyfeirio at yr ateb i ran olaf fy nghwestiwn. Mae'n ymddangos i mi ei bod yn bosibl nad oedd gwybodaeth mor llawn â phosibl yn cyrraedd cyfarfodydd y bwrdd, os na wnaeth pobl o Lywodraeth y Cynulliad sylwi bod angen monitro pethau yn fwy llym a thrylwyr. Efallai yr hoffech roi sylwadau ar hynny a hefyd ar y ffyrdd yr ydych yn sylwi pan nad yw pethau efallai yn datblygu yn ôl y disgwyl, a sut byddech yn ei wneud yn y dyfodol pe bai gennych sefyllfa debyg. Mae'n ymddangos nad oedd gwybodaeth ddigonol yn dod drwodd er mwyn i swyddogion Llywodraeth y Cynulliad fynd i'r afael â'r sefyllfa. Gobeithio fy mod wedi mynegi fy hun yn glir.

Syr Jon Shortridge: Ydych. A gaf fi drafod

deal with three things? Two of them are the points that you made, but I just want to add one further thought to my opening remarks. To the best of my knowledge and experience, when we have set up bodies like the national council—this is going back to my Welsh Office days—we have not put in place the sort of probationary arrangements that I mentioned. So, to the extent that we were acting in accordance with what was deemed to be best practice, I think that we probably were. I think that none of us had an expectation that what we learned about this morning could have happened. However, clearly, in light of those events, just doing as we did when we set up Tai Cymru—or, it is not quite a direct comparison, but when we set up the Welsh European Funding Office—was not enough.

Clearly, more was required, with hindsight, in the case of the national council. In terms of whether enough information was coming forward to the council, I am not able to give you a definitive answer to that because I have not reviewed all the information that was becoming available. All I do know is that we did not have any reason to believe, on the basis of the intelligence that we had received through our routine monitoring and observation of the council, that it would not be able to cope with the situation that it got itself into. In part, I think that colleagues took assurance from the fact that, while this was a brand new public body, it had grown out of the Further Education Funding Council for Wales, which had been around for a long time. So it had a very experienced finance director and had an accounting officer who had joined FEFCW in May 2000. So when these things started to happen in November 2001, an accounting officer had been in place for 18 months, and so I think that there was a bit of a view that, by then, the organisation had begun to mature.

Your last point about, well, where do you get the assurance from, I think is a very important point, and it goes back to what I was saying about the fact that perhaps we should in future have a probationary period of up to two years. By definition, if you have a hands-off relationship with a body, you tend to find out about things—good or bad—

tri pheth? Pwyntiau yr ydych chi wedi eu gwneud yw dau ohonynt, ond yr wyf am ychwanegu un pwynt arall at fy sylwadau agoriadol. Hyd eithaf fy ngwybodaeth a'm profiad, pan yr ydym wedi sefydlu cyrff fel y cyngor cenedlaethol—mae hyn yn mynd yn ôl i'm dyddiau yn y Swyddfa Gymreig—nid ydym wedi rhoi ar waith y math o drefniadau cyfnod prawf yr wyf wedi eu crybwyll. Felly, i'r graddau yr oeddem yn gweithredu yn unol â'r hyn a bennwyd yn arfer gorau, credaf i ni wneud hynny yn ôl pob tebyg. Credaf nad oedd yr un ohonom yn disgwyl y gallai'r hyn yr ydym wedi'i ddysgu y bore yma fod wedi digwydd. Fodd bynnag, yn amlwg, yn sgîl y digwyddiadau hynny, nid oedd gwneud fel y gwnaethom pan sefydlasom Tai Cymru—neu, nid yw'n gymhariaeth hollol uniongyrchol, ond pan sefydlasom Swyddfa Cyllid Ewropeaidd Cymru—yn ddigon.

Yn amlwg, yr oedd angen mwy, o edrych yn ôl, yn achos y cyngor cenedlaethol. O ran a oedd digon o wybodaeth yn cael ei chyflwyno i'r cyngor, ni allaf roi ateb penodol i hynny oherwydd nid wyf wedi adolygu'r holl wybodaeth a oedd yn cael ei chyflwyno. Y cyfan y gwn i yw nad oedd gennym unrhyw reswm i gredu, ar sail y wybodaeth a ddaeth i law drwy ein monitro ac arsylwi arferol o'r cyngor, na fyddai'n gallu ymdopi â'r sefyllfa y cafodd ei hun ynddi. Yn rhannol, credaf i gydweithwyr ennyn sicrwydd o'r ffaith, er mai corff cyhoeddus newydd sbon oedd hwn, ei fod wedi datblygu o Gyngor Cyllido Addysg Bellach Cymru, a oedd wedi bod mewn bodolaeth ers tro byd. Felly yr oedd ganddo gyfarwyddwr cyllid profiadol iawn a swyddog cyfrifo a oedd wedi ymuno â CCABC ym mis Mai 2000. Felly pan ddechreuodd pethau ddigwydd ym mis Tachwedd 2001, yr oedd swyddog cyfrifo wedi bod yn ei swydd am 18 mis, ac felly credaf fod rhywfaint o farn, erbyn hynny, bod y sefydliad wedi dechrau aeddfedu.

Mae'ch pwynt olaf ynglŷn â, wel, o ble yr ydych yn cael eich sicrwydd, yn bwynt pwysig iawn yn fy marn i, ac mae'n mynd yn ôl at yr hyn yr oeddwn yn ei ddweud am y ffaith efallai y dylem gael cyfnod prawf o hyd at ddwy flynedd yn y dyfodol. Mae'n amlwg felly, os oes gennych berthynas anymyrrol â chorff, yr ydych yn tueddu i

after they have happened. So I have to rely, to a significant extent, on audit. That is, both reports that are coming out from internal audit in the council—they hit the council's audit committee and I have a member of staff on that audit committee—and also the audit report of the Auditor General for Wales, which is always supplemented by a management letter, which is not a public document, but which goes to the accounting officer of the body concerned and which is copied across to me. So that is my hard intelligence about what is happening within an organisation such as this, but, by definition, that documentation comes through to me at least 18 months after the beginning of the financial year concerned. So this is wise-after-the-event territory.

What I could say perhaps is that these documents are taken very seriously by my officials and by me. All the assurance reports and all the management letters that come from all our executive bodies go straight into our finance group and our chief accountant examines them very closely to see if there are serious issues in relation to an individual body, but also to see if there are any generic issues coming through that affect a number of bodies and which require action. The chief accountant then reports to the corporate governance committee, which, until very recently, I chaired. I am now a member of that committee—it is an official committee—and one of my non-executive directors chairs it, so that, annually, we are in a position to assess the state of financial health, if I can put it that way, of all our sponsored bodies, and we take that, and do that, very seriously. Perhaps I could just add context to that, because what we heard this morning at one level certainly should make us very depressed, but I think that it needs to be put into context. In the last two general reports from the Auditor General, he has said that the standard of probity, or words to that effect, in public bodies in Wales is high. So what you have heard today is very much an exception to the rule. I would like to think that, in part at least, that means that the nature of the systems and arrangements that we have in place to oversee these public bodies is, and has been, working reasonably well.

ddod i wybod am bethau—da neu ddrwg—ar ôl iddynt ddigwydd. Felly mae'n rhaid i mi ddibynnu, i raddau helaeth, ar archwilio. Hynny yw, adroddiadau archwiliadau mewnol yn y cyngor—maent yn cael eu cyflwyno i bwyllgor archwilio'r cyngor ac mae gennyf aelod o staff ar y pwyllgor archwilio hwinnw—a hefyd adroddiad archwilio Archwilydd Cyffredinol Cymru, sydd bob amser yn cael ei ategu gan lythyr rheoli, nad yw'n ddogfen gyhoeddus, ond sy'n cael ei hanfon at swyddog cyfrifo'r corff dan sylw ac yr wyf yn derbyn copi ohoni. Felly dyna fy ngwybodaeth gadarn am yr hyn sy'n digwydd o fewn sefydliad tebyg i hwn, ond, drwy ddiffiniad, yr wyf yn derbyn y dogfennau hynny o leiaf 18 mis ar ôl dechrau'r flwyddyn ariannol dan sylw. Felly yr ydym ar dir doeth-wedi'r-digwyddiad.

Yr hyn y gallwn ei ddweud efallai yw bod fy swyddogion a minnau yn cymryd y dogfennau hyn o ddifrif. Mae'r holl adroddiadau sicrwydd a'r holl lythyrau rheoli a ddaw o'n holl gyrff gweithredol yn mynd yn uniongyrchol i'n grŵp cyllid ac mae ein prif gyfrifydd yn eu harchwilio'n ofalus iawn i weld a oes materion difrifol yn ymwneud â chorff unigol, ond hefyd i weld a oes materion cyffredinol yn codi sy'n effeithio ar nifer o gyrff ac sydd angen gweithredu yn eu cylch. Yna mae'r prif gyfrifydd yn adrodd i'r pwyllgor rheoli corfforaethau yr oeddwn, tan yn ddiweddar, yn gadeirydd arno. Yr wyf bellach yn aelod o'r pwyllgor hwinnw—pwyllgor swyddogol ydyw—ac mae un o'm cyfarwyddwyr anweithredol yn ei gadeirio, felly, yn flynyddol, yr ydym mewn sefyllfa i asesu cyflwr iechyd ariannol, os gallaf ei roi fel hynny, pob un o'n gyrff a noddir, ac yr ydym yn cymryd hynny, ac yn gwneud hynny, o ddifrif. Efallai y gallwn roi cyd-destun i hynny, oherwydd dylai'r hyn y clywsom y bore yma ein digalonni'n fawr ar un lefel, ond credaf fod angen ei roi mewn cyd-destun. Yn y ddau adroddiad diwethaf gan yr Archwilydd Cyffredinol, mae wedi dweud bod safon cywirdeb, neu eiriau i'r perwyl hwinnw, mewn gyrff cyhoeddus yng Nghymru yn uchel. Felly mae'r hyn yr ydych wedi ei glywed heddiw yn eithriad i'r rheol i raddau helaeth. Byddwn yn hoffi meddwl, yn rhannol o leiaf, bod hynny'n golygu bod natur y systemau a'r trefniadau sydd gennym ar waith i oruchwyllo'r gyrff cyhoeddus hyn

yn gweithio'n rhesymol dda, ac wedi bod yn gweithio felly.

[5] **Janet Davies:** I think that I would agree with you on that last point, because most of the reports that come before us—well, we have never had a report quite like this one in over four years. I have to say, Sir Jon, that you have talked about the experience of the financial officers, and I really am struggling to understand how this could have happened when you had people with that sort of experience involved. It may be that, as politicians, we are sort of outside the loop, if I can put it like that, but it really is very, very difficult to understand it. I do not know if you can make any comment on that.

Sir Jon Shortridge: Well, I can only agree with you. If I had begun to have an expectation that this sort of thing could have happened, I would have acted very differently and I am sure that my colleagues would have acted very differently. It is a salutary lesson for us all. One of my mantras throughout my career has been 'assume nothing'. We certainly did not assume that this could have happened, and if we had felt that there was any serious prospect of it happening we must, and we should, have conducted ourselves very differently. That is why I am acknowledging to you today that I think, in the light of this, that I would want all new sponsored bodies to have a probationary period of about two years, which would be extendable depending upon the independent reports that we were getting, not just from the auditors, but from independent consultants who we were probably putting in to get that assurance.

How could it have happened? Steve Martin said this morning that the council and everyone was too ambitious in that first year, and I think that that must be a relevant consideration and an explanation—not an excuse, but an explanation. On that, I would just like to quote from the remit letter, because I do not think that, from my reading of the remit letter, the council was being put under pressure to do an unreasonable amount in its first year. As always with a new organisation, reorganisation absorbs an

[5] **Janet Davies:** Credaf y byddwn yn cytuno â chi ar y pwynt diwethaf hwnnw, oherwydd mae mwyafrif yr adroddiadau a ddaw ger ein bron—wel, nid ydym wedi cael adroddiad tebyg i hwn mewn dros bedair blynedd. Rhaid i mi ddweud, Syr Jon, eich bod wedi siarad am brofiad y swyddogion ariannol, ac yr wyf yn ei chael yn anodd iawn deall sut y gallai hyn fod wedi digwydd pan yr oedd gennych bobl â'r cyfryw brofiad yn ymwneud â'r corff. Efallai, fel gwleidyddion, ein bod ni ar yr ymylon i ryw raddau, os gallaf ei roi fel hynny, ond mae'n wir yn anodd iawn, iawn ei ddeall. Ni wn a allwch roi unrhyw sylwadau ar hynny.

Syr Jon Shortridge: Wel, ni allaf ond cytuno â chi. Pe bawn i wedi dechrau disgwyl y gallai'r math hwn o beth ddigwydd, byddwn wedi gweithredu'n wahanol iawn ac yr wyf yn siŵr y byddai fy nghydweithwyr wedi gweithredu'n wahanol iawn. Mae'n wers ddefnyddiol i ni i gyd. Mae 'na thybiwch unrhyw beth' wedi bod yn un o'm mantrâu gydol fy ngyrfa. Yn sicr ni thybiasom y gallai hyn fod wedi digwydd, a phe baem wedi teimlo bod unrhyw debygrwydd difrifol ohono'n digwydd byddai'n rhaid i ni fod wedi, a dylem fod wedi, gweithredu'n wahanol iawn. Dyna pam yr wyf yn cydnabod i chi heddiw fy mod yn credu, yn sgîl hyn, y byddwn am i bob corff newydd a noddur gael cyfnod prawf o tua dwy flynedd, y byddai modd ei ymestyn yn dibynnu ar yr adroddiadau annibynnol y byddem yn eu derbyn, nid yn unig gan yr archwilwyr, ond gan ymgynghorwyr annibynnol y byddem yn eu defnyddio i gael y sicrwydd hwnnw.

