

DEDDF Y COMISIWN ARCHWILIO 1998

Cyfrifon y Comisiwn Archwilio Awdurdodau Lleol a'r Gwasanaeth Iechyd Gwladol yng Nghymru a Lloegr, wedi eu paratoi yn unol â pharagraffau 11(1) ac 11(2) o Atodlen 1 i Ddeddf y Comisiwn Archwilio 1998, ar gyfer y flwyddyn yn diweddu 31 Hydref 2000, yn ogystal â Thystysgrif ac Adroddiad y Rheolydd ac Archwilydd Cyffredinol ar y cyfrifon hynny. (Yn dilyn Papur Rhif 696 o 1999–2000.)

Cyflwynwyd yn dilyn Deddfy Comisiwn Archwilio 1998, paragraffau 11(1) ac 11(2) Atod. 1

Y Comisiwn Archwilio Dros Awdurdodau Lleol a'r Gwasanaeth Iechyd Gwladol yng Nghymru a Lloegr Cyfrifon 1999-2000

ARCHEBWYD GAN Y TY CYFFREDIN I'W ARGRAFFU AR 4 GORFFENNAF 2001

CYFLWYNWYD I'R CYNULLIAD CECDLAETHOL AR 10 GORFFENNAF 2001

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Rhagair i'r Cyfrifon

Y COMISIWN ARCHWILIO AWDURDODAU LLEOL A'R GWASANAETH IECHYD GWLADOL YNG NGHYMURU A LLOEGR

Datganiad Cyfrifon a baratowyd ar ffurf a orchmynnwyd gan yr Ysgrifennydd Gwladol, gyda chymeradwyaeth y Trysorlys, yn unol â pharagraffau 11(1) ac 11(2) o Atodlen 1 i Ddeddf y Comisiwn Archwilio 1998.

Cyflawnir swyddogaethau'r Ysgrifennydd Gwladol mewn perthynas â'r Comisiwn ar y cyd gan yr Ysgrifennydd Gwladol dros yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau, Ysgrifennydd Gwladol Cymru neu Gynulliad Cenedlaethol Cymru (fel y bo'n briodol) a'r Ysgrifennydd Gwladol dros Iechyd.

Cefndir Statudol

1. Sefydlwyd y Comisiwn Archwilio Awdurdodau Lleol yng Nghymru a Lloegr (y Comisiwn) ar 21 Ionawr 1983 gan Ddeddf Cyllid Llywodraeth Leol 1982. Corffaeth gorfforedig yw'r Comisiwn a dechreuodd weithredu ar 1 Ebrill 1983. Ar 1 Hydref 1990 aeth yn gyfrifol am gynnal yr archwiliad allanol o'r Gwasanaeth Iechyd Gwladol a newidiwyd ei enw i'r Comisiwn Archwilio Awdurdodau Lleol a'r Gwasanaeth Iechyd Gwladol yng Nghymru a Lloegr.

Rhoddyd cydsyniad brenhinol i Ddeddf gydgyfnerthu, Deddf y Comisiwn Archwilio 1998, ym mis Mehefin 1998.

Ychwanegwyd at gyfrifoldebau'r Comisiwn ymhellach gan Ddeddf Llywodraeth Leol 1999. O dan y Ddeddf hon, mae'n rhaid i archwilwyr a benodir gan y Comisiwn archwilio Cynlluniau Perfformiad Gwerth Gorau (CPGGau) awdurdodau lleol a bydd y Comisiwn yn gyfrifol am arolygu i ba raddau y mae awdurdodau'n cydymffurfio â gofynion y Ddeddf.

2. Fel arfer penodir aelodau'r Comisiwn am gyfnod o dair blynedd gan yr Ysgrifennydd Gwladol.
3. Cymeradwyir penodiad y Cyfarwyddwr Archwilio (fel arfer am gyfnod o dair blynedd) gan yr Ysgrifennydd Gwladol.

Cadeirydd	Diwedd contract
Y Fonesig Helena Shovelton DBE (o 17/12/1998)	30/11/2001
Is-gadeirydd	
Mr J D Orme FCA	31/10/2000
Aelodau	Diwedd contract
Mr R A Arthur	30/09/2002
Ms J Baddeley	31/10/2002
Dr J Curson	30/06/2001
Mr J R Foster OBE	31/10/2001
Mrs A Fresko	31/10/2003
Ms R Lowe	30/06/2001
Yr Athro S Richards	31/10/2003
Ms H Rowland	Ymddiswy ddodd 31/03/2000
Syr Peter Soulsby	31/10/2000
Mrs I Tarry CBE	31/10/2000
Syr Ron Watson CBE	31/10/2001
Syr David Williams CBE	31/10/2003
Mr B Wolfe	31/10/2002
Ms E Filkin	31/10/2002
Syr Graham Hart	31/10/2002

Penodwyd y Comisiynwyr canlynol ar 1 Rhagfyr 2000.

	Diwedd y contract
Mr P Lane	31/10/2003
Mr G Lemos	31/10/2003
Mr N Skellett	31/10/2003
Mr C Swinson	31/10/2003

Cyfarwyddwr Archwilio Syr Andrew Foster

**Dyletswyddau'r
Comisiwn**

4. Ceir isod grynodeb o'r prif ddyletswyddau a phwerau a roddwyd i'r Comisiwn o dan Ddeddf y Comisiwn Archwilio 1998 (Deddf 1998) a Deddf Llywodraeth Leol 1999 (Deddf 1999). Am arweiniad mwy manwl, dylid chwilio am gyfeiriadau yn adrannau perthnasol y Deddfau.

	Deddf 1998 adran	Deddf 1999 adran
Dyletswyddau		
Penodi archwilwyr.	3	
Paratoi ac adolygu'r Côt Ymarfer Archwilio a'r Côt Ymarfer ar gyfer archwilio Cynlluniau Perfformiad Gwerth Gorau (CPGGau).	4	8
Pennu graddfa neu raddfeydd ffioedd ar gyfer archwilio cyfrifon, archwilio CPGGau ac ar gyfer arolygu a Gwerth Gorau.	7	8 a 12
Ar gais y corff dan sylw, gwneud trefniadau i ardystio ceisiadau a wneir mewn perthynas â grantiau, cymorthdaliadau, neu unrhyw geisiadau neu ffurflenni treth o'r fath a dderbynnir gan orff a archwilir.	28	
Ymgymryd ag astudiaethau cymharol neu astudiaethau eraill y bwriedir iddynt ei alluogi i wneud argymhellion ar gyfer gwella darbodusrwydd, effeithlonrwydd ac effeithiolrwydd wrth ddapraru gwasanaethau; ac ar gyfer wella rheolaeth ariannol a mathau eraill o a reolaeth.	33	
Ymgymryd ag astudiaethau o'r effaith y mae gweithredu unrhyw ddarpariaeth statudol yn ei chael, neu astudiaethau o unrhyw gyfarwyddyd neu arweiniad a roddir gan un o weinidogion y goron, ar ddarbodusrwydd, effeithlonrwydd ac effeithiolrwydd wrth ddarparu gwasanaethau, neu ar y modd y rheolir cyllid cyrff a archwiliedig (ar wahân i gyrff wasanaeth iechyd).	34	
Gorchymyn cyrff perthnasol i gyhoeddi gwybodaeth a fydd yn hwyluso'r gwaith o gymharu gwahanol gyrff perthnasol; a gwahanol flynyddoedd ariannol.	44	
Os bydd yr Ysgrifennydd Gwladol yn gorchymyn, arolygu i ba raddau y mae awdurdod gwerth gorau enodol yn cydymffurfio.		10

Deddf 1998 **Deddf 1999**
adran **adran**

Pwerau

<p>Arolygu i ba raddau y mae awdurdod gwerth gorau yn cydymffurfio â gofynion Rhan 1 o'r Ddeddf.</p>	10
<p>Cyfarwyddo archwiliwr i gynnal archwiliad arbennig os yw'n ymddangos i'r Comisiwn fod hynny'n ddymunol; neu ar gais etholwr llywodraeth leol, ac eithrio mewn un o gyrff y wasanaeth iechyd.</p>	25
<p>Gyda chydsyniad yr Ysgrifennydd Gwladol, a chyda chytundeb y corff, ymgymryd ag archwiliad o gyfrifon corff, yr ymddengys i'r Ysgrifennydd Gwladol ei fod yn gysylltiedig â llywodraeth leol neu â'r Gwasanaeth Iechyd Gwladol; ac nad yw'n gorff sy'n cael ei archwilio.</p>	29
<p>Ar gais unrhyw gorff archwiliedig, hyrwyddo astudiaethau y bwriedir iddynt wella cynildeb, effeithlonrwydd ac effeithiolrwydd wrth reoli neu redeg y corff archwiliedig neu ymgymryd â'r astudiaethau hynny.</p>	35
<p>Ar gais cyrff addysgol penodol, hyrwyddo astudiaethau y bwriedir iddynt wella cynildeb, effeithlonrwydd ac effeithiolrwydd wrth reoli neu redeg cyrff addysgol penodol, neu ymgymryd â'r astudiaethau hynny.</p>	36
<p>Ar gais yr Ysgrifennydd Gwladol, cynorthwyo unrhyw astudiaeth y bwriedir iddi wella cynildeb, effeithlonrwydd, effeithiolrwydd ac ansawdd perfformiad o ran y modd y mae awdurdodau lleol yn cyflawni swyddogaethau'r gwasanaethau cymdeithasol.</p>	37
<p>Ar gais yr Ysgrifennydd Gwladol, cynorthwyo unrhyw astudiaeth y bwriedir iddi wella cynildeb, effeithlonrwydd, effeithioldeb ac ansawdd perfformiad o ran y modd y mae awdurdodau lleol yn cyflawni swyddogathau sy'n ymwneud a gweinyddu budd-dâl tai a budd-dâl treth y cyngor.</p>	38
<p>Efallai y bydd y Gorfforaeth Tai a'r Comisiwn yn cytuno ar raglenni o astudiaethau cymharol y bwriedir iddynt alluogi'r Comisiwn i wneud argymhellion ar gyfer gwella cynildeb, effeithlonrwydd ac effeithiolrwydd landlordiaid cymdeithasol cofrestredig.</p>	40
<p>Mynnu bod unrhyw gorff archwiliedig yn rhoi i'r Comisiwn unrhyw wybodaeth benodol sydd ei hangen er mwyn iddo gyflawni ei ddyletswyddau.</p>	48

Darpariaeth Ariannol

5. Yn ôl Deddf 1998 (paragraff 8 o Atodlen 1) mae'n ddyletswydd ar y Comisiwn drafod ei faterion busnes fel na fydd ei incwm o ffioedd ac o ffynonellau eraill, o ystyried y naill flwyddyn gyda'r llall, yn llai na'i wariant y mae'n briodol ei godi ar ei gyfrif incwm a gwariant.

Mae hyn yn berthnasol i'r gwahanol feysydd swyddogaeth o fewn y Comisiwn ar wahan.

