

Sir Derek Jones KCB  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

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

Dear Nick,

21st November 2016

At my appearance at the Public Accounts Committee on 03 October 2016, I committed to keeping the Committee informed of the management action relating to the £1.25m fruitless payment recorded in the 2015-16 Annual Accounts. Whilst I would not normally comment on matters involving individual members of staff, I feel it is important to share with the Committee the process that has been followed.

Following the settlement, the former Director General of the Finance and Corporate Services Department requested that the Welsh Government's Internal Audit Service undertake a review of the tender evaluation and the evidence provided during the disclosure process to ascertain the chain of events, how the situation arose and what action should be taken as a consequence.

The Internal Audit Service Management Letter that followed has been shared with the Wales Audit Office and the Welsh Government's Audit and Risk Committee as part of our usual governance arrangements. It recommended that *'the Welsh Government should determine if the conduct of the individuals involved constitutes a breach of the Civil Service Code and whether any further action is required'*. As a consequence, I asked David Richards (Director of Governance) and James Owen (Deputy Director, Human Resources) to advise on appropriate management action in relation to the staff members involved in the procurement exercise.



Parc Cathays • Cathays Park  
Caerdydd • Cardiff  
CF10 3NQ

Ffôn • Tel 02920 823289  
[PS.PermanentSecretary@wales.gsi.gov.uk](mailto:PS.PermanentSecretary@wales.gsi.gov.uk)  
Gwefan • Website: [www.wales.gov.uk](http://www.wales.gov.uk)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding

They concluded, in accordance with employment law advice, that the members of staff on the evaluation panel and members of staff in the management chain (who had responsibility for ensuring that this procurement exercise was run in accordance with the standards expected), should be formally interviewed. The interviews were designed to establish whether further action should be instigated, on an individual basis, under the Welsh Government's Disciplinary and/or Performance Management Policies and Procedures. A paper, summarising this action, has previously been provided to our Audit and Risk Committee.

The formal interviews were designed to consider whether there was any substance to a range of possible factors that could have influenced the outcome of the procurement exercise, including personal gain, relationships with suppliers and compliance with procurement rules. The interviews were conducted by the Deputy Director, HR and the Director of Governance in line with our standard HR policies and procedures. During the course of the interview process, additional members of staff who were involved at different stages of the procurement exercise were also formally interviewed. It should be noted that these additional staff were interviewed to enable the Deputy Director, HR and the Director of Governance to build a comprehensive picture of the circumstances surrounding the procurement exercise, not in respect of any management action under Disciplinary or Performance Management Procedures.

I am currently awaiting final advice, including legal advice, on the outcome of this formal interview process. I will inform the Committee on the outcome in due course.

Yours,  
Derek