Sut y gallai hyn fod wedi digwydd? Dywedodd Steve Martin y bore yma fod y cyngor a phawb yn rhy uchelgeisiol yn y flwyddyn gyntaf honno, a chredaf fod yn rhaid i hynny fod yn ystyriaeth berthnasol ac yn esboniad—nid esgus, ond esboniad. Parthed hynny, hoffwn ddyfynnu o'r llythyr cylch gorchwyl oherwydd ni chredaf, o ddarllen y llythyr cylch gorchwyl, i'r cyngor gael ei roi dan bwysau i gyflawni baich afresymol yn ei flwyddyn gyntaf. Fel yn achos pob sefydliad newydd, mae ad-drefnu

enormous amount of energy and there will always be the unanticipated, however good your management of risk. However, the remit letter said:

‘2001-02 will be a transitional year in which an early priority for the Council will be to ensure that there is continuity of business. The Assembly will expect it to place emphasis during the early days on maintaining performance, and to act prudently in developing new initiatives at a realistic pace.’

So, I do not think, in terms of the remit letter, that the council was under the obligation to do as much as quickly as it chose to do. Now, I can well understand why a new council would have great ambitions and would be wanting to do a lot; the only point that I am making is that I do not think that it was being put under unreasonable pressure from here to do so.

[6] **Janet Davies:** Okay, Sir Jon. Leighton, do you want to come in with something?

[7] **Leighton Andrews:** Thank you. Sir Jon, I just wanted to ask whether there was, in any way, a kind of cultural issue here? You used the phrase that you had trusted too much and challenged too little. This morning, we heard from Mr Martin about his own background: that he had been a private secretary to two of your predecessors and, clearly, had a background in, presumably, the Assembly and, before that, the Welsh Office. What I want to ask you, really, is: was there a kind of complacency on the part of officials that, having come out of that culture, the standards of public service that would have been, I hope, practised in those institutions would automatically have been carried through at every level of the new body?

Sir Jon Shortridge: I cannot give you a definitive answer to that, because you would actually have to do some sort of a study and talk to all the people concerned to be able to give a definitive answer. I think that, within the public service, those of us who have been in it for some considerable time have certain

yn cymryd llawer iawn o egni a bydd bob amser yr annisgwyl, pa mor dda bynnag yw'ch rheolaeth o risg. Fodd bynnag, dywedodd y llythyr cylch gorchwyl:

‘Bydd 2001-02 yn flwyddyn drawsnewidiol a blaenoriaeth gynnar i'r Cyngor fydd sicrhau parhad yn y busnes. Bydd y Cynulliad yn disgwyl iddo bwysleisio cynnal perfformiad yn y dyddiau cynnar, a gweithredu'n ddoeth i ddatblygu mentrau newydd ar gyflymder realistig.’

Felly, ni chredaf, o ran y llythyr cylch gorchwyl, i'r cyngor fod dan rwymedigaeth i wneud cymaint mor gyflym ag y penderfynodd ei wneud. Yn awr, gallaf ddeall yn iawn pam y byddai gan gyngor newydd uchelgeisiau mawr a pham y byddai am gyflawni llawer; yr unig bwynt yr wyf yn ei wneud yw nad wyf o'r farn ei fod wedi bod dan bwysau afresymol o'r fan hon i wneud hynny.

[6] **Janet Davies:** O'r gorau, Syr Jon. Leighton, a hoffech chi ychwanegu unrhyw beth?

[7] **Leighton Andrews:** Diolch. Syr Jon, yr oeddwn am ofyn a oedd, mewn unrhyw ffordd, rhyw fath o fater diwylliannol ar waith yn y fan hon? Defnyddiasoch y cymal eich bod wedi ymddiried gormod a heb herio digon. Y bore yma, clywsom gan Mr Martin am ei gefndir ei hun: iddo fod yn ysgrifennydd personol i ddau o'ch rhagflaenwyr ac, yn amlwg, bod ganddo gefndir, yn ôl pob tebyg, yn y Cynulliad, a chyn hynny, y Swyddfa Gymreig. Yr hyn yr hoffwn ei ofyn i chi, mewn gwirionedd, yw: a oedd rhyw fath o hunanfodlonrwydd ar ran y swyddogion, o ddod o'r diwylliant hwnnw, y byddai'r safonau o wasanaeth cyhoeddus a fyddai wedi bod, gobeithiaf, ar waith yn y sefydliadau hynny wedi cael eu lledaenu'n awtomatig i bob lefel o'r corff newydd?

Syr Jon Shortridge: Ni allaf roi ateb pendant i hynny, oherwydd byddai'n rhaid i chi mewn gwirionedd wneud rhyw fath o astudiaeth a siarad â'r holl bobl dan sylw i allu rhoi ateb pendant. Credaf, o fewn y gwasanaeth cyhoeddus, fod gan y rheini ohonom sydd wedi bod yn gweithio ynddo

expectations of behaviour and conduct and those expectations influence the way that we do things and the nature of the relationships that we have with people. So there may have been some of that. Going back to what I was just saying, I certainly did not—and I am sure that no-one did—have an expectation that anything like this could ever have happened. Well, that may be complacency, but it was just way outside of our experience.

[8] **Leighton Andrews:** Given that, as you say, this is something way outside of your experience, may I ask you where do you start to make a judgment in a situation like this where an official heading a public body has, in the role of accounting officer, by omission or for whatever other reason, allowed certain practices to be undertaken that are not compatible with the regulations, the guidelines and the ethos, if you like, of the public service? At what point do you make a judgment that such a person should not continue in post?

Sir Jon Shortridge: Let me preface my answer on that by saying that one of the relationships that I could have described at the outset is the relationship between accounting officers, and while the chief executive of a sponsored body is appointed through open competition, by the council in this case—although in many cases with the approval of the Assembly Government subsequently—I independently and separately appoint the accounting officer once that person has been appointed chief executive. So, in making that appointment, I have to satisfy myself at the time that that person has the capacity and capability to perform this role. When things start to go wrong, I have a responsibility to re-evaluate that judgment and take a view as to whether this person is still fit to be an accounting officer. Ever since the problems of the irregular procurements emerged, I have been keeping this accounting officer under regular review. In a sense, I put him on probation, I suppose. There has been a series of meetings and correspondence with him on this subject, and it has been, and continues to be, a difficult judgment for me to make. But,

ers cryn amser ddisgwyliadau penodol o ran ymddygiad ac ymarweddiad a bod y disgwyliadau hynny yn dylanwadu ar y modd yr ydym yn gwneud pethau a natur y cydberthnasau sydd gennym â phobl. Felly mae'n bosibl bod rhywfaint o hynny wedi bod ar waith. Gan ddychwelyd at yr hyn yr oeddwn yn ei ddweud, yn sicr nid oeddwn i—ac yr wyf yn sicr nad oedd unrhyw un—yn disgwyl y gallai rhywbeth fel hyn fyth ddigwydd. Wel, efallai mai hunanfodlonrwydd yw hynny, ond yr oedd ymhell y tu hwnt i'n profiad.

[8] **Leighton Andrews:** O ystyried, fel y dywedwch, bod hyn yn rhywbeth sydd ymhell y tu hwnt i'ch profiad, a gaf fi ofyn i chi ble yr ydych yn dechrau barnu mewn sefyllfa fel hon lle mae swyddog sy'n bennaeth ar gorff cyhoeddus wedi, yn rhinwedd ei swydd fel swyddog cyfrifo, drwy esgeulustod neu am ba bynnag reswm arall, ganiatáu defnyddio rhai arferion penodol nad ydynt yn gydnaws â rheoliadau, canllawiau ac ethos, os hoffwch chi, y gwasanaeth cyhoeddus? Pryd yr ydych yn penderfynu na ddylai'r cyfryw unigolyn barhau yn y swydd?

Syr Jon Shortridge: Gadewch i mi ddweud, cyn ateb, mai un o'r cydberthnasau y gallwn fod wedi ei disgrifio ar y dechrau yw'r berthynas rhwng swyddogion cyfrifo, a thra penodir prif weithredwr corff cyhoeddus trwy gystadleuaeth agored, gan y cyngor yn yr achos hwn—er gyda chymeradwyaeth Llywodraeth y Cynulliad wedi hynny mewn sawl achos—yr wyf yn penodi'r swyddog cyfrifo yn annibynnol ac ar wahân ar ôl i'r unigolyn hwinnw gael ei benodi'n brif weithredwr. Felly, wrth wneud y penodiad hwinnw, rhaid i mi fodloni fy hun ar y pryd bod gan yr unigolyn hwinnw y gallu a'r ddawn i berfformio'r rôl hon. Pan fo pethau'n dechrau mynd o'i le, mae cyfrifoldeb arnaf i ail-werthuso'r penderfyniad hwinnw a phenderfynu a yw'r unigolyn hwn yn parhau'n addas fel swyddog cyfrifo. Byth ers i'r problemau o'r caffaeliadau afreolaidd ddod i'r fei, yr wyf wedi bod yn adolygu'r swyddog cyfrifo hwn yn rheolaidd. Ar ryw ystyr, tybiaf i mi ei roi ar brawf. Bu cyfres o gyfarfodydd a gohebiaeth gydag ef ynghylch y pwnc hwn, ac mae wedi bod, ac mae'n parhau i fod, yn benderfyniad anodd i mi ei wneud. Ond, yn y bôn, yr wyf yn cael fy

essentially, I am guided by the position that I can either summarily withdraw accounting officer status, which is almost certainly the equivalent of summary dismissal because the employing body would then cease to have an accounting officer, or I take the view that the problem with the person concerned is not sufficient to justify summary removal and that therefore I have to wait upon a process. I would summarily dismiss someone who was guilty of an impropriety.

What we do not have here is a propriety issue; it is a failure of management essentially, and there I feel a need to be fair, reasonable and to act within the law. So fairness requires me to take a balanced view. This Committee, understandably, gets a distorted view because you just learn what has gone wrong. I have to look at what has gone right, I have to be reasonable in the sense that I need to be able to demonstrate that I have gone through a proper process, and I have to have regard to the effect of this on the organisation concerned. Ultimately, I have to act within the law because if I took action to remove accounting officer status and the person concerned lost his or her job, I would need to be confident that they would not win a case for unfair dismissal at an employment tribunal. So it is quite a complicated and complex issue. What I have done in reviewing all these matters is that I have taken the view that I should work on the basis of evidence and, in the absence of final audit reports agreed by all the parties, I feel that I have not had sufficiently firm evidence to act upon. I have been conscious too that there is a disciplinary investigation going forward. If I were to act other than summarily, I would have to put in place my own investigation before withdrawing accounting officer status. That is in the guidance within which I operate. So, essentially, the view that I have taken is that I have had to wait for the results of this NAO report to see if there is, in my judgment, sufficient evidence to act summarily. If, in my judgment, there is not, I have to wait for the completion of any disciplinary investigation to ensure that I have the evidence on which to act.

arwain gan y sefyllfa y gallaf naill ai ddi-ddymu statws swyddog cyfrifo yn ddiannod, sydd bron yn sicr yn cyfateb i ddiswyddiad diannod oherwydd ni fyddai gan y corff sy'n ei gyflogi swyddog cyfrifo mwyach, neu byddwn yn penderfynu nad yw'r broblem gyda'r unigolyn dan sylw yn ddigon i gyfiawnhau diswyddiad diannod ac felly bod yn rhaid i mi bwysu ar broses. Byddwn yn diswyddo'n ddiannod unrhyw un a oedd yn euog o weithredu'n amhriodol.

Yr hyn nad oes gennym yn y fan hon yw mater o briodoldeb; methiant rheolwyr ydyw yn y bôn, a theimlaf bod angen bod yn deg, yn rhesymol a gweithredu o fewn y gyfraith yn y fan honno. Felly mae tegwch yn gofyn i mi gymryd golwg cytbwys. Mae'r Pwyllgor hwn, yn hollol ddealladwy, yn cael golwg camarweiniol oherwydd yr ydych ond yn clywed am yr hyn sydd wedi mynd o'i le. Mae'n rhaid i mi edrych ar yr hyn sydd wedi mynd yn iawn, mae'n rhaid i mi fod yn rhesymol o ran bod angen i mi ddangos fy mod wedi dilyn y broses gywir, ac mae'n rhaid i mi ystyried effaith hyn ar y sefydliad dan sylw. Yn y pen draw, mae'n rhaid i mi weithredu o fewn y gyfraith oherwydd pe bawn yn gweithredu i ddi-ddymu statws swyddog cyfrifo ac y byddai'r unigolyn dan sylw yn colli ei swydd, byddai angen i mi fod yn hyderus na fyddent yn ennill achos diswyddo annheg mewn tribiwnlys cyflogaeth. Felly mae'n fater eithaf cymhleth a dyrys. Yr hyn yr wyf wedi ei wneud wrth adolygu'r materion hyn i gyd yw fy mod wedi penderfynu y dylwn weithio ar sail tystiolaeth ac, yn absenoldeb adroddiadau archwilio terfynol y mae'r holl bartïon wedi cytuno arnynt, teimlaf nad wyf wedi cael tystiolaeth ddigon cadarn i weithredu ar ei sail. Bûm yn ymwybodol hefyd bod ymchwiliad disgyblaethol ar y gweill. Pe bawn yn gweithredu mewn unrhyw fodd heblaw'n ddiannod, byddai'n rhaid i mi roi fy ymchwiliad fy hun ar waith cyn diddymu statws swyddog cyfrifo. Dyna'r canllawiau y gweithredaf oddi fewn iddynt. Felly, yn y bôn, y penderfyniad yr wyf wedi ei gymryd yw bod yn rhaid i mi aros am ganlyniadau'r adroddiad SAG hwn i weld a oes, yn fy marn i, digon o dystiolaeth i weithredu'n ddiannod. Os nad oes, yn fy marn i, rhaid i mi aros am gwblhad unrhyw ymchwiliad disgyblaethol i sicrhau bod gennyf dystiolaeth i weithredu ar

ei sail.