Mae'r Comisiwn yn anelu at gynhyrchu digon o wargedion i gwrdd â'i ofynion ei hun o ran cyfalaf gweithredol, ac i sicrhau bod ganddo arian wrth gefn i ymladd achosion ymglyfreitha posibl. Mae gan y Comisiwn rwymedigaethau achlysurol a nodir yn nodyn 22 i'r cyfrifon hyn o ran ei indemniad i archwilwyr a benodir am gostau yr ânt iddynt mewn cysylltiad ag achos llys sy'n codi o ganlyniad iddynt gyflawni swyddogaethau cyfreithiol arbennig, a materion sy'n deillio o'r modd yr ymdrinnir â'i weithgarwch Arolygu mewn perthynas â TAW. Gall unrhyw gostau sy'n codi o dan delerau'r indemniad fod yn sylweddol, er y gall fod yn amhosibl rhag-weld yr amseru. Nodir yr arian sydd gan y Comisiwn wrth gefn yn nodyn 15 i'r cyfrifon hyn, ac mae fel a ganlyn:

	2000	1999
	£000'au	£000'au
Llywodraeth leol	7,654	6,902
Iechyd	3,856	4,110
	<u>11,510</u>	<u>11,012</u>

- Perfformiad o ran talu** 6. Mae'r Comisiwn yn anelu at dalu pob un o'i gyflenwyr o fewn cyfnod rhesymol wedi iddo dderbyn eu hanfoneb ac o fewn 30 o ddiwrnodau sut bynnag. Polisi'r Comisiwn yw talu pob credydwr yn brydlon yn unol â Chod Talu Prydlon Confederasiwn Diwydiannau Prydain. Ar 31 Hydref 2000 28 o ddiwmodau ar gyfartaledd y bu'n rhaid i anfonebau aros cyn cael eu talu (1999 – 27 o ddiwrnodau).
- Cyfleoedd Cyfartal a Chynnwys Cyflogeion** 7. Polisi'r Comisiwn yw sicrhau na wahaniaethir yn erbyn cyflogeion cyfredol nac ymgeiswyr ar gyfer swyddi ar sail rhyw, statws priodasol, hil, crefydd, lliw, tras ethnig, oedran, cyfeiriadedd rhywiol nac anabled personol. Ymgynghorir yn ffurfiol â chyflogeion yn rheolaidd trwy gyfrwng Cyd-bwyllgor Trafod, sy'n trafod cyflog a thelerau â rheolwyr.
- Blwyddyn 2000** 8. Cymerodd y Comisiwn Archwilio gamau i sicrhau bod systemau busnes allweddol, gan gynnwys cyfrifiaduron, meddalwedd, ac offer cyfathrebu yr oedd arno eu hangen i fasnachu yn parhau i weithredu cyn, yn ystod ac ar ôl 1 Ionawr 2000. Ni chafodd y Comisiwn unrhyw broblemau yn gysylltiedig â'r flwyddyn 2000 yn ystod y flwyddyn.
- Adroddiad a Chyfrifon Blynnyddol** 9. Yn unol â pharagraff 11(1) o Atodlen 1 i Ddeddf 1998 cyfarwyddwyd y Comisiwn i baratoi Datganiad Cyfrifol gan yr Ysgrifennydd Gwladol dros yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau ac Ysgrifennydd Gwladol Cymru. Atgynhyrchir y Cyfarwyddyd Cyfrifon hwn fel atodiad i'r cyfrifon hyn. Paratoui'r cyfrifon hyn ar sail cronïadau ac mae'n rhaid iddynt roi darlun teg a chywir o sefyllfa'r Comisiwn ar ddiwedd y flwyddyn a'i incwm a'i wariant a'i lifau arian ar gyfer y flwyddyn ariannol.

Wrth baratoi'r cyfrifon mae angen i'r Comisiwn:

- gadw'r Cyfarwyddyd Cyfrifon a gyhoeddir gan yr Ysgrifennyddion Gwladol, gan gynnwys y gofynion perthnasol o ran cyfrifo a datgelu gwybodaeth, a gweithredu polisïau cyfrifo priodol yn gyson;
- dyfarnu a rhoi amcangyfrifon yn rhesymol;
- datgan a ddilynwyd safonau cyfrifo perthnasol, a datgelu ac esbonio unrhyw wyriadau o bwys yn y datganiadau ariannol;
- oni fydd yn amhrïodol, paratoui'r datganiadau ariannol ar sail y busnes gweithredol; ac

- os yn berthnasol, paratoi cyfrifon cost hanesyddol addasedig. Ni pharatowyd y rhain gan fod y newidiadau sydd eu hangen yn amherthnasol i gyfrifon y Comisiwn.

O dan baragraff 11(4) o Atodlen 1 i Ddeddf 1998, a darpariaeth bellach Gorchymyn Cynulliad Cenedlaethol Cymru (Trosglwyddo Swyddogaethau) 1999, mae angen i'r Archwiliwr a'r Archwiliwr Cyffredinol osod y cyfrifon hyn ynghyd â'i adroddiad arnynt gerbron y Senedd a'r Cynulliad Cenedlaethol.

Yn unol â pharagraff 14(2) o Atodlen 1 i Ddeddf 1998 a darpariaeth bellach Gorchymyn Cynulliad Cenedlaethol Cymru (Trosglwyddo Swyddogaethau) 1999 mae adroddiad blynyddol y Comisiwn ar y modd y mae'n cyflawni ei swyddogaethau yn cael ei gyflwyno i'r Ysgrifennydd Gwladol dros yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau er mwyn iddo gael ei osod gerbron Tŷ'r Cyffredin a Thŷ'r Arglwyddi a Chynulliad Cenedlaethol Cymru. Mae'r adroddiad yn ymgorffori adolygiad o'r flwyddyn a aeth heibio a rhagolwg o ddatblygiadau yn y dyfodol ac fe'i cyflwynir ar y cyd â'r cyfrifon hyn.

Enwyd y Cyfarwyddwr Archwilio yn Swyddog Cyfrifo Comisiwn gan Adran yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau. Nodir ei gyfrifoldebau perthnasol fel y Swyddog Cyfrifo, gan gynnwys ei gyfrifoldeb am sicrhau y rheolir yr arian cyhoeddus y mae'n atebol amdano mewn modd priodol a chyson ac am gadw cofnodion cywir, ym Memordandwm Swyddog Cyfrifo Cyrff Cyhoeddus An-adrannol.

Rheolaeth Gorfforaethol a Rheolaeth Fewnol

10. Mae'r Comisiwn Archwilio wedi ymrwymo i gynnal y safonau proffesiynoldeb uchaf ym mhob agwedd ar ei waith. Nododd y Comisiwn y bwriedir ei gwneud yn ofynnol i Gyrff Cyhoeddus An-adrannol gweithredol lunio Datganiad Rheolaeth Fewnol ac mae'n croesawu hynny. Wrth baratoi ar gyfer cydymffurfio â'r gofyniad hwnn mae'r Comisiwn yn cynnal adolygiad manwl o'i drefniadau rheoli, ac mae'n cyflwyno trefniadau rheoli risg cynhwysfawr i ategu ei ddulliau rheoli mewnol cyfredol. Mae'r Comisiwn yn bwriadu cwrdd â gofynion a argymhellwyd yn "Adroddiad Turnbull" (a addaswyd ar gyfer y sector cyhoeddus) erbyn diwedd cyfnod ariannol 2000/2001.

Fel rhan o'r mesurau hyn, cynhaliwyd arolwg a gwerthusiad manwl o'r risgau sy'n wynebu pob rhan o weithgareddau'r Comisiwn o fis Medi i fis Tachwedd 2000. O ganlyniad i hyn lluniwyd cofrestr risgiau ganolog a nodwyd Rheolwyr Risg ym mhob maes. Mae gwaith ar y gweill i integreiddio rheoli risgiau o fewn cylch cynllunio busnes y Comisiwn, i gyflwyno cynlluniau hyfforddi ar gyfer Rheolwyr a chynnal gweithdai ymwybyddiaeth o risgau ar gyfer pob aelod o staff.

Mae'r paragraffau canlynol yn disgrifio trefniadau Rheoli'r Comisiwn yn ystod y flwyddyn, a'i Reolaeth Ariannol Fewnol.

Cyfarfu'r Comisiwn un ar ddeg o weithiau yn ystod y flwyddyn (ni chyfarfu'r Comisiwn ym mis Awst) i drafod busnes y Comisiwn. Ceir rhestr o'r Comisiynwyr ar ddechrau'r Rhagair i'r Cyfrifon. Yn ogystal â chyfarfodydd rheolaidd y Comisiwn, sefydlwyd saith Panel i arolygu eitemau penodol a'u hystyried. Arolygir cylchoedd gwaith ac aelodau pob un o'r Paneli yn rheolaidd.

Ar 31 Hydref 2000 aelodau'r Paneli oedd:

	Panel		Prynu a Rheoli Ansawdd	Adnoddau	Dadansoddi ac Archwiliadau		Arolygu
	Ymgynghorol y Comisiwn (Nodyn 1)	Archwilio			Ymchwilio	Dosbarth	
Syr Ron Watson	✓	✓			✓	✓	✓
Ms J Baddeley						✓	✓
Mr J D Orme	✓		✓				
Mr J R Foster	✓			✓			✓
Mrs I Tarry			✓		✓		
Mrs A Fresko	✓			✓		✓	
Ms E Filkin			✓		✓		
Syr Graham Hart		✓					✓
Mr R A Arthur			✓		✓		
Ms R Lowe					✓	✓	
Syr David Williams				✓			✓
Y Fonesig Helena Shovelton	✓						
Syr Peter Soulsby	✓	✓			✓	✓	
Yr Athro S Richards	✓						✓
Dr J Curson		✓			✓		
Mr Brian Wolfe		✓		✓		✓	✓
Cadeiryddion y Paneli	Y Fonesig Helena Shovelton	Syr Ron Watson	Mr J D Orme	Mr J R Foster	Syr Peter Soulsby	Mrs A Fresko	YR Athro S Richards

Nodyn 1: Mae hwn yn gweithredu fel Panel Talu Cydnabyddiaethau'r Comisiwn.

Panel Ymgynghorol y Comisiwn

Mae Panel Ymgynghorol y Comisiwn yn cynnwys Cadeirydd y Comisiwn a Chadeiryddion pob un o'r Paneli eraill. Mae'n ystyried y prif faterion sy'n deillio o waith y Paneli eraill ac yn cyflwyno adroddiad ar yr ystyriaethau hynny i'r Comisiwn llawn. Mae hefyd yn sicrhau bod y polisiau ar roi cydnabyddiaeth yn adlewyrchu anghenion y Comisiwn a'r farchnad lle y mae'n gweithredu. Fel rhan o'r cyfrifoldebau hyn, mae'r Panel yn cymeradwyo cydnabyddiaethau'r Rheolwr a'r Cyfarwyddwyr ac yn cymeradwyo achosion penodol o ymddeoliadau cynnar neu ymddeoliadau oherwydd ieched gwael a threfniadau diswyddo. Cyfarfu naw gwaith yn ystod y flwyddyn.

Panel Archwilio

Fel arfer mae'r Panel Archwilio, a gadeirir gan Syr Ron Watson, yn cyfarfod bob chwarter a chyfarfu bedair gwaith yn ystod y flwyddyn. Ei brif dasgau yw:

- cytuno ar raglen yr archwiliad mewnol ar gyfer y flwyddyn sydd i ddod, a derbyn adroddiadau'r archwiliwr mewnol. Mae hefyd yn monitro perfformiad yr archwiliwr mewnol a'r modd y gweithredir argymhellion yr archwiliad;
- derbyn llythyr rheoli'r archwiliwr allanol, ac adroddiadau oddi wrth aelodau o staff y Comisiwn ar y cynnydd sy'n cael ei wneud o ran gweithredu unrhyw argymhelliad pwysig ar gyfer newid a wneir gan y Swyddfa Archwilio Genedlaethol. Gall yr archwiliwr mewnol a'r archwiliwr allanol fynd at gadeirydd y Panel Archwilio'n uniongyrchol; ac
- ystyried a chyflwyno adroddiad ar ba mor ddigonol a pha mor gywir yw cyfrifon rheoli, gwybodaeth am gyfrifon a dulliau rheoli cyfrifon.

Panelli Eraill

Prif amcanion y 5 Panel arall yw:

- Mae'r Panel Prynu a Rheoli Ansawdd yn argymhell penodiadau i'r panel archwilio, yn goruchwylio'r gwaith o gynhyrchu cyngor technegol a roir i'r archwilwyr ac yn sicrhau bod ansawdd eu gwaith yn cwrdd â safonau a osodir gan y Comisiwn.
- Mae'r Panel Archwiliadau Dosbarth (AD), sy'n gyfrifol am gynnal archwiliadau mewnol ar ran y Comisiwn, yn gweithredu gyda rhywfaint o annibyniaeth o fewn fframwaith rheoleiddio. Mae'r Panel Archwiliadau Dosbarth yn goruchwylio ac yn cynghori ar strategaeth a pherfformiad yr AD ac yn sicrhau, pan fydd angen, fod y Comisiwn llawn yn ystyried materion perthnasol yr AD.
- Mae'r Panel Arolygu yn cydlynu'r gwaith o oruchwylio rhaglen arolygu'r Comisiwn, ac yn cyflwyno adroddiadau i'r Comisiwn llawn yn ôl yr angen. Mae'n monitro tueddiadau sy'n ymddangos ac yn gwneud argymhellion ynghylch newid prosesau a gweithdrefnau yn ôl yr galw.
- Mae'r Panel Adnoddau'n monitro'r modd y defnyddir adnoddau, yn ariannol ac yn ddynol, mewn perthynas â chyflawni'r cynllun corfforaethol ac â chyrraedd amcanion strategol y Comisiwn.
- Mae'r Panel Dadansoddi ac Ymchwilio'n monitro ac yn datblygu rhaglenni astudiaethau'r Comisiwn.