[9] **Leighton Andrews:** Nobody is alleging impropriety at all, but, first, would you accept that, in some circumstances, justification for summary dismissal might be given by clear evidence of negligence of duty? Secondly, could you let us, as a Committee—if this is okay, Chair—have a note on whether there have been any other examples, say in the last 10 years or so, of accounting officers in the public sector, in Wales or in England, who have been subject to disciplinary proceedings?

Sir Jon Shortridge: Yes, could I take the second one first? I mean, obviously, I have been looking at precedents as well. I might say that I have probably had three meetings with my employment lawyer and two meetings with the Treasury officer of accounts—who is the equivalent of our compliance officer—in order to try to judge the nature and the scale of the situation that I am dealing with here, so that I can act properly and fairly; I mean, fairly to the person concerned, but also fairly to the Assembly. So, as part of that, I have asked for and got examples of accounting officers who have been dismissed and the circumstances around their dismissal. I have not got examples of ones who have been disciplined so, in terms of providing you with the information, I would have to do that by way of a two-stage process. I think that I may write a letter inviting you not necessarily to publish that sort of material.

Negligence of duty is obviously one of the considerations that I have, but I cannot presume negligence of duty, which means that I have had to wait for this audit report, which I received in its final form on 15 September, which was something like last Tuesday I think. If the negligence of duty was so considerable and there were not sufficient mitigating factors then that might be sufficient for me to move to summary dismissal. However, I would only act on the advice of an employment lawyer, because what I cannot do is act in such a way and find that an employment tribunal subsequently finds that I have acted unlawfully.

[9] **Leighton Andrews:** Nid oes unrhyw un yn honni amhriodoldeb o gwbl, ond, yn gyntaf, a fydddech yn derbyn, dan rai amgylchiadau, y gallai tystiolaeth glir o esgeuluso dyletswydd roi cyfiawnhad dros ddiswyddiad diannod? Yn ail, a allech adael i ni, fel Pwyllgor—os yw hyn yn iawn, Gadeirydd—gael nodyn ar a fu unrhyw enghreifftiau eraill, dywedwch yn y 10 mlynedd diwethaf yn fras, o swyddogion cyfrifo yn y sector cyhoeddus, yng Nghymru neu yn Lloegr, sydd wedi bod yn destun achosion disgyblu?

Syr Jon Shortridge: Iawn, a gaf fi ateb yr ail un yn gyntaf? Hynny yw, yn amlwg, yr wyf wedi bod yn edrych ar enghreifftiau blaenorol hefyd. Efallai y dywedaf fy mod yn ôl pob tebyg wedi cael tri chyfarfod gyda'm cyfreithiwr cyflogaeth a dau gyfarfod gyda swyddog cyfrifon y Trysorlys—sy'n cyfateb i'n swyddog cydymffurfio ni—er mwyn ceisio barnu ar natur a graddfa'r sefyllfa yr wyf yn delio â hi yn y fan hon, er mwyn i mi allu gweithredu'n briodol ac yn deg; hynny yw, yn deg i'r sawl sydd dan sylw, ond hefyd yn deg i'r Cynulliad. Felly, fel rhan o hynny, yr wyf wedi gofyn am, ac wedi cael, enghreifftiau o swyddogion cyfrifo sydd wedi cael eu diswyddo ac amgylchiadau eu diswyddiad. Nid oes gennyf enghreifftiau o rai sydd wedi cael eu disgyblu felly, o ran darparu'r wybodaeth i chi, byddai'n rhaid i mi wneud hynny mewn proses dau gam. Credaf efallai yr ysgrifennaf lythyr yn eich gwahodd i beidio o reidrwydd â chyhoeddi'r math hwnnw o ddeunydd.

Mae esgeuluso dyletswydd yn amlwg yn un o'r ystyriaethau sydd gennyf, ond ni allaf dybio bod esgeuluso dyletswydd, sy'n golygu y bu'n rhaid i mi aros am yr adroddiad archwilio hwn, a dderbyniais ar ei ffurf derfynol ar 15 Medi, sef rhywbeth fel dydd Mawrth diwethaf yr wyf yn credu. Os oedd yr esgeuluso dyletswydd mor sylweddol ac nad oedd ffactorau lliniarol digonol yna efallai y byddai hynny'n ddigon i mi ddiswyddo'n ddiannod. Fodd bynnag, byddwn ond yn gweithredu ar gyngor cyfreithiwr cyflogaeth, oherwydd yr hyn na allaf ei wneud yw gweithredu yn y cyfryd fodd a chanfod bod tribiwnlys cyflogaeth

wedyn yn barnu fy mod wedi gweithredu'n anghyfreithlon.

[10] **Janet Davies:** Thank you. Alun, you have a question.

[10] **Janet Davies:** Diolch. Alun, mae gennyh gwestiwn.

[11] **Alun Cairns:** Yes, thank you, Cadeirydd. During the Audit Committee's previous investigation into the national council, although it was not disclosed at that time against which individuals disciplinary action had been taken, it is since on public record that Mr Martin was one of those individuals against whom disciplinary action was taken.

[11] **Alun Cairns:** Oes, diolch, Gadeirydd. Yn ystod ymchwiliad blaenorol y Pwyllgor Archwilio i'r cyngor cenedlaethol, er na ddatgelwyd ar y pryd yn erbyn pa unigolion y cymerwyd camau disgyblu, mae ar gofnod cyhoeddus ers hynny i Mr Martin fod yn un o'r unigolion hynny y cymerwyd camau disgyblu yn eu herbyn.

[12] **Janet Davies:** We are not going into individual disciplinary action.

[12] **Janet Davies:** Nid ydym yn mynd i drafod camau disgyblu unigol.

[13] **Alun Cairns:** No, I appreciate that, but I am trying to test the responses that Sir Jon has given to the Committee—

[13] **Alun Cairns:** Na, yr wyf yn gwerthfawrogi hynny, ond yr wyf yn ceisio rhoi'r ymatebion y mae Syr Jon wedi eu rhoi i'r Pwyllgor ar brawf—

[14] **Janet Davies:** Finish your question and I will think again.

[14] **Janet Davies:** Gorffennwch eich cwestiwn a byddaf yn ailfeddwl.

[15] **Alun Cairns:** —whereby he said that he is not aware of an accounting officer having been involved in a disciplinary procedure. However, this is one that is obviously very close to home and does it not ring any alarm bells in your mind in terms of action that you should take?

[15] **Alun Cairns:** —lle y dywedodd nad yw'n ymwybodol i swyddog cyfrifo fod yn destun achos disgyblu. Fodd bynnag, mae hwn yn un sy'n amlwg yn agos iawn i gartref ac onid yw'n seinio rhybudd o ran y camau gweithredu y dylech eu cymryd?

Sir Jon Shortridge: Sorry, I think that I was being asked about those over the last 10 years who have been subject to disciplinary action, so I did not have Steve Martin in my mind at the time. Was your basic question, well, should I not be taking that disciplinary event into account in deciding whether he is still suitable to be an accounting officer? That is the point, is it not?

Syr Jon Shortridge: Mae'n ddrwg gennyf, yr wyf yn credu i mi gael fy holi am y rheini sydd wedi bod yn destun camau disgyblu dros y 10 mlynedd diwethaf, felly nid oeddwn yn meddwl am Steve Martin ar y pryd. Ai'ch cwestiwn sylfaenol oedd, wel, oni ddylwn ystyried y digwyddiad disgyblu hwnnw wrth benderfynu a yw'n dal i fod yn addas i fod yn swyddog cyfrifo? Onid dyna'r pwynt?

[16] **Alun Cairns:** Yes.

[16] **Alun Cairns:** Ie.

Sir Jon Shortridge: What I have to do is look at how seriously, after a very full process, his employer perceived the failures that resulted in that disciplinary action. The outcome of that disciplinary process, which I do not think that I can properly reveal, was actually quite low on the Richter scale, if I

Syr Jon Shortridge: Yr hyn sy'n rhaid i mi ei wneud yw edrych ar ba mor ddifrifol, ar ôl proses lawn iawn, yr oedd ei gyflogwr yn ystyried y methiannau a arweiniodd at yr achos disgyblu hwnnw. Ni wnaeth canlyniad y broses ddisgyblu honno, ac ni chredaf ei bod yn gywir i mi ei datgelu, gofrestru'n

can put it that way. So, if someone has gone through a full disciplinary process and has not had that big a sanction imposed on him, if I were then to say, 'well, I am going to withdraw accounting officer status', also against the background that the council has taken a reasonably positive view of his performance overall as a chief executive during this period, then the view that I took—and I did consult lawyers—was that that would not give me a sufficiently sound basis, summarily, to withdraw the accounting officer status.

[17] **Alun Cairns:** Would that not prompt you to investigate further into the wider actions of any individual in that position?

Sir Jon Shortridge: There had been very thorough investigations, and I had access to all the relevant documentation relating to the disciplinary hearing, or at least the evidence that was before the disciplinary panel. I did not feel that there was more that I needed, or could or should be seeking. What I sought to do was to take action in order to satisfy myself that there could be no repetition of the sorts of problems that had arisen. I did make it clear that, if I did have such evidence, that would be a very serious matter. As it happens, I do not yet have evidence of comparable failings since I discussed this matter with him following the procurement problems in June of last year. The things that we have been discussing this morning all occurred and took place before June of last year. So, since I became aware of the problems in terms of the quality of the financial control and management in the national council, I have not seen evidence of significant failures in the council for which I can hold the relevant accounting officer to account.

[18] **Leighton Andrews:** Can I come in on that?

[19] **Janet Davies:** Leighton, we are working to a tight line on this.

[20] **Leighton Andrews:** I appreciate that, but I think that this is very important. It is on

uchel iawn ar y raddfa Richter, os caf fi ei roi fel hynny. Felly, os oes rhywun wedi bod yn destun proses ddisgyblu lawn ac nid yw wedi cael ei gosbi mor llym â hynny, pe bawn i wedyn yn dweud, 'wel, yr wyf am ddiddymu statws swyddog cyfrifo', hefyd yn erbyn y cefndir fod y cyngor wedi cymryd safbwynt eithaf cadarnhaol o'i berfformiad cyffredinol fel prif weithredwr yn ystod y cyfnod hwn, yna deuthum i'r penderfyniad—ac ymgynghorais â chyfreithwyr—na fyddai hynny wedi rhoi sail ddigon cadarn i mi ddiddymu'r statws swyddog cyfrifo yn ddiannod.

[17] **Alun Cairns:** Oni fyddai hynny wedi eich ysgogi i ymchwilio ymhellach i weithrediadau ehangach unrhyw unigolyn yn y swydd honno?

Syr Jon Shortridge: Bu ymchwiliadau trylwyr iawn, ac yr oedd modd i mi weld yr holl ddogfennau perthnasol yn ymwneud â'r gwrandauiad disgyblu, neu o leiaf y dystiolaeth a oedd gerbron y panel disgyblu. Nid oeddwn yn teimlo bod mwy yr oeddwn ei angen, neu fwy y gallwn neu y dylwn fod yn chwilio amdano. Yr hyn y ceisiais ei wneud oedd gweithredu er mwyn bodloni fy hun na allai'r mathau o broblemau a oedd wedi codi ddigwydd eto. Gwneuthum yn glir y byddai hynny, pe byddai gennyf y cyfryd dystiolaeth, yn fater difrifol iawn. Fel y mae'n digwydd, nid oes gennyf dystiolaeth hyd yn hyn o fethiannau cyffelyb ers i mi drafod y mater hwn gydag ef yn dilyn y problemau caffael ym mis Mehefin y llynedd. Digwyddodd y pethau yr ydym wedi eu trafod y bore yma i gyd cyn mis Mehefin y llynedd. Felly, ers i mi ddod yn ymwybodol o'r problemau o ran ansawdd y rheolaeth a'r camau rheoli ariannol yn y cyngor cenedlaethol, nid wyf wedi gweld dystiolaeth o fethiannau sylweddol yn y cyngor y gallaf ddal y swyddog cyfrifo perthnasol yn gyfrifol amdanynt.

[18] **Leighton Andrews:** A gaf fi ddweud rhywbeth am hynny?

[19] **Janet Davies:** Leighton, yr ydym yn gweithio i amserlen dynn ar hyn.

[20] **Leighton Andrews:** Yr wyf yn gwerthfawrogi hynny, ond credaf fod hyn yn

that point, really. You have just said to us, Sir Jon, in answer to Mr Cairns, that you have not seen evidence of particular kinds of behaviour since last June in respect of the accounting officer. However, earlier, in answer to me, you said that you could not make an effective judgment until you received the NAO report last week. I find those statements rather incompatible.

Sir Jon Shortridge: Sorry, I think that they can be reconciled in the sense that last week's NAO report, the report before us today, relates to events that took place in the period up to April 2002. I became aware of the problems in relation to procurement and had a decisive discussion with the accounting officer in June 2002. So, although I have new evidence, it relates to a period before I had actually put him on warning about his performance, if you see what I mean.

[21] **Leighton Andrews:** I understand that, but what it essentially means is that you may now have evidence that, I suppose, might cause you to revise that opinion, or might not cause you to revise that opinion—I do not want to make a judgment either way here. It seems to me that it suggests that we are in danger, and this is more a question for the future I suppose, of being in a situation where you formulate a judgment in one year and have to wait another year for evidence from the NAO before you can get a fully rounded picture as to the effectiveness or otherwise of a particular accounting officer.

Sir Jon Shortridge: I agree, and I also agree that what we are discussing is very important. I have devoted an enormous amount of my time, energy and thought to this situation over the last year. I think that the position that I am in at the moment is that I now have definitive evidence, as of last week, from the National Audit Office. I am also aware that there is a report by the investigating officer into the disciplinary matter, which is likely to become available very shortly. The view that I have taken is that I need to see both documents rather than rely on this document.

bwysig iawn. Mae'n ymwneud â'r pwynt hwnnw, i bob pwrpas. Yr ydych newydd ddweud wrthym, Syr Jon, yn eich ateb i Mr Cairns, nad ydych wedi gweld tystiolaeth o fathau penodol o ymddygiad yn achos y swyddog cyfrifo ers mis Mehefin diwethaf. Fodd bynnag, yn gynharach, yn eich ateb i mi, dywedasoch na allech wneud penderfyniad effeithiol tan i chi dderbyn adroddiad y SAG yr wythnos diwethaf. Mae'r datganiadau hynny braidd yn anghyson yn fy marn i.

Syr Jon Shortridge: Mae'n ddrwg gennyf, credaf fod modd eu cysoni o ran bod adroddiad y SAG yr wythnos diwethaf, yr adroddiad o'n blaenau heddiw, yn ymwneud â digwyddiadau a welwyd yn y cyfnod hyd at Ebrill 2002. Deuthum yn ymwybodol o'r problemau yn ymwneud â chaffael a chefais drafodaeth bendant gyda'r swyddog cyfrifo ym Mehefin 2002. Felly, er bod gennyf dystiolaeth newydd, mae'n ymwneud â chyfnod cyn i mi ei roi ar rybudd ynglŷn â'i berfformiad, os yr ydych yn fy neall.

[21] **Leighton Andrews:** Yr wyf yn deall hynny, ond yr hyn y mae'n ei olygu yn y bôn yw efallai fod tystiolaeth gennych bellach a allai, y tybiaf, achosi i chi newid y farn honno, neu na allai achosi i chi newid y farn honno—nid wyf am farnu un ffordd na'r llall yn y fan hon. Mae'n ymddangos i mi ei bod yn awgrymu ein bod mewn perygl, a thybiaf fod hwn yn gwestiwn sy'n fwy at y dyfodol, o fod mewn sefyllfa lle'r ydych yn gwneud penderfyniad un flwyddyn ac yn gorfod aros blwyddyn arall am dystiolaeth gan SAG cyn y gallwch gael darlun llawn am effeithiolrwydd neu aneffeithiolrwydd swyddog cyfrifo penodol.

Syr Jon Shortridge: Cytunaf, ac yr wyf hefyd yn cytuno bod yr hyn yr ydym yn ei drafod yn bwysig iawn. Yr wyf wedi ymroddi llawer iawn o'm hamser, egni a meddwl i'r sefyllfa hon dros y flwyddyn ddiwethaf. Credaf mai'r sefyllfa yr wyf ynnddi ar hyn o bryd yw fod gennyf dystiolaeth bendant bellach, ers yr wythnos diwethaf, gan y Swyddfa Archwilio Genedlaethol. Yr wyf hefyd yn ymwybodol bod adroddiad gan y swyddog ymchwilio i'r mater disgyblu, sy'n debygol o fod ar gael yn fuan iawn. Yr hyn yr wyf wedi ei benderfynu yw bod angen i mi

This document, it seems to me, demonstrates that the accounting officer did not have the necessary controls in place in relation to this grant scheme. He made some serious omissions—you used the word ‘negligence’, but he made serious omissions. I have not found any evidence of wilful conduct on his part, where he was inviting or encouraging his staff to spend money in advance of need, or do other things like that. If I had that sort of evidence, that would put it, I think, in a different situation to the one that I have before me on the basis of this report. However, the investigation may provide other things.

[22] **Leighton Andrews:** I have not alleged negligence. I was testing negligence in a relatively abstract way with you.

Sir Jon Shortridge: Okay, yes.

[23] **Leighton Andrews:** You have just made a number of statements about the accounting officer. There are a number of disciplinary steps short of dismissal. Indeed there are, in employment law, recognised processes that involve verbal warnings, written warnings, and so on. In your view, given what you have just said—. Can I ask this question? No, I think that I will stop there.

[24] **Alun Cairns:** Can I try to be helpful by asking, bearing in mind that we are aware that disciplinary actions have been initiated against Mr Martin previously—I appreciate that Sir Jon Shortridge cannot share those details, nor would we want him to—can I ask that Sir John Bourn, because there are elements of procurement within this document, I believe, considers whether there are any common factors that arose previously, and that might have repeated themselves here?

Sir John Bourn: The issue that you raise, Mr Cairns, is being addressed by the investigating officer, but I shall have access to that material. I will look at the point that

weld y ddwy ddogfen yn hytrach na dibynnu ar y ddogfen hon. Mae'r ddogfen hon, mae'n ymddangos i mi, yn dangos nad oedd gan y swyddog cyfrifo y camau rheoli angenrheidiol ar waith mewn perthynas â'r cynllun grant hwn. Gwnaeth rai hepgoriadau difrifol—defnyddiasoch y gair ‘esgeuluster’, ond gwnaeth hepgoriadau difrifol. Nid wyf wedi dod o hyd i unrhyw dystiolaeth o ymddygiad bwriadol ar ei ran, lle yr oedd yn gwahodd neu'n annog ei staff i wario arian cyn bod angen neu wneud pethau eraill tebyg. Pe bai gennyf y math hwnnw o dystiolaeth, byddai hynny'n ei roi, yn fy marn i, mewn sefyllfa wahanol i'r un sydd gennyf o'm blaen ar sail yr adroddiad hwn. Fodd bynnag, efallai bydd yr ymchwiliad yn darparu pethau eraill.

[22] **Leighton Andrews:** Nid wyf wedi honni esgeuluster. Yr oeddwn yn rhoi esgeuluster ar brawf mewn ffordd gymharol ddamcaniaethol gyda chi.

Syr Jon Shortridge: O'r gorau, iawn.

[23] **Leighton Andrews:** Yr ydych newydd wneud nifer o ddatganiadau ynglŷn â'r swyddog cyfrifo. Mae nifer o gamau disgyblu llai eithafol na diswyddo. Yn wir, mewn cyfraith gyflogi, mae prosesau cydnabyddedig sy'n cynnwys rhybuddion llafar, rhybuddion ysgrifenedig, ac ati. Yn eich barn chi, o ystyried yr hyn yr ydych newydd ei ddweud—. A gaf fi ofyn y cwestiwn hwn? Na, yr wyf yn credu y tawelaf yn y fan honno.

[24] **Alun Cairns:** A gaf fi geisio bod o gymorth drwy ofyn, o gofio ein bod yn ymwybodol bod camau disgyblu wedi cael eu dwyn yn erbyn Mr Martin yn y gorffennol—yr wyf yn gwerthfawrogi na all Syr Jon Shortridge rannu'r manylion hynny, ac ni fyddwn am iddo wneud—a gaf fi ofyn a yw Syr John Bourn, oherwydd bod elfennau o gaffael yn y ddogfen hon, yn fy marn i, yn ystyried a oes unrhyw ffactorau cyffredin a gododd yn flaenorol, ac sydd efallai wedi ailadrodd eu hunain yn y fan hon?

Syr John Bourn: Mae'r swyddog ymchwilio yn delio â'r mater a godwch, Mr Cairns, ond bydd modd i mi weld y deunydd hwnnw. Byddaf yn edrych ar y pwynt a wnaethoch ac

you made and advise the Committee on it.

yn hysbysu'r Pwyllgor yn ei gylch.

[25] **Janet Davies:** Thank you. Could we move on from this to the role of the sponsor department within the Assembly Government? What do you see that role as being, Sir Jon?

[25] **Janet Davies:** Diolch. A allwn symud ymlaen at rôl yr adran noddi yn Llywodraeth y Cynulliad? Beth yw'r rôl honno yn eich barn chi, Syr Jon?

Sir Jon Shortridge: Well, essentially, it is to manage the relationship between the Assembly Government/Assembly—because there was an Assembly interest in there as well, I suppose, corporately, but let us say Assembly Government—and the body concerned. So it is the conduit for information and intelligence and for ensuring that the guidelines and the framework, which is controlling the activities of the sponsored body, is being conformed with appropriately.

Syr Jon Shortridge: Wel, yn y bôn, ei rôl yw rheoli'r berthynas rhwng Llywodraeth y Cynulliad/y Cynulliad—oherwydd yr oedd diddordeb gan y Cynulliad yno hefyd, tybiaf, yn gorfforaethol, ond gadewch i ni ddweud Llywodraeth y Cynulliad—a'r corff dan sylw. Felly cyfrwng ydyw ar gyfer gwybodaeth a newyddion ac ar gyfer sicrhau bod cydymffurfiaeth briodol â'r canllawiau a'r fframwaith sy'n rheoli gweithgareddau'r corff a noddir.

[26] **Janet Davies:** Right. Thank you. How do you think that the balance should be struck between oversight and advice?

[26] **Janet Davies:** O'r gorau. Diolch. Sut yn eich barn chi y dylid cael cydbwysedd rhwng goruchwyliaeth a chyingor?

Sir Jon Shortridge: Well, at one level, if the relationship is working properly, as I said at the outset, there should be a very open trusting relationship. So there is a lot of contact, strong personal relationships, so that both sides can have confidence in letting the other know what is going on, providing, from our point of view, informal guidance on how you can handle this, what you should do about that, does this need to come to us or not—that sort of relationship. The oversight is the things that just have to be done on a very regular basis to ensure that, from our perspective, proper controls are in place. You clearly need to be monitoring expenditure monthly against budget, you need to be looking at the performance of the body in terms of outcomes rather than just resource inputs, to satisfy yourself that it is actually conforming with its business plan and remit letter and that the Assembly corporately is getting value from the performance of the body.

Syr Jon Shortridge: Wel, ar un lefel, os yw'r berthynas yn gweithio'n iawn, fel y dywedais ar y dechrau, dylai fod perthynas ymddiriedus agored iawn. Felly mae llawer o gysylltiad, cydberthnasau personol cryf, fel y gall y ddwy ochr fod yn hyderus wrth hysbysu'r llall am yr hyn sy'n digwydd, darparu, o'n safbwynt ni, ganllawiau anffurfiol ar sut y gallwch ddelio â hyn, beth y dylech ei wneud ynglŷn â hynny, a oes angen i hyn ddod atom ni ai peidio—y math hwnnw o berthynas. Yr oruchwyliaeth yw'r pethau sy'n rhaid eu gwneud yn rheolaidd iawn i sicrhau, o'n safbwynt ni, bod camau rheoli priodol ar waith. Mae'n amlwg bod angen i chi fod yn monitro gwariant yn fisol yn erbyn y gyllideb, mae angen i chi fod yn edrych ar berfformiad y corff o ran canlyniadau yn hytrach na mewnbynau adnoddau'n unig, i fodloni'ch hun ei fod wir yn cydymffurfio â'i gynllun busnes a llythyr cylch gorchwyl a bod y Cynulliad yn gorfforaethol yn cael gwerth o berfformiad y corff.

[27] **Janet Davies:** Thank you. Val, you have questions to ask.

[27] **Janet Davies:** Diolch. Val, mae gennych gwestiynau i'w gofyn.

[28] **Val Lloyd:** Sir Jon, you briefly started to touch on my question, so that was quite helpful. Could you let us know what

[28] **Val Lloyd:** Syr Jon, dechreuasoch ymdrin yn fyr â'm cwestiwn, felly yr oedd hynny yn eithaf defnyddiol. A allech ddweud

guidance exists for officials in sponsor departments on the discharge of their responsibility?

Sir Jon Shortridge: On guidance within sponsor departments, we do not have a document that is generic guidance for sponsor officials. I would expect there to be desk instructions in place within the individual sponsoring divisions concerned so that staff know what the expectation is of them, and I would expect to get an annual report through the questionnaire that I send to all my heads of division on whether they have the necessary financial and other controls in place to be confirming that to me. I think that the main issue is less one of written guidance because, in a sense, the management statement and the financial memorandum set out the requirements of the body and, therefore, of the sponsoring division. The main issue is one of training and sharing experience, and we do have a number of arrangements in place in terms of training and sharing experience, which I will happily provide details of if you would like me to do so.

[29] **Val Lloyd:** Yes. That would be helpful.

Sir Jon Shortridge: I will put in a note on it if you prefer, or I can tell you—whichever you like. I am conscious of the fact that short answers have been asked for.

[30] **Val Lloyd:** I am conscious that there are probably a lot of questions, so perhaps a note would be more handy. I have a follow-up question: bearing in mind what you have said, what procedures do you have in place to ensure that the sponsor departments act consistently across all of the Assembly sponsored bodies?

Sir Jon Shortridge: Well, I think that the main way that this is done is through—we have a thing called the sponsors group, which David Richards chairs. It meets twice a year, and all the heads of the sponsor divisions can attend or nominate the branch head, who is usually the person whose full-time job, or near full-time job in the case of the larger

wrthym pa ganllawiau sy'n bodoli i swyddogion mewn adrannau noddi ar weithredu eu cyfrifoldeb?

Syr Jon Shortridge: Ar ganllawiau o fewn adrannau noddi, nid oes gennym ddogfen sy'n ganllaw cyffredinol ar gyfer swyddogion noddi. Byddwn yn disgwyl bod cyfarwyddiadau desg ar waith yn yr is-adrannau noddi unigol dan sylw fel bod staff yn gwybod beth a ddisgwylir ganddynt, a byddwn yn disgwyl cael adroddiad blynyddol drwy'r holiadur yr anfonaf at bob un o'n penaethiaid is-adran ynghylch a oes ganddynt y camau rheoli ariannol a chamau rheoli eraill angenrheidiol ar waith i fod yn cadarnhau hynny i mi. Credaf nad canllawiau ysgrifenedig yw'r prif fater, oherwydd, ar ryw ystyr, mae'r datganiad rheoli a'r memorandwm ariannol yn nodi'r gofynion ar y corff ac, felly, yr is-adran noddi. Hyfforddiant a rhannu profiad yw'r prif fater, ac mae gennym nifer o drefniadau ar waith o ran hyfforddiant a rhannu profiad, y byddaf yn hapus i ddarparu manylion amdanynt os hoffech i mi wneud hynny.