Datganiad ar Reolaeth Ariannol Fewnol

11. Enwebyd y Rheolwr, Syr Andrew Foster, yn Swyddog Cyfrifo Comisiwn ac mae'n cydnabod ei gyfrifoldebau o ran sicrhau bod y Comisiwn yn cynnal ac yn gweithredu system effeithiol o reoli arian yn fewnol. Bwriedir i system rheoli'n fewnol y Comisiwn ddarparu lefel resymol o sicrwydd bod asedau'n cael eu diogelu, bod trafodion yn cael eu hawdurdodi a'u cofnodi'n gywir, a bod camgymeriadau neu anghysondebau sylweddol naill ai'n cael eu hatal neu yn cael eu canfod o fewn cyfnod amserol.

Seifr y system rheoli arian yn fewnol ar fframwaith o wybodaeth reolaidd am reolwyr, y modd y rheolir arian, gweithdrefnau gweinyddol gan gynnwys cadw dyletswyddau ar wahân, a gwahanol lefelau o ddirprwyo a nodir gan Drysorlys EM, Adran yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau ac Aelodau o'r Comisiwn Archwilio.

Mae'n cynnwys yn arbennig:

- systemau cyllidebu cynhwysfawr â chyllideb flynyddol a gymeradwyir gan yr Aelodau;
- gosod targedau i fesur perfformiad ariannol a pherfformiad arall;
- adolygiadau rheolaidd gan yr Aelodau o adroddiadau misol ac adroddiadau ariannol blynyddol, sy'n dangos perfformiad ariannol sy'n groes i'r rhagolygon;
- canllawiau rheoli buddsoddi cyfalaf priodol, diffiniedig; ac
- fel y bo'n briodol, ddisgyblaethau rheoli projectau ffurfiol.

Mae gan y Comisiwn Archwilio archwilwyr mewnol, y mae eu gwaith yn canolbwyntio ar weithgareddau allweddol a benderfynir trwy ddadansoddi'r meysydd hynny lle y mae'r risg ar ei uchaf. Gwneir y gwaith hwn i'r safon a ddiffinnir gan Lawlyfr

Archwilio Mewnol y Llywodraeth, ac yn unol â chynllun yr archwiliad mewnol blynyddol a gymeradwyir gan y Panel Archwilio. Mae'r archwilwyr mewnol yn cyflwyno adroddiadau i'r Swyddog Cyfrifo ac i'r Panel Archwilio yn rheolaidd a gallant fynd yn uniongyrchol at Gadeirydd ac at Aelodau'r Panel Archwilio.

Llywir yr adolygiad o effeithiolrwydd y system rheoli'n fewnol gan waith yr archwilwyr mewnol, y Panel Archwilio, y cyfarwyddwyr gweithredol o fewn y Comisiwn sydd â chyfrifoldeb am ddatblygu a chynnal y fframwaith rheoli arian, a chan sylwadau a wneir gan yr archwilwyr allanol yn eu llythyr rheoli.

Fel y Swyddog Cyfrifyddu, rwyf yn ymwybodol o argymhellion Pwyllgor Turnbull ac, fel y nodir yn Adran 10 o'r Rhagair, rwyf yn cymryd camau rhesymol i gydymffurfio â gofynion y Trysorlys bod datganiad rheoli mewnol yn cael ei baratoi ar gyfer y flwyddyn a ddaeth i ben ar 31 Hydref 2001, yn unol ag arweiniad a gyhoeddwyd gan y Trysorlys.

Y Fonesig Helena Shovelton DBE
Cadeirydd

14 Mawrth 2001

Syr Andrew Foster
Cyfarwyddwr Archwilio

14 Mawrth 2001

Tystysgrif ac Adroddiad y Rheolydd a'r Archwilydd Cyffredinol i Dai'r Senedd ac i Aelodau Cynulliad Cenedlaethol Cymru

Rwyf yn tystio fy mod wedi archwilio'r datganiadau ariannol ar dudalennau 10 i 24 yn unol a Deddf y Comisiwn Archwilio 1998 wedi ei ymestyn gan Gynulliad Cenedlaethol Cymru, Gorchymun 1999 (Trosglwyddiad Gweithredoedd). Paratowyd y datganiadau ariannol hyn o dan y confensiwn cost hanseyddol a'r polisiau cyfrifo a nodir ar dudalennau 13.

Priod gyfrifoldebau'r Comisiwn Archwil, Rheolydd Archwiliad a'r Archwilydd

Fel y disgrifiwyd ar dudalennau 4 a 5 yn y Rhagair i'r cyfrifon, mae'r Comisiwn Archwilio a'r Rheolydd Archwiliad yn gyfrifol am baratoi'r datganiadau ariannol ac am sicrhau rheoleidd-dra'r trafodion ariannol. Mae'r Comisiwn Archwilio a'r Rheolydd Archwiliad hefyd yn gyfrifol am baratoi'r Rhagair. Pennir fy nghyfrifoldebau, fel archwilydd annibynnol, yn of statud, ac fe'u harweinigir gan y Bwrdd Arferion Archwilio ac arweiniad moesegol y proffesiwn archwilio.

Byddaf yn rhoi fy marn i chi ar a yw'r datganiadau ariannol yn rhoi darlun gwir a theg ac a gawsant eu paratoi'n gywir yn unol a Deddf y Comisiwn Archwilio 1998 ac a'r cyfarwyddiadau a wnaed gan y Trysorlys yn of gofynion y Ddeddf, ac a gafodd y gwariant a'r incwm ymhob ystyr berthnasol eu defnyddio at y dibenion a fwriadwyd gan y Senedd ac a yw'r trafodion ariannol yn cydymffurfio a'r awdurdodau sy'n eu rheoli. Byddaf hefyd cyflwyno adroddiad os nad yw'r Rhagair, yn fy marn i, yn gyson a'r datganiadau ariannol, os na chadwodd y Comisiwn gofnodion cyfrifo cywir, neu os na chefais yr holl wybodaeth a'r esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad.

Byddaf yn arolygu a yw'r datganiad ar dudalennau 7 a 8 yn adlewyrchu cydymffurfiaid y Comisiwn ag arweiniad y Trysorlys sef "Rheoli corfforaethol: datganiad ar y system o reolaeth ariannol fewnol". Byddaf yn cyflwyno adroddiad os nad yw'n bodloni'r gofynion a bennwyd gan y Trysorlys, neu os yw'r datganiad yn gamarweiniol neu'n anghyson a gwybodaeth arall yr wyf yn ymwybodol ohoni o'm harchwiliad o'r datganiadau ariannol.

Sail y farn

Cynhaliad fy archwiliad yn unol a'r Safonau Archwilio a gyhoeddwyd gan y Bwrdd Arferion Archwilio. Mae archwiliad yn cynnwys archwilio tystiolaeth, ar sail prawf, sy'n berthnasol i symiau, datgeliadau a rheoleidd-dra'r trafodion ariannol a gynhwysir yn y datganiadau ariannol. Mae hefyd yn cynnwys asesiad o'r amcangyfrifon a'r dyfarniadau arwyddocaol a wnaed gan y Comisiwn Archwilio a'r Rheolydd Archwiliad wrth baratoi'r datganiadau ariannol, ac a yw'r polisiau cyfrifo yn briodol i amgylchiadau'r Comisiwn, a gawsant eu defnyddio'n gyson a'u datgelu'n ddigonol.

Cynlluniais a chynhaliad fy archwiliad er mwyn cael yr holl wybodeith a'r esboniadau a oedd yn angenrheidiol yn fy marn i er mwyn rhoi digon o dystiolaeth I roi sicrwydd rhesymol bod y datganiadau ariannol yn rhydd o unrhyw gam-ddweud perthnasol, a achoswyd naill ai o ganlyniad i wall, twyll neu drwy afreoleidd-dra arall a bod y gwariant a'r incwm, ymhob ystyr berthnasol, wedi eu defnyddio at y dibenion a fwriadwyd gan y Senedd a bod y trafodion ariannol yn cydymffurfio a'r awdurdodau sy'n eu rheoli. Wrth lunio fy marn rwyf hefyd wedi gwerthuso digonolrwydd cyffredinol y modd y cyflwynwyd y wybodaeth yn y datganiadau ariannol hefyd.

Barn

Yn fy marn i:

- rhydd y datganiadau ariannol ddarlun gwir a theg o gyflwr materion y Comisiwn Archwilio ar 31 Hydref 2000 ac o'r gwarged, cyfanswm yr enillion a'r colledion cydnabyddedig a'r llif arian am y flwyddyn a ddaeth i ben bryd hynny a'u bod wedi eu paratoi'n gywir yn unol a Deddf y Comisiwn Archwilio 1998 a'r cyfarwyddiadau a wnaed yn of gofynion y Ddeddf gan Ysgrifenyddion Gwladol yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau ac ar gyfer Cymru; ac
- ymhob ystyr berthnasol defnyddiwyd y gwariant a'r incwm at y dibenion a fwriadwyd gan y Senedd a bod y trafodion ariannol yn cydymffurfio a'r awdurdodau sy'n eu rheoli.

Nid oes gennyf unrhyw sylwadau i'w gwneud ar y datganiadau ariannol hyn.

John Bourn
Rheolydd a'r Archwilio Cyffredinol

28 Mawrth 2001

Swyddfa Archwilio Genedlaethol
157-197 Buckingham Palace Road
Victoria
Llundain SW1W 9SP

Y Cyfrif Incwm a Gwariant ar gyfer y Flwyddyn a ddaeth i ben ar 31 Hydref 2000

	Nodyn	2000 £000	1999 £000
Incwm o weithredu			
Incwm crynswth o ffioedd	2	125,862	104,589
Incwm o Arolygiadau Gwerth Gorau	3	12,649	1,890
Incwm Arolygiadau Eraill		2,750	1,793
Incwm o weithrediadau eraill	4	3,084	3,324
		<u>144,345</u>	<u>111,596</u>
Costau gweithredu			
Costau Staff ac aelodau	5	74,313	58,669
Gwasanaethau a brynir i mewn	6	39,252	33,240
Costau gweithredu eraill	7	30,375	18,652
Costau tybiannol	1(x)	673	645
		<u>144,613</u>	<u>111,206</u>
(Diffyg)/gwarged gweithredu gan gynnwys costau tybiannol			
	2	(268)	390
Ychwanegu ôl-gostau tybiannol	1(x)	673	645
Llog clir i'w dderbyn	8	298	539
Costau clir yn deillio o gyfreitha	9	(205)	(1,059)
		<u>498</u>	<u>515</u>
Gwarged ar gyfer y flwyddyn			

Mae'r nodiadau sy'n dilyn yn rhan o'r datganiadau ariannol hyn.

Nodir symudiadau o ran cronfeydd wrth gefn yn nodyn 15.

Ni fu unrhyw enillion neu golledion cydnabyddedig ar wahân i'r canlyniad am y flwyddyn.

Mae pob un o'r canlyniadau uchold yn deillio o weithrediadau parhaol.

Mantolen ar 31 Hydref 2000

	Nodyn	2000 £000	1999 £000
Asedau sefydlog	11	<u>5,384</u>	<u>2,874</u>
Asedau cyfredol			
Dyledwyr a gwaith sy'n mynd rhagddo	12	33,009	20,629
Arian yn y banc ac mewn llaw		<u>8,177</u>	<u>6,807</u>
		41,186	27,436
Credydwyr: symiau a ddaw'n ddyledus o fewn un flwyddyn			
Credydwyr a chostau cronodig	13	<u>34,340</u>	<u>19,298</u>
Asedau clir cyfredol		<u>6,846</u>	<u>8,138</u>
Cyfanswm yr asedau clir a ddefnyddiwyd		<u>12,230</u>	<u>11,012</u>
Ariannwyd gan			
Grant Cyfalaf Gohiriedig	14	720	—
Arian Cyffredinol Wrth Gefn	15	<u>11,510</u>	<u>11,012</u>
Cyfanswm y Cyllid		<u>12,230</u>	<u>11,012</u>

Mae'r nodiadau canlynol yn rhan o'r datganiadau ariannol hyn.