[29] **Val Lloyd:** Iawn. Byddai hynny'n ddefnyddiol.

Syr Jon Shortridge: Gallaf gyflwyno nodyn arno os yw'n well gennych, neu gallaf ddweud wrthyh—pa un bynnag y dymunwch. Yr wyf yn ymwybodol o'r ffaith y gofynnwyd am atebion byr.

[30] **Val Lloyd:** Yr wyf yn ymwybodol ei bod yn debygol bod llawer o gwestiynau, felly efallai y byddai nodyn yn fwy defnyddiol. Mae gennyf gwestiwn ategol: o gofio'r hyn yr ydych wedi ei ddweud, pa weithdrefnau sydd gennych ar waith i sicrhau bod adrannau noddi yn gweithredu'n gyson mewn perthynas â phob un o'r cyrff a noddir gan y Cynulliad?

Syr Jon Shortridge: Wel, credaf mai'r brif ffordd y gwneir hyn yw drwy—mae gennym ni rywbeth o'r enw grŵp noddwyr, sy'n cael ei gadeirio gan David Richards. Mae'n cyfarfod ddwywaith y flwyddyn, a gall holl bennaethiaid yr is-adrannau noddi fynychu neu enwebu'r pennaeth cangen, sef, fel arfer, yr unigolyn sydd â swydd lawn amser, neu fwy

sponsored bodies, is looking after that body. These meetings have their agendas, and issues of current interest or concern are always discussed. David Powell, as the compliance officer, is, or can be, there and we certainly use those meetings, among other things, to report on outcomes from Audit Committee sessions, which are of relevance, or indeed any other reports which are of relevance, so that we have in place arrangements where everyone who has a role in sponsorship has the opportunity to be sharing experiences and learning of problems that need to be looked out for or addressed.

May I just make this point, because I think that it is something that may be relevant to your subsequent consideration of this? You can either have a very rules-based approach to sponsorship, or you seek to put in place arrangements that ensure that there is the right culture, the right understanding, the right knowledge on both sides in the way in which this sponsorship relationship is made to work. If you have a very rules-based, a very prescriptive approach, then you do end up with a lot of documentation. One of the things that I have been having to reflect on, in the light of all this, is should I be having rules that are seeking to set out very explicitly how to avoid this worst case, or whether we operate more on the basis that everyone should learn from this experience, but we should not be seeking to make the relationship more prescriptive and more confining than we need to.

[31] **Alun Cairns:** I would like to pursue Sir Jon Shortridge's answer in terms of the support by sponsor divisions and how that should be managed. Clearly it is right for any Minister to set the political agenda, and the body was created without a shadow period and that is a decision that is on the record and, clearly, we cannot question that in any way. However, bearing in mind that the political agenda had been set, does the department then have a responsibility to help the body follow through the obligations that it has placed upon it, bearing in mind, maybe, the greater pressure that it might be under as a result of the lack of the shadow period?

neu lai swydd lawn amser yn achos y cyrff a noddir mwyaf, yn edrych ar ôl y corff hwnnw. Mae gan y cyfarfodydd hyn eu hagenda, ac mae materion o ddiddordeb neu bryder cyfredol bob amser yn cael eu trafod. Mae David Powell, fel y swyddog cydymffurfio, yn bresennol, neu'n gallu bod yn bresennol ac yr ydym yn sicr yn defnyddio'r cyfarfodydd hynny, ymhlith pethau eraill, i adrodd ar ganlyniadau o sesiynau'r Pwyllgor Archwilio, sy'n berthnasol, neu'n wir unrhyw adroddiadau eraill sy'n berthnasol, fel bod gennym drefniadau ar waith lle mae gan bawb sydd â rôl mewn noddi y cyfle i rannu profiadau a dysgu am broblemau sydd angen cadw llygad arnynt neu fynd i'r afael â hwy.

A gaf fi wneud y pwynt hwn, oherwydd credaf ei fod yn rhywbeth a allai fod yn berthnasol i'ch ystyriaeth ddilydol o hyn? Gallwch naill ai gael ymagwedd sy'n seiliedig iawn ar reolau at noddi, neu yr ydych yn ceisio gosod trefniadau sy'n sicrhau bod y diwylliant priodol, y ddealltwriaeth briodol, y wybodaeth briodol ar y ddwy ochr yn y modd y gwneir y berthynas noddi hon i weithio. Os oes gennych ymagwedd sy'n seiliedig iawn ar reolau, ymagwedd gyfarwyddol iawn, yna bydd llawer o ddogfennau gennych yn y pen draw. Un o'r pethau yr wyf wedi bod yn meddwl amdano, yn sgîl hyn oll, yw a ddylwn fod yn cael rheolau sy'n ceisio nodi'n glir iawn sut i osgoi'r achos gwaethaf, neu a ddylem weithredu yn fwy ar sail y dylai pawb ddysgu o brofiad, ond ni ddylem fod yn ceisio gwneud y berthynas yn fwy cyfarwyddol ac yn fwy cyfyng nag sydd angen i ni ei wneud.

[31] **Alun Cairns:** Hoffwn ddilyn trywydd ateb Syr Jon Shortridge o ran y gefnogaeth i is-adrannau noddi a sut dylid ei rheoli. Mae'n amlwg ei bod yn iawn i unrhyw Weinidog osod yr agenda wleidyddol, a chrëwyd y corff heb gyfnod cysgodi ac mae hwnnw'n benderfyniad sydd wedi ei gofnodi ac, yn amlwg, ni allwn gwestiynu hynny mewn unrhyw fodd. Fodd bynnag, o gofio bod yr agenda wleidyddol wedi ei gosod, a oes cyfrifoldeb wedyn ar yr adran i gyflawni'r rhwymedigaethau y mae wedi eu gosod arni, o gofio, efallai, y gallai fod dan fwy o bwysau o ganlyniad i'r diffyg cyfnod cysgodi?

Sir Jon Shortridge: In part, that goes back to what I was saying about the fact that I think that, in the light of this, new bodies should have a probationary period. However, may I just say that, on the shadow period, my own view is that to have had a full shadow year—an additional shadow year—would not have been appropriate and there would have been huge risks associated with that, because there would have been great vulnerability in terms of business continuity.

[32] **Alun Cairns:** Sir Jon, I am not questioning the shadow year, because that is a matter of record and the Committee has considered that in the past. I am talking about the potential for additional support to be required because of the lack of the shadow year.

Sir Jon Shortridge: Let me put it this way, then. I think that what in many ways there was—but it did not actually turn out this way in practice—was that we had two transitional years. We had the year leading up to April 2001, where there was a huge programme full of projects put in place to establish the national council in April 2001. Then, in accordance with the paragraph in the remit letter that I read out, there was an expectation that that first year of the council year would in turn be a transition when it could be getting all its necessary systems and procedures in place to have a proper launch pad to do the kind of things which it had been set up to do.

What happened was that, as we heard this morning, the council itself was too ambitious, with hindsight, and I think that Steve Martin was acknowledging that it had been too ambitious. I think that we, as officials, had not sufficiently discouraged it from being too ambitious. So, with hindsight, I very much regret that we had allowed it to go ahead with its innovation and development projects.

[33] **Alun Cairns:** Again, we are not answering the point about the potential for additional support. Let me present it in, hopefully, a straightforward way. There would, no doubt, be regular meetings, possibly quarterly or six-monthly, be it the

Syr Jon Shortridge: Yn rhannol, mae hynny'n mynd yn ôl at yr hyn yr oeddwn yn ei ddweud am y ffaith fy mod yn credu, yn sgîl hyn, y dylai cyrff newydd gael cyfnod prawf. Fodd bynnag, a gaf fi ddweud, ynglŷn â'r cyfnod cysgodi, yn fy marn i, ni fyddai cael blwyddyn gysgodi lawn—blwyddyn gysgodi ychwanegol—wedi bod yn briodol a byddai risgiau enfawr wedi bod yn gysylltiedig â hynny, oherwydd byddai mwy o wendid wedi bod o ran parhad busnes.

[32] **Alun Cairns:** Syr Jon, nid wyf yn cwestiynu'r flwyddyn gysgodi, oherwydd mae hynny yn fater o gofnod ac mae'r Pwyllgor wedi ystyried hynny yn y gorffennol. Yr wyf yn sôn am y posibilrwydd o'r angen am gefnogaeth ychwanegol oherwydd y diffyg blwyddyn gysgodi.

Syr Jon Shortridge: Gadewch i mi ei roi fel hyn, felly. Credaf mai'r hyn a oedd mewn sawl ffordd—ond nid hyn a ddigwyddodd mewn gwirionedd yn ymarferol—oedd i ni gael dwy flynedd drawsnewidiol. Yr oedd gennym y flwyddyn yn arwain at Ebrill 2001, lle'r oedd rhaglen enfawr yn llawn prosiectau a roddwyd ar waith i sefydlu'r cyngor cenedlaethol yn Ebrill 2001. Yna, yn unol â'r paragraff yn y llythyr cylch gorchwyl a ddarllenais i chi, yr oedd disgwyliad y byddai blwyddyn gyntaf blwyddyn y cyngor yn ei dro yn drawsnewidiad pan fyddai'n gallu rhoi ei systemau a'i weithdrefnau angenrheidiol ar waith i gael sail briodol i wneud y math o bethau y'i sefydlwyd i'w gwneud.

Yr hyn a ddigwyddodd, fel y clywsom y bore yma, oedd fod y cyngor ei hun yn rhy uchelgeisiol, o edrych yn ôl, a chredaf i Steve Martin gydnabod iddo fod yn rhy uchelgeisiol. Credaf na wnaethom ni, fel swyddogion, ei annog ddigon i beidio â bod yn rhy uchelgeisiol. Felly, o edrych yn ôl, yr wyf yn edifarhau'n fawr ein bod wedi caniatáu iddo fwrw ymlaen â'i brosiectau arloesedd a datblygu.

[33] **Alun Cairns:** Eto, nid ydym yn ateb y pwynt ynglŷn â'r posibilrwydd o gefnogaeth ychwanegol. Gadewch i mi ei gyflwyno, gobeithiaf, mewn ffordd syml. Byddai, mae'n siŵr, gyfarfodydd rheolaidd, bob chwarter neu chwe mis o bosibl, boed hynny yr adran

sponsoring department with the national council or the accounting officer or whoever from the council. That is taken as read. I would assume that there are regular meetings in place. As it is a new organisation, would there be the need for additional meetings—perhaps quarterly instead of six-monthly—or a much greater communication or involvement, if you like, in the procedures and processes without, of course, jeopardising the organisation's right to make decisions itself?

Sir Jon Shortridge: You are right to pick me up on that, but in part what I was getting to was relevant in the sense that, if it had been the second transitional year in the way that I think it should have been, then, arguably, the support that was available within the division was sufficient. It is quite a large team and a very, very experienced person was in charge of that sponsorship team. I, at the time, had no doubt or concern that this was a team that was strong enough to deal with the new body. Where additional support, clearly, with hindsight, became needed was in the circumstances where the council was taking on new responsibilities in the sense of not just responsibilities that it had inherited from the previous bodies, but this major new grant scheme. Clearly, with hindsight, we did not invest sufficient time and effort into overseeing the way in which that was being put in place.

[34] **Alun Cairns:** Thank you, that is useful. I have just a few questions that have been playing on my mind since this morning's session in relation to advice given to the Minister. The first issue relates to the advice that was given. How was that submission drafted, bearing in mind that the minutes of that meeting are not available—that is, the minutes of the meeting that came up with the recommendations?

Sir Jon Shortridge: Effectively, what happened was that the meeting was on 10 January and the advice went up on the eleventh. So, this advice was written immediately after, and was informed by, that meeting. So, okay, there was not a record of that meeting, but all the things that happened in that meeting would have been very fresh in

noddi gyda'r cyngor cenedlaethol neu'r swyddog cyfrifo neu bwy bynnag o'r cyngor. Mae hynny'n cael ei gymryd yn ganiataol. Byddwn yn tybio bod cyfarfodydd rheolaidd yn cael eu cynnal. Gan ei fod yn sefydliad newydd, a fyddai angen cyfarfodydd ychwanegol—pob chwarter yn hytrach na phob chwe mis efallai—neu lawer mwy o gyfathrebu neu ymwneud, os hoffech, â'r gweithdrefnau a'r prosesau heb, wrth gwrs, beryglu hawl y sefydliad i wneud penderfyniadau ei hun?

Syr Jon Shortridge: Yr ydych yn gywir i'm holi am hynny, ond yr oedd yr hyn yr oeddwn yn mynd i'w ddweud yn berthnasol yn rhannol oherwydd, pe bai wedi bod yn ail flwyddyn drawsnewidiol yn y modd y dylai wedi bod yn fy marn i, yna gellir dadlau bod y gefnogaeth a oedd ar gael o fewn yr isadran yn ddigonol. Mae'n dîm eithaf mawr ac yr oedd unigolyn profiadol iawn, iawn yn gyfrifol am y tîm noddi hwnnw. Nid oedd gennyf i, bryd hynny, unrhyw amheuaeth neu ofid bod hwn yn dîm a oedd yn ddigon cryf i ddelio â'r corff newydd. Lle daeth angen am gefnogaeth ychwanegol, yn amlwg, o edrych yn ôl, oedd dan yr amgylchiadau lle'r oedd y cyngor yn ysgwyddo cyfrifoldebau newydd yn ystyr nid yn unig y cyfrifoldebau a etifeddodd gan y cyrff blaenorol, ond y cynllun grant newydd pwysig hwn. Mae'n amlwg, o edrych yn ôl, na fu i ni fuddsoddi digon o amser ac ymdrech i oruchwylio'r modd yr oedd hwnnw'n cael ei roi ar waith.

[34] **Alun Cairns:** Diolch, mae hynny'n ddefnyddiol. Mae gennyf rai cwestiynau sydd wedi bod yn chwarae ar fy meddwl ers sesiwn y bore yma mewn perthynas â chyngor a roddwyd i'r Gweinidog. Mae'r mater cyntaf yn ymwneud â'r cyngor a roddwyd. Sut drafftwyd y cyflwyniad hwnnw, o gofio nad yw cofnodion y cyfarfod hwnnw ar gael—hynny yw, cofnodion y cyfarfod a benderfynodd ar yr argymhellion?

Syr Jon Shortridge: I bob pwrpas, yr hyn a ddigwyddodd oedd y cynhaliwyd y cyfarfod ar 10 Ionawr a rhoddwyd y cyngor ar yr unfed ar ddeg. Felly, ysgrifennwyd y cyngor hwn yn union ar ôl, a llywiwyd ef gan, y cyfarfod hwnnw. Felly, o'r gorau, nid oedd cofnod o'r cyfarfod hwnnw, ond byddai'r holl bethau a ddigwyddodd yn y cyfarfod

the mind of the person who put up the advice.

[35] **Alun Cairns:** In general—not in relation maybe to this sponsor division within the Assembly—how often is advice accepted by Ministers? Is it the majority of times, is it almost always, is it always or is it not quite so often? There is a point behind this.

Sir Jon Shortridge: I honestly do not think that I can generalise on that because you do not have homogeneous advice. You have some advice that is pretty routine and some that is dealing with very complex and difficult issues. This advice was very straightforward advice: it was inviting the Minister to focus on really a very narrow point—none of the issues that we were considering this morning. This was advice about whether she felt she was comfortable with a very innovative project such as this being supported—the principle of it.

[36] **Alun Cairns:** In the first paragraphs reported here of the advice it says—and I will read out the last sentence to save everyone looking—

‘we believe that the council is doing what it can to minimise and manage that risk’.

Now, clearly, this morning we found out that maybe it was not doing what it could to minimise and manage that risk. Would it be fair for anyone receiving such advice to ask, well, how is it doing that and what measures are in place in order to deliver that?

Sir Jon Shortridge: I think that what the officials concerned were addressing were not the operational risks at all, which it was always very clear were matters for the council. This was the fact that this was an untried and experimental approach, which itself, intrinsically, might not work. However, that is very different from whatever risks there may have been in making what, at this time, was conceived as a joint venture, work. This was very much focusing on the product that was to come out of the pop cafe, which might not have worked. The meeting did address that to some extent: what would

hwnnw wedi bod yn ffres iawn ym meddwl yr unigolyn a roddodd y cyngor.

[35] **Alun Cairns:** Yn gyffredinol—nid mewn perthynas efallai â'r is-adran noddi hon yn y Cynulliad—pa mor aml y mae Gweinidogion yn derbyn cyngor? Ai'r rhan fwyaf o'r amser, ai bron bob amser, ai bob amser neu ai ddim mor aml â hynny? Mae pwynt y tu ôl i hyn.

Syr Jon Shortridge: Mewn gwirionedd, ni chredaf y gallaf gyffredinoli am hynny oherwydd nid oes gennych gyngor unffurf. Mae gennych beth cyngor sy'n eithaf cyffredinol a pheth cyngor sy'n delio â materion cymhleth ac anodd iawn. Yr oedd y cyngor hwn yn gyngor syml iawn: yr oedd yn gwahodd y Gweinidog i ganolbwyntio ar bwynt cul iawn mewn gwirionedd—dim un o'r materion y buom yn eu hystyried y bore yma. Yr oedd y cyngor ar a oedd yn teimlo ei bod yn gyfforddus bod prosiect arloesol iawn fel hwn yn cael ei gefnogi—egwyddor hynny.

[36] **Alun Cairns:** Yn y paragraffau cyntaf a adroddir yma o'r cyngor mae'n dweud—a darllenaf y frawddeg olaf i chi i arbed pawb rhag edrych—

‘credwn fod y cyngor yn gwneud hynny y gall i leihau a rheoli'r risg honno’.

Yn awr, yn amlwg, y bore yma bu i ni ganfod efallai nad oedd yn gwneud hynny a allai i leihau a rheoli'r risg honno. A fyddai'n deg i unrhyw un sy'n derbyn y cyfryw gyngor ofyn, wel, sut mae'n gwneud hynny a pha fesurau sydd ar waith i weithredu hynny?

Syr Jon Shortridge: Credaf mai'r hyn yr oedd y swyddogion dan sylw yn cyfeirio ato oedd nid y risgiau gweithredol o gwbl, ac yr oedd bob amser yn glir iawn mai materion i'r cyngor oedd hynny. Yma, y ffaith oedd fod hon yn ymagwedd arbrofol a heb ei phrofi, a allai, yn y bôn, beidio â llwyddo. Fodd bynnag, mae hynny'n wahanol iawn i ba bynnag risgiau a allai fod yn gysylltiedig â gwneud yr hyn a oedd, ar y pryd, yn cael ei ystyried fel menter ar y cyd, weithio. Yr oedd hyn i raddau helaeth yn canolbwyntio ar y cynnyrch a oedd yn deillio o'r caffi pop, a allai beidio â llwyddo. Aeth y cyfarfod i'r

happen if it was a failure, could the building still be used for further education purposes? It was those sorts of issues and those sorts of risks that were being addressed by the officials concerned.

[37] **Alun Cairns:** Okay. This is not a question. It is, hopefully, a statement that will help the Committee in terms of its deliberations. I am aware of another situation where a Minister has declined the advice that was given by the officials. The rationale behind that was that it is up to the Minister to probe and question and make a judgment on the information that is received. Now, I would suggest that maybe that has not been done and pursued on this basis. I think that it is unfair to ask—[*Interruption.*]. I am not asking a question. I am making a statement for the Committee.

[38] **Leighton Andrews:** We can all make statements.

[39] **Janet Davies:** Excuse me, Leighton; it is in Alun's hands.

Sir Jon Shortridge: Chair, may I just make a comment? I am aware that, understandably perhaps, there are political issues around that. It just puts me in a very difficult position.

[40] **Alun Cairns:** I was not asking the question. I would not expect you to comment on that, Sir Jon.

[41] **Christine Gwyther:** We are here to take evidence, not to make statements.

[42] **Janet Davies:** We are.

[43] **Alun Cairns:** So, Sir Jon, as principal accounting officer, how do you manage your relationship with the accounting officers of sponsored bodies?

Sir Jon Shortridge: Whenever an accounting officer is appointed, I have a meeting with them pretty much straight away. First of all, I send them a letter setting

afael â hynny i ryw raddau: beth fyddai'n digwydd pe bai'n fethiant, a allai'r adeilad barhau i gael ei ddefnyddio ar gyfer dibenion addysg bellach? Y mathau hynny o faterion a'r mathau hynny o risgiau yr oedd y swyddogion dan sylw yn mynd i'r afael â hwy.

[37] **Alun Cairns:** O'r gorau. Nid cwestiwn yw hwn. Mae'n ddatganiad a fydd, gobeithio, yn cynorthwyo'r Pwyllgor gyda'i drafodaethau. Yr wyf yn ymwybodol o sefyllfa arall lle mae Gweinidog wedi gwrthod y cyngor a roddwyd gan y swyddogion. Y rhesymeg y tu ôl i hyn oedd mai cyfrifoldeb y Gweinidog oedd holi a chwestiynu a phenderfynu ar y wybodaeth a dderbynnir. Yn awr, byddem yn awgrymu nad yw hynny efallai wedi ei wneud a'i ddilyn ar y sail hon. Credaf ei bod yn annheg gofyn—[*Torri ar draws*]. Nid wyf yn gofyn cwestiwn. Yr wyf yn gwneud datganiad i'r Pwyllgor.

[38] **Leighton Andrews:** Gallwn ni i gyd wneud datganiadau.

[39] **Janet Davies:** Esgusodwch fi, Leighton; mae yn nwylo Alun.

Syr Jon Shortridge: Gadeirydd, a gaf fi wneud sylw? Yr wyf yn ymwybodol, yn ddealladwy efallai, bod materion gwleidyddol yn gysylltiedig â hynny. Mae'n fy rhoi mewn sefyllfa anodd iawn.

[40] **Alun Cairns:** Nid oeddwn yn gofyn y cwestiwn. Ni fyddwn yn disgwyl i chi roi sylwadau ar hynny, Syr Jon.

[41] **Christine Gwyther:** Yma i gymryd tystiolaeth yr ydym ni, nid i wneud datganiadau.

[42] **Janet Davies:** Ie.

[43] **Alun Cairns:** Felly, Syr Jon, fel y prif swyddog cyfrifo, sut yr ydych yn rheoli eich perthynas â swyddogion cyfrifo cyrff a noddir?

Syr Jon Shortridge: Pryd bynnag y penodir swyddog cyfrifo, yr wyf yn cael cyfarfod â hwy yn fwy neu lai ar unwaith. Yn gyntaf oll, anfonaf lythyr atynt yn nodi eu cyfrifoldebau

out their responsibilities and I attach to that letter a document that sets out in detail the responsibilities of an accounting officer. I also say in that letter that, within three months of their appointment, I expect them to have taken the relevant civil service training and I also arrange for them to come to see me. So, I then have a meeting with them to take them through their responsibilities, to remind them of the need for training or seek assurance that they have had the training, and generally start to have a relationship with them. I then meet accounting officers collectively twice a year, when we have an opportunity to discuss issues of mutual interest and concern. So, I use those meetings, obviously among other things, to share the conclusions of the sorts of things that we have been discussing today. The other thing that I do is that I keep a close eye—no, that is the wrong phrase. I have a network of intelligence about how I think accounting officers are performing, and it is not just about their ability, because accounting officers can sometimes find themselves in quite difficult circumstances. They have a lot on, and in those circumstances, I will try to give them some support. So there have been occasions when I have met accounting officers once a month. I meet Peter Higson certainly once a month to go through with him how his council is performing against the action plan and the milestones that I have set him, and I have not as regular meetings, but nonetheless fairly regular meetings, with Steve Martin in his role as accounting officer at HEFCW.

[44] **Alun Cairns:** Okay. In light of your response, and in light of this morning's evidence, would you say that that relationship works effectively?

Sir Jon Shortridge: In general terms, if that is a question that relates to the 15 or 16 or so accounting officers with whom I have a relationship, I think that it does work effectively. I think that I have a good relationship with all of them. One of the points that I always make to them when I see them is that they should always feel free to

ac ynghlwm wrth hwnnw mae dogfen sy'n nodi cyfrifoldebau swyddog cyfrifo yn fanwl. Yr wyf hefyd yn dweud yn y llythyr hwnnw fy mod, o fewn tri mis o'u penodi, yn disgwyl y byddant wedi derbyn yr hyfforddiant gwasanaeth sifil perthnasol ac yr wyf hefyd yn trefnu iddynt ddod i'm gweld. Felly, wedyn yr wyf yn cael cyfarfod gyda hwy i drafod eu cyfrifoldebau, i'w hatgoffa am yr angen am hyfforddiant neu i gael sicrwydd eu bod wedi derbyn yr hyfforddiant, ac yn dechrau meithrin perthynas â hwy yn gyffredinol. Wedyn yr wyf yn cyfarfod â'r swyddogion cyfrifo gyda'i gilydd ddwywaith y flwyddyn, pan gawn gyfle i drafod materion sydd o ddiddordeb a phryder i ni i gyd. Felly, defnyddiaf y cyfarfodydd hynny, ymhlith pethau eraill mae'n amlwg, i rannu casgliadau y mathau o bethau yr ydym wedi bod yn eu trafod heddiw. Y peth arall y gwnaf yw fy mod yn cadw llygad barcud—na, dyna'r dywediad anghywir. Mae gennyf rwydwaith o wybodaeth ynglŷn â sut mae swyddogion cyfrifo yn perfformio yn fy nhyb i, ac nid yw'n ymwneud â'u gallu yn unig, oherwydd weithiau gall swyddogion cyfrifo gael eu hunain mewn amgylchiadau eithaf anodd. Maent yn brysur iawn, a dan yr amgylchiadau hynny, byddaf yn ceisio rhoi peth cefnogaeth iddynt. Felly, bu achlysuron lle'r wyf wedi cyfarfod â swyddogion cyfrifo unwaith y mis. Yr wyf yn sicr yn cyfarfod â Peter Higson unwaith y mis i drafod ag ef sut mae ei gyngor yn perfformio yn erbyn y cynllun gweithredu a'r cerrig milltir yr wyf wedi eu gosod ar ei gyfer, ac yr wyf yn cael cyfarfodydd llai rheolaidd, ond cyfarfodydd gweddol reolaidd serch hynny, gyda Steve Martin yn ei swydd fel swyddog cyfrifo yn HEFCW.

[44] **Alun Cairns:** O'r gorau. Yn sgîl eich ateb, ac yn sgîl tystiolaeth y bore yma, a fydech yn dweud bod y berthynas yn gweithio'n effeithiol?

Syr Jon Shortridge: Yn gyffredinol, os yw hwnnw'n gwestiwn sy'n ymwneud â'r 15 neu 16 o swyddogion cyfrifo y mae gennyf berthynas â hwy, credaf ei fod yn gweithio'n effeithiol. Credaf fod gennyf berthynas dda â phob un ohonynt. Un o'r pwyntiau yr wyf bob amser yn ei wneud iddynt pan y'u gwelaf yw y dylent bob amser deimlo bod croeso

come to see me or ring me up if ever they have a problem, and I have never turned down an accounting officer who wants to see me. So I think that it is a relationship that works pretty well.

[45] **Alun Cairns:** Do you plan to make any changes as a result of today's meeting in terms of your relationship?