Y Fonesig Helena Shovelton DBE

Cadeirydd

14 Mawrth 2001

Syr Andrew Foster

Cyfarwyddwr Archwilio

14 Mawrth 2001

Datganiad Llif Arian ar gyfer y Flwyddyn a Ddaeth i ben ar 31 Hydref 2000

		2000	1999
	Nodyn	£000	£000
Mewnlif arian clir/(echlif) o weithrediau'r Comisiwn	16	3,762	(1,291)
Elw o fuddsoddiadau ac wasanaeth cyllid			
Llog a dderbyniwyd		305	539
Grant cyfalaf		800	—
Mewnlif arian clir o'r elw o fuddsoddiadau a gwasanaethu cyllid		1,105	539
Gwariant cyfalaf a buddsoddi ariannol			
Taliadau i gaffael asedau sefydlog diriaethol		(3,490)	(1,660)
Llog sy'n daladwy		(7)	—
Echlif arian clir o weithgareddau buddsoddi		(3,497)	(1,660)
Cynnydd/(Gostyngiad) mewn arian	17	1,370	(2,412)

Nodiadau i'r Cyfrifon

Arferion a Pholisïau Cyfrifo

- 1 (i) Paratoir y cyfrifon o dan y confensiwn costau hanesyddol ar ffurf a orchmynnir gan yr Ysgrifennydd Gwladol, gyda chyntundeb Trysorlys EM, o dan baragraff 11 (1) o Atodlen 1 i'r Ddeddf.
- (ii) Mae'r cyfrifon yn cwrdd â gofynion Deddf Cwmnïau 1985, heb gyfyngu ar y wybodaeth a roddir, ac â safonau cyfrifeg perthnasol i'r graddau y mae'r gofynion hynny'n briodol.
- (iii) Ble bynnag yr oedd modd priodolwyd gwariant Llywodraeth Leol a'r NHS yn uniongyrchol i'r gweithgaredd perthnasol; pan na fu hyn yn bosibl, priodolwyd gwariant cyffredinol i bob gweithgaredd ar sail yr oriau a weithiwyd.
- (iv) Codir am rentu prydlesi gweithredu ar sail llinell syth dros dymor y brydles.
- (v) Seilir incwm crynswth o ffioedd ac incwm arall o weithrediadau'r Comisiwn ar werth y gwaith y gellir codir amdano heb gynnwys TAW.
- (vi) Credydir incwm gweithredu, p'un a ddaw o grant uniongyrchol gan y llywodraeth, o ffioedd i awdurdodau neu gan ffynhonnell arall, i'r flwyddyn gyfrif pan wneir y gwaith. Bydd incwm sydd i ddod o Ddyledwyr ac o Waith sy'n Mynd Rhagddo yn cael ei gario ymlaen yn ôl ei werth sylweddoladwy amcangyfrifedig.
- (vii) Nid ystyrir bod y costau clir sy'n deillio o achosion cyfreithiol yn rhan o ddiffyg gweithredu'r Comisiwn, eithr fe'u dangosir ar wahân yn y Cyfrif Incwm a Gwariant.
- (viii) Darperir ar gyfer dibrisiant pob ased sefydlog. Mae wedi'i gyfrifo i ddileu cost pob ased, llai'r gwerth gweddillol amcangyfrifedig, mewn rhandaliadau blynyddol cyfartal dros ei oes ddefnyddiol ddiswyliedig fel a ganlyn:
- | | |
|---------------------|------------|
| Dodrefn a Ffitiadau | 10 mlynedd |
| Offer Cyfrifiadurol | 3 blynedd |
| Offer Swyddfa | 5 mlynedd |
- Dileir cost cyfrifiaduron desg unigol yn y flwyddyn brynu.
- (ix) Mae'r Comisiwn yn darparu cynllun pensiwn â buddiannau diffiniedig ar gyfer ei gyflogeion a chodir costau'r cynllun hwnnw ar y Cyfrif Incwm a Gwariant.
- (x) Cyfrifir Cost Dybiannol Cyfalaf yn unol âg Arweiniad y Trysorlys ac fe'i codir ar Gostau Gweithredu Eraill. Ychwanegir y gost yn ôl i'r Diffyg Gweithredu a'i phriodoli i wariant Llywodraeth Leol a'r NHS ar sail yr arian sydd wrth gefn ym mhob gweithgaredd.

Dadansoddi Incwm a Gwariant	2 (i) Llywodraeth Leol ac Iechyd	2000 £000	1999 £000
Llywoderaeth Leol			
<i>Incwm</i>			
Incwm o Fffoedd		86,967	65,335
Incwm o Arolygiadau Gwerth		12,649	1,890
Corau Incwm o Arolygiadau Eraill		2,750	1,793
Incwm Arall		1,701	2,382
		<u>104,067</u>	<u>71,400</u>
<i>Gwariant</i>			
Costau Uniongyrchol ac Anuniongyrchol		<u>103,315</u>	<u>70,882</u>
Canlyniadau Clir		<u>752</u>	<u>518</u>
Iechyd			
<i>Incwm</i>			
Incwm o Fffoedd		38,894	39,254
Incwm Arall		1,383	942
		<u>40,277</u>	<u>40,196</u>
<i>Gwariant</i>			
Costau Uniongyrchol ac Anuniongyrchol		<u>40,531</u>	<u>40,199</u>
Canlyniadau Clir		<u>(254)</u>	<u>(3)</u>
 <i>(ii) Dadansoddiad o Incwm: Gwaith yr ymgwymerir ag efyn uniongyrchol gan y Comisiwn, a gwaith a osodir ar gontract</i>			
		2000 £000	1999 £000
Mewnol			
Archwiliadau Dosbarth		90,715	76,033
Arolygiadau Gwerth Gorau		12,649	1,890
Incwm o Arolygiadau Eraill		2,750	1,793
Incwm Arall		3,084	3,324
		<u>109,198</u>	<u>83,040</u>
Gwaith a osodwyd ar gontract			
Fffoedd Archwilio		<u>35,147</u>	<u>28,556</u>

Mae'r Comisiwn yn defnyddio cyfran o'r incwm archwilio i ariannu ei ddyletswyddau statudol a gweithgareddau canolog eraill. Ar gyfartaledd derbynnir 9.6% o'r incwm o fffoedd archwilio gan yr Archwiliad Dosbarth a chan gwmnïau cyfrifo preifat. Yn ogystal derbyniodd y Comisiwn £4.9m gan yr Archwiliad Dosbarth sy'n adlewyrchu elw buddsoddiad o'i asiantaeth archwilio led-annibynnol.

Dadansoddi Incwm a Gwariant (continued)**2 (iii) Dadansoddiad o'r Math o Archwiliad ac Arolygiad**

	2000 £000	1999 £000
Incwm		
Archwiliadau	109,002	90,067
Adran 28	16,860	14,522
<i>Arolygiadau</i>		
Gwerth Gorau	12,649	1,890
Ofsted	824	592
SSI	1,926	1,201
Incwm arall	3,084	3,324
	<u>144,345</u>	<u>111,596</u>
Gwarged/(Diffyg)		
Archwiliadau (gan gynnwys incwm arall)	443	467
Adran 28	58	78
<i>Arolygiadau</i>		
Gwerth Gorau	—	—
Ofsted	(75)	34
SSI	72	(64)
	<u>498</u>	<u>515</u>

Cyllidebir ar gyfer costau yr eir iddynt gan Dîm yr Arolygiaeth Gwasanaethau Cymdeithasol ar y sail bod blwyddyn ariannol yr SSI yn gorffen ar 31 Mawrth. Mae tîm arolygu'r Awdurdodau Addysg Lleol ar y cyd yn gweithredu yn ôl blwyddyn weithredu Ofsted sy'n gorffen ar 31 Awst.

Incwm o Arolygiadau Gwerth Gorau**3 O dan Ddeddf Llywodraeth Leol 1999 mae'n rhaid i archwilwyr a benodir gan y Comisiwn archwilio Cynlluniau Gwerth Gorau (CPGGau) awdurdodau lleol a bydd y Comisiwn yn gyfrifol am arolygu i ba raddau y mae awdurdodau yn cydymffurfio â gofynion y Ddeddf.**

Mae grantiau ar gael i'r Comisiwn ar gyfer gwaith Arolygu awdurdodau gwerth gorau, ac yn ystod y cyfnod dan sylw derbyniwyd nifer o grantiau, yn bennaf gan Adran yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau (DETR), a Chynulliad Cenedlaethol Cymru. Ar ben hynny yn ystod 1999/2000 cafodd gwaith ar gynlluniau gwerth gorau ar gyfer awdurdodau Heddlu ei ariannu'n uniongyrchol gan y Swyddfa Gartref.

	2000 £000	1999 £000
DETR	10,626	1,890
Cynulliad Cenedlaethol Cymru	1,043	—
Y Swyddfa Gartref	980	—
	<u>12,649</u>	<u>1,890</u>

Incwm o Weithrediadau	4	2000	1999
Erail		£000	£000
Costau Cyfreithiol a ad-dalwyd		777	481
Cyhoeddiadau a Chynadleddau		1,035	1,060
Menter twyll genedlaethol		—	816
Secondiadau ac incwm amrywiol		1,272	967
		3,084	3,324
<hr/>			
Costau Staff ac Aelodau'r	5	2000	1999
Comisiwn		£000	£000
<i>(i) Costau Staff</i>			
Cyflogau		55,721	43,324
Costau Nawdd Cymdeithasol		5,170	4,011
Costau pensiwn eraill — gweler Nodyn 19		5,538	4,950
Cost ceir ar les		3,665	3,396
Costau teithio a chynhaliaeth eraill		4,057	2,848
		74,151	58,529
<hr/>			
		2000	1999
		£000	£000
<i>(ii) Costau Comisiyawyr</i>			
Cyflogau		132	112
Costau Nawdd Cymdeithasol		8	7
Costau teithio a chynhaliaeth eraill		22	21
		162	140
<hr/>			
<i>(iii) Nifer y staff ar gyfartaledd a gyflogwyd yn fisol yn ystod y cyfnod oedd:</i>			
		2000	1999
Archwiliadau Dosbarth			
—staff archwilio		1,044	951
—staff archwilio dan hyfforddiant		128	109
—staff cynorthwyol		185	156
Cyfarwyddiaethau y Comisiwn		388	254
Staff a secondiwyd		7	10
		1,752	1,480
<hr/>			
Yn gyflogedig ar 31 Hydref		1,885	1,600
<hr/>			
<i>(iv) Roedd nifer yr aelodau hŷn o staff ar gyfartaledd yn ystod y cyfnod yr oedd eu cyflogau trethadwy'n fwy na £40,000 fel a ganlyn:</i>			
		2000	1999
£40,001 — £50,000		271.3	191.3
£50,001 — £60,000		118.8	74.6
£60,001 — £70,000		57.0	45.5
£70,001 — £80,000		25.7	16.9
£80,001 — £90,000		15.5	8.1
£90,001 — £100,000		5.0	5.2
£100,001 — £110,000		1.0	2.1
£110,001 — £120,000		3.0	—

Costau Staff ac Aelodau'r 5 (v) Cyfanswm y taliadau a wnaed i'r Cyfarwyddwr Archwilio, gan gynnwys Comisiwn (continued) buddiannau trethadwy, oedd:

	2000	1999
	£	£
Syr Andrew Foster		
Cyflog	140,504	134,519
Tâl yn ôl perfformiad	29,716	29,993
Buddiannau mewn da	6,866	6,371
	<u>177,086</u>	<u>170,883</u>

Mae'r Cyfarwyddwr Archwilio'n aelod cyffredin o Gynllun Pensiwn y Comisiwn Archwilio. O dan reolau'r cynllun hwn, gwnaeth y Comisiwn gyfraniad o £11,504 sef 12.6% o'i gyflog a'i dâl yn ôl perfformiad hyd at yr uchafswm statudol o £91,800 ar gyfer y flwyddyn dreth 2000/2001. (Y cyfraniad ym 1999 oedd £10,990 yn erbyn uchafswm statudol o £90,600 ar gyfer y flwyddyn dreth 1999/2000). Nid yw'r Comisiwn yn gwneud unrhyw gyfraniad arall i unrhyw gynllun pensiwn arall a all fod gan y Cyfarwyddwr neu beidio.

Mae'r Cyfarwyddwr Archwilio yn gymwys i dderbyn tâl yn ôl perfformiad. Fe'i hasesir yn flynyddol gan y Comisiwn yn erbyn targedau a ragderfynwyd, ac fe'i telir yn flynyddol mewn ôl-ddyled.

Mae'r ffigur a nodir ar gyfer Buddiannau mewn da yn ymwneud yn bennaf â darparu car. Cyfrifir y Budd mewn Da gan gymryd yn gamataol y bydd yn parhau i ymgymryd â rhwng 2,500 a 18,499 o filltiroedd busnes yn ystod y flwyddyn dreth 2000-2001.