Sir Jon Shortridge: No, but I qualify that. I have not yet fully had time to reflect on precisely what changes I should put in place as a result of these events. It may be that I will decide to make some changes to that relationship with the accounting officers, but, as of now, I have not taken a decision on that.

[46] **Denise Idris Jones:** The issue here, Sir Jon, is the extent to which sponsorship rules may vary across the sponsored public bodies. Therefore, do you consider that the management statements and financial memoranda are sufficiently explicit on issues such as when sponsored department approval should be sought?

Sir Jon Shortridge: It cannot be a one-size-fits-all, and we do have a model management statement and financial memorandum, which underpins all these relationships, but those documents are varied to take account of the particular circumstances of the organisation concerned. We define in those documents, very clearly—I would say it is very clear; I am sure that it could perhaps be more clear, but clearly—the circumstances in which council officials have to turn to us for agreement on matters, and that is well understood in terms of delegations and so on. There is also this catch-all, that even if it is compliant with all these things, you have to ask yourself if it could be conceived as being novel or contentious, which is something we touched on this morning.

[47] **Denise Idris Jones:** Thank you.

[48] **Leighton Andrews:** May I just ask you about the rationale for having a control on the amount of expenditure that ASPBs can carry

idddynt ddod i'm gweld neu fy ffonio os oes ganddynt broblem, ac nid wyf erioed wedi gwrthod swyddog cyfrifo sydd eisiau fy ngweld. Felly credaf ei bod yn berthynas sy'n gweithio'n eithaf da.

[45] **Alun Cairns:** A ydych yn bwriadu gwneud unrhyw newidiadau o ganlyniad i gyfarfod heddiw o ran eich perthynas?

Syr Jon Shortridge: Na, ond yr wyf yn amodi hynny. Nid wyf wedi cael digon o amser hyd yma i feddwl am ba newidiadau yn union y dylwn eu gweithredu o ganlyniad i'r digwyddiadau hyn. Efallai y byddaf yn penderfynu gwneud rhai newidiadau i'r berthynas honno â'r swyddogion cyfrifo ond, ar hyn o bryd, nid wyf wedi dod i benderfyniad ynglŷn â hynny.

[46] **Denise Idris Jones:** Y mater yn y fan hon, Syr Jon, yw'r graddau y gall rheolau noddï amrywio ymhlith y cyrff cyhoeddus a noddïr. Felly, a ydych yn ystyried bod y datganiadau rheoli a'r memoranda ariannol yn ddigon clir ar faterion megis pryd y dylid gofyn am gymeradwyaeth gan adran noddï?

Syr Jon Shortridge: Ni all fod yn un rheol i bawb, ac mae gennym ddatganiad rheoli a memorandwm ariannol enghreifftiol, sy'n sail i'r holl gydberthnasau hyn, ond mae'r dogfennau hynny'n amrywio i ystyried amgylchiadau penodol y sefydliad dan sylw. Yr ydym yn diffinio yn y dogfennau hynny, yn glir iawn—byddwn yn dweud ei fod yn glir iawn; yr wyf yn siŵr y gallai fod yn gliriach o bosibl, ond yn glir—dan ba amgylchiadau y mae'n rhaid i swyddogion cyngor droi atom i ni gytuno ar faterion, ac mae dealltwriaeth dda o hynny mewn perthynas â dirprwyo ac ati. Mae hefyd yr elfen dal-popeth hon, sef hyd yn oed os yw'n cydymffurfio â'r holl bethau hyn, mae'n rhaid i chi ofyn i chi'ch hun a allai gael ei ystyried fel rhywbeth newydd neu ddadleuol, sy'n rhywbeth y soniwyd yn fyr amdano y bore yma.

[47] **Denise Idris Jones:** Diolch.

[48] **Leighton Andrews:** A gaf fi ofyn i chi am y rhesymeg dros gael rheolaeth dros swm y gwariant y gall ASPBs ei drosglwyddo i

over into another year?

Sir Jon Shortridge: This is certainly a policy that the previous administration felt was important. From my perspective, these are the Assembly's resources, and if you encourage bodies to store up Assembly resources as reserves, which the Assembly may feel it could spend better elsewhere, that is not a particularly good idea. The 2 per cent carry-over is essentially saying, well, you can have cash in hand—2 per cent is one week's expenditure. So you say that you can have cash in hand because in the last month of the year you cannot be sure that you will not run out of cash. It is the case that if bodies are underspending and, in the last quarter of the year, know that there are commitments out there that they cannot properly meet in the financial year concerned but will fall in the following financial year, they can, and they do, come to us for the flexibility. To a significant extent, that would be dealt with at an official level and we will, if appropriate, give them that agreement. However, there has to be a formal case put to us, and we have to be satisfied by it, and we are certainly not in the business of giving sponsored bodies, under this present rule, the impression that 'okay it is a 2 per cent carry-over but there will not be a problem in your carrying over whatever you like'. There has to be a good reason.

[49] **Leighton Andrews:** What happens to the money that is given back at the year's end?

Sir Jon Shortridge: That would then be part of the end-year flexibility reserve that the Assembly itself has, and Ministers can take a view on how that should be most properly spent, including possibly going back to the body concerned. These matters then come before the Assembly in what are, I think, called MEG to MEG transfers, which are agreed from time to time.

[50] **Janet Davies:** Christine, you have a question?

flwyddyn arall?

Syr Jon Shortridge: Mae hwn yn bendant yn bolisi a oedd yn bwysig iawn ym marn y weinyddiaeth flaenorol. O'm safbwynt i, adnoddau'r Cynulliad yw'r rhain, ac os yr ydych yn annog cyrff i storio adnoddau'r Cynulliad fel adnoddau wrth gefn, adnoddau efallai y teimla'r Cynulliad y gallai eu gwario'n well yn rhywle arall, nid yw hynny'n syniad da iawn. Mae'r trosglwyddiad o 2 y cant yn dweud yn y bôn, wel, gallwch gael arian mewn llaw—gwariant un wythnos yw 2 y cant. Felly yr ydych yn dweud y gallwch gael arian mewn llaw oherwydd ni allwch fod yn siŵr na fyddwch wedi rhedeg allan o arian ym mis olaf y flwyddyn. Mae'n wir os yw cyrff yn tanwario ac, yn chwarter olaf y flwyddyn, maent yn gwybod bod ymrwymadau'n bodoli na allant eu bodloni'n briodol yn y flwyddyn ariannol dan sylw ond a fydd yn berthnasol i'r flwyddyn ariannol ganlynol, gallant ddod, ac maent yn dod, atom i gael yr hyblygrwydd. I raddau helaeth, byddai hynny'n cael ei ymdrin ag ef ar lefel swyddogol a byddwn, os yw'n briodol, yn rhoi'r caniatâd hynny iddynt. Fodd bynnag, mae'n rhaid bod achos ffurfiol yn cael ei gyflwyno i ni, a rhaid i ni fod yn fodlon ag ef, ac yn sicr nid ydym yn y busnes o roi'r argraff i gyrff a noddir, dan y rheol bresennol hon, 'o'r gorau, gallwch drosglwyddo 2 y cant ond ni fydd problem os byddwch yn trosglwyddo faint bynnag y mynnwch'. Rhaid bod rheswm da.

[49] **Leighton Andrews:** Beth sy'n digwydd i'r arian sy'n cael ei ddychwelyd ar ddiwedd y flwyddyn?

Syr Jon Shortridge: Byddai hwnnw wedyn yn rhan o'r gronfa hyblygrwydd wrth gefn diwedd-blwyddyn sydd gan y Cynulliad, a gall Gweinidogion benderfynu ar sut y dylid ei wario'n fwyaf priodol, gan gynnwys ei ddychwelyd i'r corff dan sylw o bosibl. Mae'r materion hyn wedyn yn dod gerbron y Cynulliad yn yr hyn a elwir, yr wyf yn credu, yn drosglwyddiadau PGG i PGG, y cytunir arnynt o dro i dro.

[50] **Janet Davies:** Christine, mae gennyh gwestiwn?

[51] **Christine Gwyther:** Thank you, Chair. Jon, sticking with the 2 per cent carry-over rule, you said in one of your previous answers on the financial memoranda that one size does not fit all. Why is the 2 per cent limit imposed as a blanket? Has any assessment been made of what the various ASPBs could be carrying over? You said that if they come to your officials with a proper proposal, then a larger carry-over could be considered. Has there been an assessment of what, generally, is the optimum carry-over?

Sir Jon Shortridge: I may ask David to come in and help me on this. However, I think that the 2 per cent rule has gained some currency since the Assembly was established and has generally been applied, and I think, as far as we are concerned as officials, it has generally been an effective control given that if there is a particular reason in terms of commitment, as I said earlier, a case can be made to us and an exception can be granted. There is one exception that I know of, and I think that that is Health Professions Wales, which has just been established. It is such a small body that 2 per cent of its small budget arguably is just too small a figure for it to have the flexibility that it requires and, in its case, we have agreed an absolute sum that it can have as flexibility if it wants to.

[52] **Janet Davies:** David?

Mr Richards: Perfect, Permanent Secretary. [*Laughter.*]

[53] **Christine Gwyther:** Funny that. If there was a bespoke carry-over limit for each body driven by business need—and it does not sound as if you would advocate that—what would be the practical difficulties with that? Can we expect a plethora of applications similar to that of Health Professions Wales? What would the practical difficulties be?

Sir Jon Shortridge: If we relaxed and made the flexibility more than 2 per cent, then it would arguably reduce the amount of administration associated, because one would hope that there would be less special claims

[51] **Christine Gwyther:** Diolch, Gadeirydd. Jon, gan aros gyda'r rheol trosglwyddo 2 y cant, dywedasoch yn un o'ch atebion blaenorol ynglŷn â'r memorandwm ariannol nad oes un ateb i bawb. Pam fod y cyfyngiad 2 y cant yn cael ei weithredu fel rheol i bawb? A oes unrhyw asesiad wedi ei gynnal o beth y gallai'r gwahanol gyrff cyhoeddus a noddir ei drosglwyddo? Dywedasoch os ydynt yn dod at eich swyddogion â chynnig priodol, yna gellid ystyried trosglwyddiad mwy. A fu asesiad o beth, yn gyffredinol, yw'r trosglwyddiad mwyaf?

Syr Jon Shortridge: Efallai y gofynnaf i David gyfrannu a'm cynorthwyo gyda hyn. Fodd bynnag, credaf fod y rheol 2 y cant wedi ennill ei phlwyf i ryw raddau ers sefydlu'r Cynulliad ac wedi cael ei gweithredu ar y cyfan mor belled, a chredaf, mor bell ag yr ydym ni yn y cwestiwn fel swyddogion, iddi fod yn fesur rheoli effeithiol ar y cyfan oherwydd os oes rheswm penodol o ran ymrwymiad, fel y dywedais yn gynharach, gellir cyflwyno achos i ni a gellir rhoi eithriad. Mae un eithriad y gwn amdano, a chredaf mai Proffesiynau Iechyd Cymru, sydd newydd ei sefydlu, ydyw. Mae'n gorff mor fach fel y gellir dadlau bod 2 y cant o'i gyllideb fach yn ffigur rhy fach iddo gael yr hyblygrwydd sydd ei angen arno ac, yn ei achos ef, yr ydym wedi cytuno ar swm pendant y gall ei gael fel hyblygrwydd os yw'n dymuno.

[52] **Janet Davies:** David?

Mr Richards: Perffaith, Ysgrifennydd Parhaol. [*Chwerthin.*]

[53] **Christine Gwyther:** Mae hynny'n rhyfedd. Pe bai terfyn trosglwyddo unigol ar gyfer pob corff yn seiliedig ar angen busnes—ac nid yw'n swnio fel pe baech yn cefnogi hynny—beth fyddai'r anawsterau ymarferol gyda hynny? A allwn ddisgwyl gormodedd o geisiadau tebyg i un Proffesiynau Iechyd Cymru? Beth fyddai'r anawsterau ymarferol?

Syr Jon Shortridge: Pe baem yn llacio ac yn gwneud yr hyblygrwydd yn fwy na 2 y cant, yna gellir dadlau y byddai'n lleihau faint o weinyddiaeth sy'n gysylltiedig, oherwydd byddai dyn yn gobeithio y byddai llai o

put to us. However, against that, there would be a reduction in the freedom that the Assembly would have as to how it wanted to spend the resources available to it in the following year. It is that judgment, essentially.

[54] **Christine Gwyther:** Okay. Thank you, Chair.

[55] **Janet Davies:** Jocelyn, you wanted to come in?

[56] **Jocelyn Davies:** How will the introduction of resource-based budgeting in the Assembly affect the operation of a cash-based control, such as the 2 per cent rule?

Sir Jon Shortridge: I think it is right to say that, at the time, accrual accounting, resource budgeting and accounting, applied to the national council but not to us. If we pay out grant in aid at the end of the year, which is not all used, under resource accounting that would, none the less, score as an expenditure on our resource account. In terms of the sponsored body itself, it would be set against its creditors for the following year and scored against that, I suspect.

Mr Richards: It would be treated as cash in hand and carried over. It is not actually a perfect fit, I have to say, in accounting terms. However, those are the rules that we operate under, but it is slightly anomalous.

[57] **Janet Davies:** Right. Sir Jon, I think that you have given something of your overall view of what has happened at the national council. However, I wondered if there was anything that you would like to add to what you have already said about your overall perspective of events since the establishment of the national council in 2001?

Sir Jon Shortridge: Over the weekend I did just prepare some bullet points, trying to distil out what I thought. If you would find this helpful, I will just read out some of those. It does encapsulate it, although I would say that it encapsulates it on the basis of what

hawliadau arbennig yn cael eu cyflwyno i ni. Fodd bynnag, yn erbyn hynny, byddai lleihad yn y rhyddid a fyddai gan y Cynulliad ynglŷn â sut yr oedd am wario'r adnoddau sydd ar gael iddo yn y flwyddyn ganlynol. Y penderfyniad hwnnw ydyw, yn y bôn.