(vi) Roedd nifer y Comisiynwyr ar gyfartaledd yn ystod y cyfnod yr oedd eu graddfa gyflog flynyddol o fewn yr ystodau canlynol rel a ganlyn:

	2000	1999
£0 — £5,000	0.4	3.7
£5,001 — £10,000	14.0	11.1
£25,001 — £30,000	—	1.0
£30,001 — £35,000	1.0	—
	<u>1.0</u>	<u>—</u>

(vii) Union gyflog y Cadeirydd, sef y Comisiynydd a enillodd y cyflog uchaf, oedd:

	£	£
Mr C R E Brooke	—	1,753
Y Fonesig Helena Shovelton	33,371	28,764
	<u>33,371</u>	<u>28,764</u>

Mae cyfanswm y ffioedd y mae'r aelordau, ar wahân i'r Cadeirydd a'r Is-gadeirydd, â'r hawl i'w derbyn yn amrywio yn ôl faint o amser a neilltuir ganddynt ar gyfer gwaith y Comisiwn.

Gwasanaethau a Brynir i	2000	1999
Mewn	£000	£000
<i>Cyfarwyddiaethau'r Comisiwn</i>		
Ffioedd archwilio i gwmnïau preifat	32,147	25,758
Cymorth gydag astudiaethau	863	845
Cymorth gydag arolygiadau	844	421
	<u>33,854</u>	<u>27,024</u>
<i>Archwiliad Dosbarth</i>		
Cymorth gydag archwiliadau contract	5,398	6,216
	<u>39,252</u>	<u>33,240</u>

Costau Gweithredu Eraill	2000	1999
7	£000	£000
Llety		
—rhent	2,956	1,696
—costau eraill	2,094	1,098
Cyflenwadau a gwasanaethau	11,451	6,568
Recriwtio a throsglwyddiadau	3,686	1,665
Hyfforddiant	2,550	1,551
Dibrisiant (ffigur clir o'r grant cyfalaf)	900	566
Ffi archwilio	71	62
Ffioedd proffesiynol	2,596	1,260
Cyhoeddiadau	1,088	804
Costau gweithredu eraill	2,983	3,382
	<u>30,375</u>	<u>18,652</u>

Llog Clir I'w Dderbyn	8	2000	1999
		£000	£000
Llog i'w dderbyn		305	539
Llog taladwy		(7)	—
		<u>298</u>	<u>539</u>

Costa Clir Sy'n Deillio O	9	2000	1999
Achosion Cyfreithiol		£000	£000
	Gwasanaethau ymglyfreitha	205	1,059
		205	1,059

Mae'r rhan fwyaf o'r costau hyn yn ymwneud â chostau cyfreithiol yr aed iddynt gan yr archwiliwr yn yr apêl yn erbyn ei benderfyniad ar y Gwrthwynebiadau i Werthiannu Penodedig yn San Steffan. Penderfynwyd ar yr achos gan y Llys Adrannol ym mis Rhagfyr 1997, a chan y Llys Apêl ym mis Mai 1999. Cynhwysai dyfarniad y Llys Apêl ddyfarniad costau yn erbyn yr archwiliwr a thalwyd y costau hyn. Mae rhai agweddau ar ddyfarniad y Llys Apêl yn destun apêl bellach i Dŷ'r Arglwyddi. Mae'r apêl hon i gael ei chynnal ym mis Tachwedd 2001.

Hwyrach y bydd costau ychwanegol i'w talu gan y Comisiwn yn yr achos hwn. Er bod y symiau dan sylw yn debygol o fod yn sylweddol, nid oes sail ddigonol ar gyfer gwneud amcangyfrif rhesymol ar hyn o bryd. Gweler Nodyn 22.

Treth	10	Mae'r Comisiwn wedi'i eithrio o dreth incwm a threth gorfforaeth yn rhinwedd Adran 519 o Ddeddf Treth Incwm a Threth 1988, ac o dreth enillion cyfalaf yn rhinwedd Adran 271 o Ddeddf Trethu Enillion Trethadwy 1992.
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Asedau Sefydlog	11	Dodrefn	Offer	Offer	Cyfanswm	
		a	Cyfrifiadu-	Swyddfa		
		Ffitiafau	rol	£000	£000	
		£000	£000	£000	£000	
		Cost				
		Ar 1 Tachwedd 1999	3,355	1,156	845	5,356
		Pryniadau	2,513	549	428	3,490
		ar 31 Hydref 2000	5,868	1,705	1,273	8,846
		Dibrisiant				
		Ar 1 Tachwedd 1999	1,311	580	591	2,482
		Darparwyd yn ystod y cyfnod	448	397	135	980
		ar 31 Hydref 2000	1,759	977	726	3,462
		Gwerth llyfr clir				
		Ar 31 Hydref 2000	4,109	728	547	5,384
		Ar 31 Hydref 1999	2,044	576	254	2,874

Dyledwyr a Gwaith Sy'n Mynd Rhagddo	2000	1999
	£000	£000
Dyledwyr y mae arnynt ffioedd		
—Llywodraeth Leol	13,008	6,951
—Gwasanaeth Iechyd Gwaladol	3,984	2,982
Gwaith sy'n mynd rhagddo		
—Llywodraeth Leol	4,046	3,531
—Gwasanaeth Iechyd Gwaladol	2,939	1,808
Costau pensiwn a dalwyd o flaen llaw	1,101	—
Dyledwyr a rhagdaliadau eraill	7,931	5,357
	33,009	20,629

Prisir Dyledwyr a Gwaith sy'n mynd rhagddo yn ôl eu gwerth sylweddoladwy amcangyfrifedig.

Dyledion nad ydynt yn ddyledus o fewn un flwyddyn yn gynwysiedig yn y ffigurau uchod:

Yn gynwysiedig mewn dyledwyr a rhagdaliadau eraill:

—cynllun adleoli tai: benthyciadau i staff	14	21
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Credydwyr a Chostau Cronedig	2000	1999
	£000	£000
Credydwyr masnachol	4,109	2,684
Credydwyr eraill gan gynnwys Treth a Nawdd Cymdeithasol	3,848	2,563
Taliadau gwyliau	1,673	1,359
Croniadau	11,685	6,864
Incwm gohiriedig	13,025	5,828
	34,340	19,298

Grant Cyfalaf Gohiriedig 14 Fel rhan o'r grant a dderbyniwyd gan Adran yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau i ymgymryd â gwaith arolygu i sicrhau bod cyrff yn cydymffurfio â Deddf Llywodraeth Leol 1999, derbyniodd y Comisiwn £800,000 ar gyfer darparu swyddfeydd. Trowyd gwariant sylfaenol y Comisiwn yn gyfalaf yn unol â'i bolisi.

Yn gyson â gofynion cyfrifo, sefydlwyd yr elfen hon o'r grant a dderbyniwyd fel dyled dymor hir. Fe'i rhyddheir i'r cyfrif Incwm a Gwariant i gyd-fynd a'r tâl y bydd yn rhaid ei dalu pan ddibrisir yr asedau sylfaenol. Disgwylir y bydd yr asedau hyn wedi'u dibrisio'n llawn yn 2010.

Cronfeydd Wrth Gefn	15	2000			1999		
		£000			£000		
		LIL	NHS	Cyfan-symiau	LIL	NHS	Cyfan-symiau
Cyfalaf wrth Gefn							
Wedi'i gario drosodd		<u>1,580</u>	<u>2,154</u>	<u>3,734</u>	<u>1,580</u>	<u>2,154</u>	<u>3,734</u>
Refeniw wrth Gefn							
Wedi'i ddwyn ymlaen		5,322	1,956	7,278	3,868	1,959	5,827
Gwarged ar gyfer y flwyddyn		752	(254)	498	518	(3)	515
Trosglwyddiad o'r Gronfa Gyfreitha		—	—	—	936	—	936
Wedi'i gario drosodd		<u>6,074</u>	<u>1,702</u>	<u>7,776</u>	<u>5,322</u>	<u>1,956</u>	<u>7,278</u>
Cyfanswm y Cronfeydd Cyffredinol		<u>7,654</u>	<u>3,856</u>	<u>11,510</u>	<u>6,902</u>	<u>4,110</u>	<u>11,012</u>
Allwedd:		LIL	—Llywodraeth Leol				
		NHS	—Gwasanaeth Iechyd Gwladol				
Cysoni'r Gwarged/(Diffyg) ar Gyfer y Flwyddyn Â'r Echlif Clir O Weithgareddau'r Comisiwn	16				2000	1999	
					£000	£000	
(Diffyg)/gwarged gweithredu					(268)	390	
Costau tybiannol					673	645	
Costau clir achosion cyfreithiol					(205)	(1,059)	
Dibrisiant					900	566	
(Cynnydd) mewn dyledwyr ac yn y gwaith sy'n mynd rhagddo					(12,380)	(4,791)	
Cynnydd mewn credydwyr					<u>15,042</u>	<u>2,958</u>	
					<u>3,762</u>	<u>(1,291)</u>	
Cysoni'r Echlif Arian Clir Â Symudiadau Mewn Cronfeydd Clir	17				2000	1999	
					£000	£000	
Cynnydd/(Gostyngiad) mewn arian					<u>1,370</u>	<u>(2,412)</u>	
Newid mewn cronfeydd clir					1,370	(2,412)	
Cronfeydd clir ar 1 Tachwedd 1999					<u>6,807</u>	<u>9,219</u>	
Cronfeydd clir ar 31 Hydref 2000					<u>8,177</u>	<u>6,807</u>	
Dadansoddiad o Newidiadau Mewn Cronfeydd Clir	18				Ar 1 Tachwedd 1999	Llifau Arian	Ar 31 Hydref 2000
					£000	£000	£000
Arian yn y banc ac mewn llaw					<u>6,807</u>	<u>1,370</u>	<u>8,177</u>

Cynllun Pensiwn

- 19** Mae gan y Comisiwn gynllun pensiwn a weinyddir gan ymddiriedolwyr ac sy'n agored i bob cyflogai parhaol ac i gyflogeion sydd ar gontract tymor penodol o ddwy flynedd neu ragor. Cynllun â buddiannau diffiniedig ydyw a ariennir gan gyfraniadau oddi wrth aelodau (6% o gyflogau pensiynadwy) a gweddill y gost gan y Comisiwn (2000: 12.6% o gyflogau pensiynadwy). Cyfraniad y Comisiwn yn ystod y cyfnod oedd £5,538,000 (1999 – £4,950,000).

Talwyd arian ychwanegol i mewn i'r Cynllun ar gyfer gweithgareddau archwilio'r Comisiwn dros y cyfnod 1990 hyd 1996. Digwyddodd hyn pan roddodd y Comisiwn greydau gwasanaeth llawn i rai aelodau o staff a drosglwyddodd iddo ym 1984-85 (yn bennaf o Adran yr Amgylchedd) ac ym mis Hydref 1990 (o'r Adran Iechyd). Cadwyd yr arian hwn ar wahân o fewn y Cynllun, ac yn ystod y flwyddyn crisialwyd y gwarged a godasai ar yr arian hwn ar £6.4m. O dan SSAP24, mae'r gwarged hwn yn awr yn cael ei drosglwyddo yn ôl i gyfrifon y Comisiwn dros y cyfnod hwnnw o oes yr aelodau perthnasol o staff a asesir yn actiwaraid. Yn gwynysedig yng ngwariant pensiwn y Comisiwn ar gyfer eleni mae gostyngiad mewn costau o £1.2m sy'n deillio o'r gyfran o'r gwarged actiwaraidd sy'n perthyn i eleni.

O weithgaredd archwilio'r Comisiwn sydd newydd ei sefydlu, mae dyled bosibl wedi'i nodi a achosir gan y nifer fawr o aelodau o staff sy'n ymuno â'r sefydliad o gynlluniau sector cyhoeddus eraill yn yn ystod y cyfnod sefydlu hwn. Fel yn achos y diffyg actiwaraidd cychwynnol o ran ei weithgarwch archwilio, mae'r Comisiwn yn bwriadu cyfrannu arian ychwanegol i gwrdd â'r ddyled hon a hynny ar gyngor yr actiwari.

Ar hyn o bryd cynhelir gwerthusiadau actiwaraidd yn flynyddol a chynaliwyd y diweddaraf ar 31 Mawrth 2000 gan ddefnyddio'r Dull Uned Amcanol o werthuso.

Ar 31 Mawrth 2000 gwerth asedau clir y cynllun ar y farchnad oedd £292.1m (31 Mawrth 1999, £248.9m) a ddarparai, yn ôl ei werth yn seiliedig ar asesiad actiwaraidd, yswiriant ar gyfer 101% o'r buddiannau a oedd wedi dod i'r aelodau ar ôl cymryd i ystyriaeth y cynnydd mewn cyflogau a ddisgwyliid yn y dyfodol. Y prif ragdybiaethau ariannol, a ddefnyddiwyd gan yr actiwari ac a ddyfynnwyd mewn termau real mewn perthynas â chwyddiant prisiau, oedd:

Gwir gyfradd llog	3.33% pa
Gwir gyfradd cyflog	1.67% pa
Gwir gyfradd elw difidend	3.4% pa

Canlyniadau Gwiethredu 20 Ar Gyfer Y Pum Mlynedd Ddiwethaf	12 mis hyd	12 mis hyd	12 mis hyd	7 mis hyd	12 mis hyd
	at 31 Hydref 2000 £000	at 31 Hydref 1999 £000	at 31 Hydref 1998 £000	at 31 Hydref 1997 £000	at 31 Mawrth 1997 £000
Cyfanswm	144,345	111,596	105,156	57,574	91,945
Incwm gweithredu	143,940	110,561	104,850	58,236	93,175
Costau gweithredu	673	645	625	418	820
Costau tybiannol	(268)	390	(319)	(1,080)	(2,050)
<i>Ôl-ychwanegu:</i>					
Costau tybiannol	673	645	625	418	820
Llog clir i'w dderbyn (Costau clir) adenillion yn deillio o achosion cyfreithiol	298	539	720	365	251
	(205)	(1,059)	(853)	(2,440)	(206)
Gwarged/(diffyg)	498	515	173	(2,737)	(1,185)

Ymrwymadau Ariannol 21 Mae ymrwymadau refeniw ar 31 Hydref 2000 mewn perthynas â phrydlesi ceir na ellir eu canslo, sy'n dod i ben:

	2000 £000	1999 £000
O fewn blwyddyn	1,600	360
O fewn un i bum mlynedd	3,139	2,311
	4,739	2,671
Archwiliadau Dosbarth	3,128	2,376
Cyfarwyddiaethau'r Comisiwn	363	295
Arolygiadau Gwerth Gorau	1,248	—

Roedd ymrwymadau blynyddol ar 31 Hydref 2000 i dalu rhenti o dan gytundebau prydlesi, sy'n dod i ben:

	2000 £000	2000 Nifer o Adeiladau	1999 £000	1999 Nifer o Adeiladau
O fewn blwyddyn	233	30	339	34
O un i bum mlynedd	707	6	722	12
Dros bum mlynedd	2,131	29	1,347	18
	3,071	65	2,408	64

Cymerir pob prydles adeilad yn enw'r Comisiwn Archwilio. Defnyddir rhai gan naill ai'r Archwiliad Dosbarth neu'r Gyfarwyddiaeth Arolygu yn unig, a lle y bo'n hynny'n briodol defnyddir rhai adeiladau ar y cyd. Adolygir rhent y mwyafrif o brydlesi adeiladau.

**Rhwymedigaethau
Achlysurol**

- 22** Mae'r Comisiwn yn indemnio archwilwyr a benodwyd yn erbyn costau yr ânt iddynt mewn cysylltiad ag achosion Llys sy'n codi o ganlyniad i arfer swyddogaethau cyfreithiol arbennig. Yn ogystal, gellir dyfarnu costau yn erbyn archwilwyr yn y cyfryw achosion, y bydd y Comisiwn yn gyfrifol am eu talu o dan delerau'r indemnïad. Mae'r costau yr eir iddynt mewn unrhyw flwyddyn, o ganlyniad i'r indemnïad hwn, yn dibynnu ar hyspys yr achosion unigol ac ni ellir, felly, eu rhag-weld na'u mesur nes iddynt grisialu.

Derbyniodd y Comisiwn ddyfarniad cychwynnol gan Dollau Tramor a Chartref Ei Mawrhydi nad yw ei arolygiadau Gwerth Gorau yn weithgareddau busnes at ddibenion TAW. Mae'r Comisiwn yn trafod â Thollau Tramor a Chartref i gael cadarnhad ganddynt ynghylch y ffordd gywir o drin y swyddogaeth hon at ddibenion cyfrifo.

**Trafodion Partïon
Cysylltiedig**

- 23** Yn ystod y flwyddyn, ni wnaeth aelod o'r Comisiwn, aelod o'r staff rheoli allweddol nac unrhyw bartïon cysylltiedig eraill ymgymryd ag unrhyw drafodion perthnasol â'r Comisiwn.

Y COMISIWN ARCHWILIO AWDURDODAU LLEOL A'R GWASANAETH IECHYD GWLADOL YNG NGHYMURU A LLOEGR**Cyfarwyddyd Cyfrifon**

Mae'r Ysgrifennydd Gwladol dros yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau ac Ysgrifennydd Gwladol Cymru, wrth arfer eu pwerau o dan baragraffau 11(1) o Atodlen 1 i Ddeddf y Comisiwn Archwilio 1998 (Deddf 1998), a'r holl bwerau eraill sy'n eu galluogi yn rhinwedd eu swyddogaeth, a chyda chytundeb y Trysorlys, trwy hyn yn cyfarwyddo fel a ganlyn.

1. Bydd y datganiad cyfrifon y mae'n ddyletswydd ar y Comisiwn Archwilio Awdurdodau Lleol a'r Gwasanaeth Iechyd Gwladol yng Nghymru a Lloegr (y cyfeirir ato o hyn ymlaen fel "y Comisiwn") ei baratoi yn cynnwys:
 - a. rhagair;
 - b. cyfrif incwm a gwariant;
 - c. mantolen;
 - ch. datganiad llif arian a
 - d. datganiad o'r holl enillion a cholledion cydnabyddedig

gan gynnwys unrhyw nodiadau sydd hwyrach yn angenrheidiol at y dibenion y cyfeirir atynt yn y paragraffau canlynol.

2. Bydd y datganiad cyfrifon y cyfeirir ato uchod yn rhoi darlun teg a chywir o'r incwm a'r gwariant a'r llifau arian ar gyfer y cyfnod ariannol, a'r sefyllfa ar ddiwedd y cyfnod ariannol.
3. Yn amodol ar y gofyniad hwn, paratwir y datganiad cyfrifon yn unol â:
 - a. arfer cyfrifo a dderbynnir yn gyffredinol yn y Deyrnas Unedig (UK GAAP);
 - b. y gofynion o ran datgelu a chyfrifo a geir yn "The Fees and Charges Guide" (yn arbennig y rhai sy'n ymwneud â'r angen am wybodaeth gylochranol briodol ar gyfer gwasanaethau neu ffurfiau ar wasanaethau a ddarperir) ac mewn arweiniad arall y gall y Trysorlys ei gyhoeddi o bryd i'w gilydd mewn perthynas â chyfrifon sydd eu hangen i roi darlun teg a chywir; a'r
 - c. gofynion o ran cyfrifo a datgelu a roddir yn "Government Accounting" ac yn "Executive NDPBs: Annual Reports and Accounts guidance", fel y'u diwygir neu fel yr ychwanegir atynt o bryd i'w gilydd,

i'r graddau y mae'r rhain yn briodol i'r Comisiwn ac mewn grym ar gyfer y cyfnod ariannol y mae'r datganiad cyfrifon yn cael ei baratoi ar ei gyfer.

4. Ymhelaethir ar y modd y cymhwysir gofynion y Ddeddf Cwmnïau o ran cyfrifo a datgelu a safonau cyfrifo yn Atodlen 1 sydd ynghlwm wrth y datganiad. Nodir gofynion dagelu pellach yn Atodlen 2 sy'n atodedig.

5. Caiff y cyfrif incwm a gwariant ei baratoi o dan y confensiwn costau hanesyddol a addaswyd trwy gynnwys:
 - a. asedau sefydlog yn ôl eu gwerth i'r busnes a gyfrifir trwy gyfeirio at gostau cyfredol; a
 - b. stociau ar eu gost amnewid gyfredol glir isaf (neu'r gost hanesyddol os nad yw'n sylweddol wahanol) a'r gwerth sylweddoladwy clir isaf.
6. Cyflwynir y datganiad cyfrifon hyn a grybwyllwyd ym mharagraff 1 uchod i'r Ysgrifenyddion Gwladol heb fod yn hwyrach na 31 Mawrth bob blwyddyn.
7. Atgynhyrchir copi o'r Cyfarwyddyd Cyfrifon fel atodiad i'r datganiad cyfrifon.

Llofnodwyd ar ran

Yr Ysgrifennydd Gwladol dros yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau

P Rowsell

Uwch Was Sifil

Yn Adran yr Amgylchedd,

Trafnidiaeth a'r Rhanbarthau

6 Ionawr 1999

Llofnodwyd ar ran

Ysgrifennydd Gwladol Cymru

I R Miller

Adran Polisi a Chyllid Llywodraeth Leol

Y Swyddfa Gymreig

7 Ionawr 1999

Atodlen 1

Cymhwyso gofynion y ddeddf cwmnïau o ran cyfrifo a datgelu

Deddf Cwmnïau

1. Ni fydd yr eithriadau a ganiateir gan Ddeddf Cwmnïau 1985 mewn perthynas â datgelu yn berthnasol i'r Comisiwn oni chânt eu cymeradwyo'n benodol gan y Trysorlys.
2. Mae'n ofynnol yn ôl y Ddeddf Cwmnïau fod gwybodaeth benodol yn cael ei datgelu yn Adroddiad y Cyfarwyddwyr. I'r graddau y mae'n briodol, caiff y wybodaeth sy'n ymwneud â'r Comisiwn ei chynnwys yn y **rhagair**.
3. Wrth baratoi ei **gyfrif incwm a gwariant**, bydd y Comisiwn yn rhoi ystyriaeth i ddiwyg 1 neu 2 y cyfrif elw a cholled a argymhellir yn Atodlen 4 i'r Ddeddf Cwmnïau.
4. Wrth baratoi ei **fantolen** bydd y Comisiwn yn mabwysiadu diwyg 1 fel yr argymhellir yn Atodlen 4 i Ddeddf Cwmnïau 1985, a chymhwysir y diwyg hwnnw yn y fath fodd fel y caiff yr eitemau a nodir ym mharagraff 3 o Atodlen 2 i'r Cyfarwyddyd hwn eu datgelu ar wahân. Cyflwynir eitemau A i E yn Niwyg I yn y fath fodd fel y dangosir cyfanswm yr eitemau hynny ar wahân i gyfansymiau eitemau F i NG.
5. Y Swyddog Cyfrifo a fydd yn llofnodi a dyddio'r rhagair a'r fantolen.

Atodlen 2

Gofynion da tgel u ychwanegol

1. Bydd y **rhagair**, rhwng pethau eraill:
 - a. yn datgan bod y cyfrifon wedi'u paratoi ar ffurf a orchmynnwyd gan yr Ysgrifennydd Gwladol gyda chymeradwyaeth y Trysorlys ac yn unol â pharagraff 11(1) o Atodlen 1 i Ddeddf y Comisiwn Archwilio 1998;
 - b. yn cynnwys hanes byr o'r Comisiwn a'i gefndir statudol;
 - c. yn cynnwys datganiad ar reolaeth gorfforaethol, sy'n debyg i'r datganiad a fynnir gan Gyfnewidfa Stoc Llundain ynglŷn â'r graddau y cydymffufir â'r Cod Gwerth Gorau ac a gynhwysir yn yr adroddiad gan y Pwyllgor dros Yr Agweddau Ariannol ar Reolaeth Gorfforaethol, ond a addaswyd ar gyfer yr amgylchiadau sy'n berthnasol i'r Comisiwn. Fodd bynnag, nid oes angen i'r Comisiwn gadarnhau bod adolygiad blynyddol o effeithiolrwydd rheoli arian yn fewnol wedi'i gynnal, na datgan bod ei fusnes yn un gweithredol;
 - ch. yn cynnwys datganiad ar y graddau y cydymffurfir â chod y CBI ar gyfer credydwy'r modd y'u cyfrifir yn unol â SI 571 /97.
2. Dengys y cyfrif incwm a gwariant, rhwng pethau eraill, lle y bo'n berthnasol:
 - a. cost gwasanaethau a brynwyd i mewn, gan ddatgelu ar wahân-
 - (i) ffioedd archwilio;
 - (ii) symiau a dalwyd mewn perthynas ag astudiaethau o dan adrannau 33, 34, 35, 36, 37, 38, 40 a 42 o Ddeddf 1998; a
 - (iii) chostau cyfreithiol.
 - b. llog ar fenthyciadau a wnaed gan yr Ysgrifenyddion Gwladol;
 - c. gwarged neu ddiffyg.