[54] **Christine Gwyther:** O'r gorau. Diolch, Gadeirydd.

[55] **Janet Davies:** Jocelyn, yr oeddech chi am ddod i mewn?

[56] **Jocelyn Davies:** Sut bydd cyflwyno cyllidebu ar sail adnoddau yn y Cynulliad yn effeithio ar weithrediad mesur rheoli yn seiliedig ar arian, megis y rheol 2 y cant?

Syr Jon Shortridge: Credaf ei bod yn iawn dweud, ar y pryd, i gyfrifeg groniatol, cyfrifeg a chyllidebu adnoddau, fod yn gymwys i'r cyngor cenedlaethol ond nid i ni. Os ydym yn talu cymhorthdal ar ddiwedd y flwyddyn, nad yw'n cael ei ddefnyddio i gyd, dan gyfrifeg adnoddau y byddai hynny, serch hynny, yn cael ei gofnodi fel gwariant ar ein cyfrif adnoddau. O ran y corff a noddir ei hun, yr wyf yn amau y byddai'n cael ei osod yn erbyn ei greddydwyr ar gyfer y flwyddyn ganlynol ac yn cael ei gofnodi yn erbyn hwnnw.

Mr Richards: Byddai'n cael ei drin fel arian mewn llaw a'i drosglwyddo. Nid yw'n ffit perffaith, rhaid i mi ei ddweud, yn nhermau cyfrifeg. Fodd bynnag, dyna'r rheolau yr ydym yn gweithio iddynt, ond mae yn braidd yn anghyson.

[57] **Janet Davies:** O'r gorau. Syr Jon, credaf eich bod wedi rhoi rhywfaint o'ch safbwynt cyffredinol ar yr hyn sydd wedi digwydd yn y cyngor cenedlaethol. Fodd bynnag, yr oeddwn yn meddwl a oedd unrhyw beth yr hoffech ei ychwanegu at yr hyn yr ydych eisoes wedi ei ddweud am eich persbectif cyffredinol o ddigwyddiadau ers sefydlu'r cyngor cenedlaethol yn 2001?

Syr Jon Shortridge: Dros y penwythnos, paratoais rai pwyntiau bwled, gan geisio grynhoi beth yr oeddwn yn ei feddwl. Pe baech yn ystyried hyn yn ddefnyddiol, darllenaf rai o'r rheini i chi. Mae'n ei grynhoi, er y byddwn yn dweud ei fod yn ei

I have read—I think that when you hear things, it actually sort of reinforces the seriousness of it.

I do endorse the Auditor General's view that it was not acceptable that public business was conducted in this way and that the interests of the people of Wales were not better protected. There were inadequate controls, and failures in the operation of those that existed. These failures all appear to be linked to overall management arrangements that were not systematically concerted. Although there was much that went right over this period—and I think that we do have to remember that, and that the vast majority of the national council's expenditure was spent properly—at crucial points, senior staff seem to have been ignorant of essential rules or misunderstood them, were confused about who should do what, were incautious about making orderly connections up and down the line, and overlooked the need to report back when asked to check something or to do further work. The primary responsibility for these failures must rest, as Steve Martin acknowledged this morning, with the accounting officer. However, I think, in fairness, that it will be an oversimplification to see his performance as the sole explanation for what went wrong.

As I said earlier, I do not agree with those who think that the establishment of the national council should have been delayed and that it should have been given a shadow year of parallel running with predecessor bodies. However, I do think, in the light of what has happened, that its first year should have been treated primarily as a second transitional year, as I said in my evidence, with priority being given to establishing corporate systems and building a corporate culture. If all concerned—the council, its accounting officer and Assembly officials too—had been even more measured about their ambitions for ELWa in its first year and placed much more emphasis on the application of controls, the risk of these serious failures occurring would have been much reduced. On the other hand—and I am trying to keep some balance in this all the time—this would have meant that many of

grynhoi ar sail yr hyn yr wyf wedi ei ddarllen—credaf pan yr ydych yn clywed pethau, mae fel pe bai'n cadarnhau difrifoldeb y sefyllfa.

Yr wyf yn cefnogi barn yr Archwilydd Cyffredinol nad oedd yn dderbyniol i fusnes cyhoeddus gael ei weithredu yn y modd hwn ac nad oedd buddiannau pobl Cymru wedi cael eu hamddiffyn yn well. Yr oedd mesurau rheoli annigonol, a methiant yng ngweithrediad y rhai a oedd yn bodoli. Mae'n ymddangos bod y methiannau hyn i gyd yn gysylltiedig â threfniadau rheoli cyffredinol nad oedd wedi eu cydgyllunio'n systematig. Er bod llawer a aeth yn iawn yn ystod y cyfnod hwn—a chredaf fod yn rhaid i ni gofio hynny, a bod mwyafrif llethol gwariant y cyngor cenedlaethol wedi ei wario'n briodol—ar adegau tyngedfennol, mae'n ymddangos bod uwch staff wedi bod yn anwybodus ynglŷn â rheolau hanfodol neu wedi eu camddeall, yn ddryslyd am bwy dylai wneud beth, yn ddiofal am wneud cysylltiadau trefnus i fyny ac i lawr y llinell, ac wedi esgeuluso'r angen i adrodd yn ôl o gael eu holi i wirio rhywbeth neu wneud gwaith pellach. Rhaid mai'r swyddog cyfrifo, fel y cydnabu Steve Martin y bore yma, sy'n ysgwyddo'r prif gyfrifoldeb am y methiannau hyn. Fodd bynnag, credaf, i fod yn deg, mai gorsymleiddio fydd ystyried ei berfformiad fel yr unig esboniad dros yr hyn a aeth o'i le.

Fel y dywedais yn gynharach, ni chytunaf â'r rheini sy'n credu y dylai sefydlu'r cyngor cenedlaethol fod wedi cael ei ohirio ac y dylai fod wedi cael blwyddyn gysgodi yn gweithio ochr yn ochr â chyrff rhagflaenol. Fodd bynnag, credaf, yn sgîl yr hyn sydd wedi digwydd, y dylai ei flwyddyn gyntaf fod wedi cael ei thrin yn bennaf fel ail flwyddyn bontio, fel y dywedais yn fy nhystiolaeth, gyda blaenoriaeth yn cael ei rhoi i sefydlu systemau corfforaethol a meithrin diwylliant corfforaethol. Pe bai pawb dan sylw—y cyngor, ei swyddog cyfrifo a swyddogion y Cynulliad hefyd—wedi bod hyd yn oed yn fwy pwylllog am eu huchelgeisiau i ELWa yn ei flwyddyn gyntaf ac wedi rhoi mwy o bwyslais ar gymhwyso mesurau rheoli, byddai'r risg o'r methiannau difrifol hyn yn digwydd wedi bod yn llawer llai. Ar y llaw arall—ac yr wyf yn ceisio cadw rhywfaint o gydbwysedd yn hyn drwy'r amser—byddai

the very real successes that the national council scored in its first year would not have been achieved and Wales would have been the poorer for that.

Organisational change is never easy; it absorbs enormous energy and imposes great pressure on those in leadership roles. I very much regret that the important successes that the national council has achieved have been marred by the serious failures in its financial management of the innovation and development grant scheme. However, on the basis of the progress that has been made over the past six months—and I took, and do take, a lot of assurance from some of the stuff that you were getting from Peter Higson—I am now increasingly confident that the national council has turned a corner and that it stands on the threshold of becoming an organisation of which we can all be justly proud.

[58] **Janet Davies:** Lastly, do you think that anything else needs to be done at the national council to avert the risk of future appearances of this nature by the accounting officer before this Committee?

Sir Jon Shortridge: Those of you who have read the interim PriceWaterhouseCoopers report will know that the council is still managing very serious risks and that the next six months will be critical. I agree with what Peter Higson told you this morning that, I think, in terms of the systems that are now in place, they are pretty robust. I know that he has a lot of confidence in them; I too have a lot of confidence in them. I think that the PriceWaterhouseCoopers report reflects that. I pay a lot of credit, actually, to the very systematic and determined way in which Peter has addressed the situation that he has inherited.

However, the big problem that they still face is a cultural problem. This is an organisation which has, understandably—people working for it must be feeling under an enormous amount of pressure because of the public interest that is, understandably, in them. So, the next six months are all about making sure

hyn wedi golygu na fyddai llawer o'r llwyddiannau gwirioneddol a ddaeth i ran y cyngor cenedlaethol yn ei flwyddyn gyntaf wedi cael eu cyflawni a byddai Cymru ar ei cholled am hynny.

Nid yw newid sefydliadol byth yn hawdd; mae'n mynd â llwyth o egni ac yn rhoi pwysau mawr ar y rheini sy'n arwain. Yr wyf yn edifarhau'n fawr bod y llwyddiannau pwysig y mae'r cyngor cenedlaethol wedi eu cyflawni wedi cael eu andwyo gan y methiannau difrifol yn ei reolaeth ariannol o'r cynllun grant arloesedd a datblygu. Fodd bynnag, ar sail y cynnydd sydd wedi ei wneud dros y chwe mis diwethaf—a chymerais, a chymeraf, lawer o sicrwydd o rywfaint o'r wybodaeth yr oeddech yn ei chael gan Peter Higson—yr wyf bellach yn gynyddol ffyddiog bod y cyngor cenedlaethol wedi troi cornel a'i fod ar drothwy dod yn sefydliad y gallwn oll fod yn haeddiannol falch ohono.

[58] **Janet Davies:** Yn olaf, a ydych yn credu bod angen gwneud unrhyw beth arall yn y cyngor cenedlaethol i osgoi'r risg o ymddangosiadau o'r natur hon gan y swyddog cyfrifo gerbron y Pwyllgor hwn yn y dyfodol?

Syr Jon Shortridge: Bydd y rheini ohonoch sydd wedi darllen adroddiad interim PriceWaterhouseCoopers yn gwybod bod y cyngor yn parhau i reoli risgiau difrifol iawn a bydd y chwe mis nesaf yn dyngedfennol. Cytunaf â'r hyn a ddywedodd Peter Higson wrthy ch yn bore yma sef, yn fy marn i, o ran y systemau sydd bellach ar waith, eu bod yn eithaf cadarn. Gwn fod ganddo lawer o hyder ynddynt; mae gennyf i hefyd lawer o hyder ynddynt. Credaf fod adroddiad PriceWaterhouseCoopers yn adlewyrchu hynny. Yr wyf yn rhoi llawer o glod, a dweud y gwir, i'r modd penderfynol a threfnus iawn y mae Peter Higson wedi mynd i'r afael â'r sefyllfa a etifeddodd.

Fodd bynnag, y broblem fawr y maent yn dal i'w hwynebu yw'r broblem ddiwylliannol. Dyma sefydliad sydd â, yn ddealladwy—rhaid bod y bobl sy'n gweithio iddo yn teimlo dan bwysau enfawr oherwydd y diddordeb cyhoeddus sydd, yn ddealladwy, ynddynt. Felly, mae'r chwe mis nesaf yn

that the people who have to apply these much more robust systems actually fully understand their roles and responsibilities, and are exercising them properly. Peter told you about the training that is taking place: that training is not yet complete. So there do remain risks, and I cannot be absolutely confident that further problems will not arise. All I can say is that I am not aware of anything on anything like this scale that has emerged since June of last year, and I do have a lot of confidence in the way in which Peter Higson is turning this organisation around. I also have a lot of confidence—they have not been mentioned much today—in the council members, who I feel, through this very difficult time for them, at every stage as far as I can see, have always confronted the situation that arose, and sought to deal with it as effectively as they could. There has never been any attempt to underplay things or to sweep things under the carpet.

[59] **Janet Davies:** Thank you very much, Sir Jon and Mr Richards. You are aware, of course, that you will be sent a draft transcript of today's proceedings for you to confirm its factual accuracy. That will go at the end of our report. Thank you very much; that is the end of proceedings for today.

ymwneud yn gyfan gwbl â sicrhau bod y bobl sy'n gorfod defnyddio'r systemau mwy cadarn hyn yn deall eu rolau a'u cyfrifoldebau'n llawn, ac yn eu gweithredu'n briodol. Dywedodd Peter wrthyhych am yr hyfforddiant sydd ar waith: nid yw'r hyfforddiant hwnnw wedi ei gwblhau hyd yma. Felly mae risgiau yn parhau, ac ni allaf fod yn gwblwyl hyderus na fydd problemau pellach yn codi. Y cyfan y gallaf ei ddweud yw nad wyf yn ymwybodol o unrhyw beth ar unrhyw beth tebyg i'r raddfa hon sydd wedi dod i'r fei ers mis Mehefin y llynedd, ac mae gennyf lawer o ffydd yn y modd y mae Peter Higson yn gwednewid y sefydliad hwn. Mae gennyf lawer o ffydd hefyd—ni chafwyd lawer o sôn amdanynt heddiw—yn aelodau'r cyngor, sydd yn fy marn i, gydol y cyfnod anodd iawn hwn iddynt, ym mhob cam hyd y gwelaf, bob amser wedi wynebu'r sefyllfa a gododd, ac wedi ceisio delio â hi mor effeithiol ag y gallent. Ni fu erioed unrhyw ymgais i fychanu pethau neu guddio pethau.

[59] **Janet Davies:** Diolch yn fawr iawn, Syr Jon a Mr Richards. Yr ydych yn ymwybodol, wrth gwrs, y bydd trawsgrifiad drafft o drafodion heddiw yn cael ei anfon atoch er mwyn i chi gadarnhau ei gywirdeb ffeithiol. Bydd hwnnw'n cael ei gynnwys ar ddiwedd ein hadroddiad. Diolch yn fawr; dyna ddiwedd y trafodion am heddiw.

*Daeth y cyfarfod i ben am 3.16 p.m.
The meeting ended at 3.16 p.m.*