Yn y paragraff hwn golyga "gwasanaethau a brynwyd i mewn" wasanaethau yr ymgwymerwyd â hwy gan eraill ac nid gan swyddogion y Comisiwn.
3. Wrth baratoi ei fantolen bydd y Comisiwn yn cynnwys o dan eitem NG (cyfalaf a chronfeydd wrth gefn) ac yn datgelu ar wahân mewn perthynas â'r cyrff y mae paragraff (e) o Atodlen 2 i Ddeddf 1998 yn ymwneud â hwy o dan y pennawd "Cyfalaf wrth Gefn"-
 - (a) benthyciadau a wnaed gan yr Ysgrifennydd Gwladol o dan baragraff 9 o Atodlen 1 i Ddeddf 1998;
 - (b) gwerth yr asedau a roddwyd yn anrheg i'r Comisiwn, os ydynt yn sylweddol.
4. Bydd y nodiadau i'r datganiad cyfrifon yn cynnwys:
 - a. symiau a briodolir i:
 - (i) waith a gyflawnwyd gan staff a chwmnïau archwilio preifat y Comisiwn, gellir dangos y wybodaeth hon naill mewn symiau neu fel canran and caiff pa ddull bynnag a fabwysiedir ei ddefnyddio'n gyson;

- (ii) archwiliadau o gyfrifon y mae angen eu harchwilio yn unol â Deddf 1998 (“archwiliadau gorfodol”);
 - (iii) astudiaethau yr ymgwymerwyd â hwy o dan adrannau 33 a 34 o Ddeddf 1998 (“gwerth am arian ac astudiaethau eraill”), a
 - (iv) gwaith yr ymgwymerwyd ag ef o dan adrannau 28, 29, 35, 36, 37, 38, 40 a 42 o Ddeddf 1998 (“gwaith ar gais”);
- b. dadansoddiad o'r cyfrif incwm a gwariant i ddangos canlyniadau ariannol gweithgareddau'r Comisiwn gan nodi ar wahân yr incwm crynswth o ffioedd a chyfanswm y costau gweithredu, set cyfanswm cost gwasnaethau a brynwyd i mewn, costau staff a chostau gweithredu eraill a llog a godwyd ar fenthyciadau gan y Gronfa Fenthyciadau Genedlaethol, os yn berthnasol, gan ddangos ar wahân yr incwm a'r gwariant o ran ei swyddogaethau mewn perthynas â'r cyrff hynny y mae a wnelo paragraff (g) o Atodlen 2 i Ddeddf 1998 â hwy (awdurdodau iechyd ayb.), swyddogaethau gwasanaethau cymdeithasol (y mae paragraffau 8(2) o Atodlen 1 i Ddeddf 1998 yn cyfeirio atynt) a'r cyfryw swyddogaethau eraill ag y gall yr Ysgrifennydd Gwladol eu pennu trwy ddeddfwriaeth;
 - c. datganiad o gost wreiddiol asedau sefydlog a ddelid ar ddiwedd y flwyddyn, dibrisiant cysylltiedig, ychwanegiadau a gwardedion;
 - ch. dadansoddiad o'r arian yn y bane a'r arian mewn llaw yn dangos ar wahân faint o arian gwarged a adnewwyd am gyfnod byr a chyfanswm y symiau eraill;
 - d. dadansoddiad o gredydwyr - symiau a ddaw yn ddyledus o fewn blwyddyn gan nodi ar wahân, rhwng pethau eraill, gyfanswm y gorddrafft banc;
 - dd. dadansoddiad o symudiadau darpariaethau ar gyfer dyledion a cholledion amheus o dan warant;
 - e. dadansoddiad o unrhyw warant neu indemniad a roddwyd ac sydd heb ei glirio, os yn berthnasol;
 - f. datganiad o natur y cynllun pensiwn a'r modd y'i hariennir. Dylid darparu manylion trefniadau pensiwn y Cyfarwyddwr, gan ddatgan
 - (i) a yw'n aelod cyffredin o Gynllun Pensiwn y Comisiwn;
 - (ii) a oes unrhyw delerau gwell neu arbennig sy'n berthnasol;
 - (iii) a oes ganddo drefniant pensiwn unigol (gan gynnwys pensiwn personol) a
 - (iv) gwerth cyfraniad y cyflogwr fel canran o'r cyflog. Gall y ffigur hwn fod yn werth tybiannol yn achos cynllun pensiwn nas ariannir e.e. pan fydd y Cyfarwyddwr yn Was Sifil.

Gellir dangos y wybodaeth sy'n ymwneud â'r Cyfarwyddwr naill ai o dan y nodyn pensiwn hwn neu fel rhan o'r wybodaeth y mae angen ei dangos o dan is-baragraff 4(m) o'r Atodlen hon;

- ff. crynodeb o'r holl golledion a thaliadau arbennig yn ystod y cyfnod, set y math o drafodion na ellir tybio i'r Senedd eu rhag-weld, gyda chyfanswm terfyn de minimus o £25,000 neu swm llai os ystyrir bod hynny'n berthnasol;
- g. datganiad ar niter y cyflogeion yn ystod y cyfnod, ar wahân i aelodau, y daeth y taliadau a wnaed iddynt, heb gynnwys cyfraniadau pensiwn, o fewn pob dosbarth o raddfa o luosrifau o £10,000 gan ddechrau gyda £40,000; dylid cymhwyso'r ffigurau pro rata ar gyfer cyfnod sy'n llai na 12 mis;

- ng. datganiad ar y taliadau a wnaed i'r Cadeirydd (heb gynnwys cyfraniadau pensiwn), yr aelod a dderbyniodd y cyflog uchaf, os nad y Cadeirydd a'r Cyfarwyddwr (gan gynnwys cyfraniadau pensiwn) yn ystod y cyfnod, gyda datgeliadau ar wahân pan fu mwy nag un person yn gwneud y swyddi hyn yn ystod y cyfnod. I'r diben hwn, caiff y cyflog, ffioedd, bonysau a buddiannau eraill, gan gynnwys unrhyw swm a dalwyd fel anogaeth i dderbyn y penodiad ac elfennau o'r taliadau a ymwnâi a pherfformiad eu dangos ar wahân ac esbonnir ar ba sail y mesurir perfformiad;
- h. datganiad ar yr holl daliadau a wnaed i aelodau yn ystod y cyfnod, gan gynnwys cyflogau, ffioedd, tâl a ymwnâi â pherfformiad, os o gwbl, cyfraniadau pensiwn, taliadau iawndal, ac amcangyfrif o werth ariannol buddiannau nad oeddent yn arian;
- i. datganiad ar nifer yr aelodau eraill yn ystod y cyfnod y daeth y taliadau a wnaed iddynt, heb gynnwys cyfraniadau pensiwn, o fewn pob dosbarth o raddfa o luosrifau £5,000 gan ddechrau ar ddim;
- l. datganiad ar nifer y bobl ar gyfartaledd a gyflogwyd yn ystod y cyfnod gan gynnwys cyflogeion rhan amser, heb gynnwys aelodau anweithredol o'r bwrdd, wedi'u dadansoddi yn ôl y categori o gyflogaeth e.e. gweinyddiaeth, marchnata, cynhyrchu;
- At ddibenion y nodyn hwn a'r dadansoddiad o ystod gyflog cyflogeion (gweler is-baragraff 4(g) uchod), ni ddylid cynnwys secondiadau o'r Comisiwn i gyrff eraill and dylid cynnwys secondiadau i'r Comisiwn;
- ll. Nodyn ar hyd contract pob aelod a'r Cyfarwyddwr gyda'r Comisiwn ynghyd â manylion unrhyw drefniadau ar gyfer digolledu aelodau o staff am gael eu diswyddo neu am golli eu swyddi cyn pryd;
- m. dadansoddiad o gostau aelodau a chyflogeion (heb gynnwys taliadau i aelodau) sy'n dangos ar wahân:
- (i) enillion a chyflogau, gan gynnwys taliadau yn ôl perfformiad, sy'n daladwy i gyflogeion ar gyfer y cyfnod;
 - (ii) cyfraniadau cyflogwyr i'r gronfa pensiwn;
 - (iii) costau nawdd cymdeithasol eraill, a chostau pensiwn eraill, yr aed iddynt gan y Comisiwn mewn perthynas ag aelodau a chyflogeion;
- n. manylion unrhyw drafodion, trefniant neu gontract a wnaed yr oedd gan aelod, gweithredydd, cyflogai ar gyflog uwch, neu berson cysylltiedig â hwy, ar unrhyw adeg yn ystod y cyfnod, ddiddordeb ariannol uniongyrchol neu anuniongyrchol ag ef a oedd yn fwy na £1,000 (gan gynnwys trafodion lled-uniongyrchol); golyga cyflogai ar gyflog uwch berson a gwmpasir gan is-baragraff 4(g) o'r atodlen hwn;
- o. datganiad ar gyfanswm y costau mewn perthynas ag aelodau a chyflogeion yn y drefn honno, gyda chostau'n golygu ad-daliadau a gwariant o ran teithio, cynhaliaeth a lletygarwch;
- p. dadansoddiad o fenthyciadau sy'n nodi ar wahân y cyfanswm a fenthycwyd gan yr Ysgrifennydd Gwladol a chan fenthycwyr eraill; manylion y gyfradd llog sy'n daladwy ar y symiau a dyddiadau aeddfedu'r benthyciadau; a
- ph. manylion targedau ariannol corfforaethol allweddol a nodwyd gan yr Ysgrifennydd Gwladol ynghyd â'r perfformiad a gyflawnwyd.

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AUDIT COMMISSION ACT 1998

Accounts of the Audit Commission for Local Authorities and the National Health Service in England and Wales, prepared pursuant to paragraphs 11(1) and 11(2) of Schedule 1 to the Audit Commission Act 1998, for the year ended 31 October 2000, together with the Certificate and Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 696 of 1999–2000.)

Presented pursuant to Audit Commission Act 1998, paragraphs 11(1) and 11(2), Sch. 1

Audit Commission for Local Authorities and the National Health Service in England and Wales Accounts 1999–2000

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 4 JULY 2001

PRESENTED TO THE NATIONAL ASSEMBLY ON 10 JULY 2001

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Foreword to the Accounts

AUDIT COMMISSION FOR LOCAL AUTHORITIES AND THE NATIONAL HEALTH SERVICE IN ENGLAND AND WALES

Statement of Account prepared in a form directed by the Secretary of State, with the approval of the Treasury, in accordance with paragraphs 11(1) and 11(2) of Schedule 1 to the Audit Commission Act 1998.

The functions of the Secretary of State in relation to the Commission are exercised jointly by the Secretary of State for the Environment, Transport and the Regions, the Secretary of State for Wales or National Assembly for Wales (as appropriate) and the Secretary of State for Health.

Statutory Background

1. The Audit Commission for Local Authorities in England and Wales (the Commission) was established on 21 January 1983 by the Local Government Finance Act 1982. The Commission is a body corporate and began operations on 1 April 1983. On 1 October 1990 it assumed responsibility for the external audit of the National Health Service and its name was changed to the Audit Commission for Local Authorities and the National Health Service in England and Wales.

A consolidating Act, the Audit Commission Act 1998, was given Royal assent in June 1998.

The Commission's responsibilities were further extended by the Local Government Act 1999. Under this Act, auditors appointed by the Commission are to audit local authorities' Best Value Performance Plans (BVPPs) and the Commission will be responsible for inspecting authorities' compliance with the requirements of the Act.

2. Members of the Commission are usually appointed for a three year period by the Secretary of State.
3. The appointment of Controller of Audit (usually for a three year period) is approved by the Secretary of State.

Chair	Contract end
Dame Helena Shovelton DBE (from 17/12/1998)	30/11/2001
Deputy Chair	
Mr J D Orme FCA	31/10/2000
Members	Contract end
Mr R A Arthur	30/09/2002
Ms J Baddeley	31/10/2002
Dr J Curson	30/06/2001
Mr J R Foster OBE	31/10/2001
Mrs A Fresko	31/10/2003
Ms R Lowe	30/06/2001
Professor S Richards	31/10/2003
Ms H Rowland	Resigned 31/03/2000
Sir Peter Soulsby	31/10/2000
Mrs I Tarry CBE	31/10/2000
Sir Ron Watson CBE	31/10/2001
Sir David Williams CBE	31/10/2003
Mr B Wolfe	31/10/2002
Ms E Filkin	31/10/2002
Sir Graham Hart	31/10/2002

The following Commissioners were appointed on 1 December 2000.

	Contract end
Dr P Lane	31/10/2003
Mr G Lemos	31/10/2003
Mr N Skellett	31/10/2003
Mr C Swinson	31/10/2003

Controller of Audit Sir Andrew Foster

The Commission's Duties 4. A summary of the main duties and powers laid upon the Commission under the Audit Commission Act 1998 (the 1998 Act) and the Local Government Act 1999 (the 1999 Act) are as set out below. For more detailed guidance, reference should be sought from the relevant section of the Acts.

	1998 Act section	1999 Act section
Duties		
To appoint auditors.	3	
To prepare and review the Code of Audit Practice and the Code of Practice for the audit of Best Value Performance Plans (BVPPs).	4	8
To set a scale or scales of fees for the audit of accounts, for the audit of BVPPs and for Best Value inspections.	7	8 and 12
On request of the body concerned, make arrangements for certifying claims in respect of grants, subsidies, or other such claims or returns received by an audited body.	28	
Undertake or promote comparative and other studies designed to enable it to make recommendations for improving economy, efficiency and effectiveness in the provision of services; and for improving financial and other management.	33	
Undertake or promote studies on the impact of the operation of any statutory provision, or any direction or guidance given by a minister of the crown, on economy, efficiency or effectiveness on the provision of services, or on the financial management of audited bodies (other than health service bodies).	34	
To direct relevant bodies to publish information that will facilitate comparisons between different relevant bodies; and between different financial years.	44	
If directed by the Secretary of State, to carry out an inspection of a specified best value authority's compliance.		10

	1998 Act section	1999 Act section
Powers		
To carry out an inspection of a best value authority's compliance with the requirements of Part 1 of the Act.		10
Direct an auditor to hold an extraordinary audit either if it appears to the Commission to be desirable; or, in other than in a health service body, at the request of a local government elector.	25	
With the consent of the Secretary of State, and with the agreement of the body, undertake the audit of the accounts of a body, which appears to the Secretary of State to be connected with local government or the National Health Service; and is not a body subject to audit.	29	
On request from any audited body, to promote or undertake studies designed to improve economy, efficiency and effectiveness in the management or operation of the audited body.	35	
On request from specified educational bodies, to promote or undertake studies designed to improve economy, efficiency and effectiveness in the management or operations of specified educational bodies.	36	
On request from the Secretary of State, to aid in any study designed to improve economy, efficiency, effectiveness and quality of performance in the discharge of social services functions by local authorities.	37	
On request from the Secretary of State, to aid in any study designed to improve economy, efficiency, effectiveness and quality of performance in the discharge by local authorities of functions relating to the administration of housing benefit and council tax benefit.	38	
The Housing Corporation and the Commission may agree programmes of comparative studies designed to enable the Commission to make recommendations for improving economy efficiency and effectiveness of registered social landlords.	40	
Require any audited body to provide specified information to the Commission required for the discharge of its functions.	48	

Financial Provision

5. The Commission is charged by the 1998 Act (paragraph 8 of Schedule 1) with the duty so to manage its affairs that its income from fees and otherwise will, taking one year with another, be not less than its expenditure properly chargeable to its income and expenditure account. This applies separately to the different functional areas of work within the Commission.

The Commission aims to produce sufficient surpluses to meet its own working capital requirements, and to provide reserves against possible litigation. The Commission has contingent liabilities as set out in note 22 to these accounts in respect of its

indemnity to appointed auditors for costs incurred by them in connection with Court proceedings arising through their exercise of special legal functions, and issues arising out of the VAT treatment of its Inspection activity. Any costs arising under the terms of the indemnity can be significant, although the timing can be unpredictable. The Commission's reserves are set out in note 15 of these accounts, and are:

	2000	1999
	£000s	£000s
Local Government	7,654	6,902
Health	3,856	4,110
	<u>11,510</u>	<u>11,012</u>

Payment performance 6. The Commission aims to pay all of its suppliers within a reasonable period of their invoice being received and in any case within 30 days. It is the policy of the Commission to make payments to all creditors promptly in accordance with the Confederation of British Industry Prompt Payment Code. At 31 October 2000 the average number of days that invoices were outstanding was 28 days (1999 – 27 days).

Equal Opportunities and Employee Involvement 7. The policy of the Commission is to ensure that both current employees and applicants for employment are not discriminated against on the grounds of sex, marital status, race, creed, colour, ethnic origin, age, sexual orientation or personal disability. Formal consultations take place regularly with employees in a Joint Negotiating Committee, which also negotiates pay and conditions with management.

Year 2000 8. The Audit Commission took steps to ensure that the key business systems, including computers, software, and communications equipment that it needed to trade continued to operate prior to, during and after 1 January 2000. The Commission experienced no year 2000 related problems in the year.

Annual Report and Accounts 9. In accordance with paragraph 11(1) of Schedule 1 to the 1998 Act the Secretaries of State for the Environment, Transport and the Regions and for Wales have directed the Commission to prepare a Statement of Account. This Accounts Direction is reproduced as an annex to these accounts. The accounts are prepared on an accruals basis and must show a true and fair view of the Commission's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Commission is required to:

- observe the Accounts Direction issued by the Secretaries of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- unless inappropriate, prepare the financial statements on the going concern basis; and
- if material, prepare modified historic cost accounts. These have not been prepared as the required adjustments are immaterial to the Commission's accounts.

Under paragraph 11(4) of Schedule 1 to the 1998 Act, and further provided by the National Assembly for Wales (Transfer of Functions) Order 1999, the Comptroller and Auditor General is required to lay these accounts together with his report thereon before Parliament and the Welsh Assembly.

In accordance with paragraph 14(2) of Schedule 1 to the 1998 Act and further provided by the National Assembly for Wales (Transfer of Functions) Order 1999 the Commission's annual report on the discharge of its functions is being submitted to the Secretary of State for the Environment, Transport and the Regions for laying before each House of Parliament and the National Assembly for Wales. The report incorporates a review of the past year and a preview of future developments and is presented together with these accounts.

The Department of the Environment, Transport and the Regions has designated the Controller of Audit as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

Corporate Governance and Internal Control

10. The Audit Commission is committed to the highest standards of professionalism for all its operations. The Commission has noted and welcomes the proposed introduction of a requirement for a Statement of Internal Control for executive Non-Departmental Public Bodies. In preparation for that requirement the Commission is subjecting its governance arrangements to a thorough review, and is introducing comprehensive risk management arrangements to support its current internal controls. The Commission intends to meet the recommended requirements of the "Turnbull Report" (adapted to the public sector) by the end of its 2000–2001 financial period.

As part of these measures, a thorough review and evaluation of the risks facing each part of the Commission's activities was conducted in September to November 2000, leading to the compilation of a central risk register and the identification of Risk Managers in each area. Work is in hand to integrate risk management within the Commission's business planning cycle, to introduce training for Managers and hold risk awareness workshops for all staff.

The following paragraphs describe the Commission's Governance arrangements during the year, and its Internal Financial Control.

The Commission met eleven times in the year (there was no Commission meeting in August) to deal with the business of the Commission. A list of the Commissioners can be found at the beginning of the Foreword to the Accounts. In addition to the regular Commission meetings, seven Panels have been established to review and consider specific items. All Panel remits and memberships are regularly reviewed.

The membership of the Panels at 31 October 2000 was:

	Commission Advisory (Note 1)	Audit	Purchasing and Quality Control	Resources	Analysis and Research	District Audit	Inspection
Sir Ron Watson	✓	✓			✓	✓	✓
Ms J Baddeley						✓	✓
Mr J D Orme	✓		✓				
Mr J R Foster	✓			✓			✓
Mrs I Tarry			✓		✓		
Mrs A Fresko	✓			✓		✓	
Ms E Filkin			✓		✓		
Sir Graham Hart		✓					✓
Mr R A Arthur			✓		✓		
Ms R Lowe					✓	✓	
Sir David Williams				✓			✓
Dame Helena Shovelton	✓						
Sir Peter Soulsby	✓	✓			✓	✓	
Professor S Richards	✓						✓
Dr J Curson		✓			✓		
Mr Brian Wolfe		✓		✓		✓	✓
Panel Chairs	Dame Helena Shovelton	Sir Ron Watson	Mr J D Orme	Mr J R Foster	Sir Peter Soulsby	Mrs A Fresko	Professor S Richards

Note 1: This acts as the Commission's Remuneration Panel

Commission Advisory Panel

The Commission Advisory Panel comprises the Commission's Chair and the Chairs of each of the other Panels. It considers the main issues arising from the work of the other Panels and reports those considerations to the full Commission. It also ensures the remuneration policies reflect the Commission's needs and the market in which it operates. As part of these responsibilities, the Panel approves the Controller's and Directors' remuneration and approves specific cases of early or ill health retirements and severance agreements. It met nine times during the year.

Audit Panel

The Audit Panel, chaired by Sir Ron Watson, usually meets quarterly and met four times in the year. Its key tasks are:

- to agree the internal audit programme for the forthcoming year, and receive the internal auditor's reports. It also monitors the performance of the internal auditors and the implementation of the audit recommendations;
- to receive the external auditor's management letter, and reports from Commission staff on the progress in implementing any major National Audit Office recommendation for change. Both internal and external auditors have direct access to the chair of the Audit Panel; and
- to consider and report on the adequacy and accuracy of management accounts, information and controls.

Other Panels

The main objectives of the other 5 Panels are:

- Purchasing and Quality Control recommends audit appointments, oversees the production of technical advice provided to auditors and ensures that the quality of their work meets the standards laid down by the Commission.
- District Audit (DA), the in-house audit provider of the Commission, operates with a degree of autonomy within a regulatory framework. The District Audit Panel supervises and advises on the strategy and performance of DA and ensures that, where necessary, the full Commission considers relevant DA issues.
- The Inspection Panel co-ordinates the oversight of the Commission's inspection programme, including housing inspections, and reports to the full Commission as necessary. It monitors emerging trends and makes recommendations on changes to processes and procedures as required.
- The Resources Panel monitors the utilisation of resources, financial and human, in relation to fulfilling the corporate plan and attaining the strategic objectives of the Commission.
- The Analysis and Research Panel monitors and develops the Commission's studies programmes.

Statement on Internal Financial Control

11. The Controller, Andrew Foster, has been nominated as the Commission's Accounting Officer and acknowledges his responsibilities for ensuring that an effective system of internal financial control is maintained and operated by the Commission. The Commission's system of internal control is designed to provide reasonable assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulation, administrative procedures including the segregation of duties, and various levels of delegation specified by HM Treasury, Department of the Environment, Transport and the Regions and Members of the Audit Commission. In particular it includes:

- comprehensive budgeting systems with an annual budget which is approved by the Members;
- setting targets to measure financial and other performance;
- regular reviews by the Members of monthly and annual financial reports, which indicate financial performance against the forecasts;
- appropriate, defined capital investment control guidelines; and
- as appropriate, formal project management disciplines.

The Audit Commission has internal auditors, whose work concentrates on key activities determined by an analysis of the areas of greatest risk. This work is to the standard as defined in the Government Internal Audit Manual, and in accordance with the annual internal audit plan approved by the Audit Panel. The internal auditors report to the Accounting Officer and to the Audit Panel on a regular basis and have direct access to the Chair and to the Members of the Audit Panel.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit Panel, the executive directors within the Commission who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and, as set out at Section 10 of the Foreword, am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 October 2001, in accordance with guidance issued by the Treasury.

Dame Helena Shovelton DBE
Chair

14 March 2001

Sir Andrew Foster
Controller of Audit

14 March 2001

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 10 to 24 under the Audit Commission Act 1998 as extended by the National Assembly for Wales (Transfer of Functions) Order 1999. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 13.

Respective responsibilities of the Audit Commission, Controller of Audit and Auditor

As described on pages 4 and 5 of the Foreword to the accounts, the Audit Commission and the Controller of Audit are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Audit Commission and the Controller of Audit are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Audit Commission Act 1998 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 7 and 8 of the Foreword reflects the Commission's compliance with Treasury's guidance "Corporate Governance: statement on the system of internal financial control". I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Audit Commission and the Controller of Audit in the preparation of the financial statements and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Audit Commission at 31 October 2000 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Audit Commission Act 1998 and directions made thereunder by the Secretaries of State for the Environment, Transport and the Regions and for Wales; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

28 March 2001

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the Year Ended 31 October 2000

	Note	2000 £000	1999 £000
Operating income			
Gross fee income	2	125,862	104,589
Best Value Inspection Income	3	12,649	1,890
Other Inspection Income		2,750	1,793
Other operating income	4	3,084	3,324
		144,345	111,596
Operating costs			
Staff and members' costs	5	74,313	58,669
Bought-in services	6	39,252	33,240
Other operating costs	7	30,375	18,652
Notional costs	1(x)	673	645
		144,613	111,206
Operating (deficit)/surplus including notional costs	2	(268)	390
Add back notional costs	1(x)	673	645
Net Interest receivable	8	298	539
Net costs arising from litigation	9	(205)	(1,059)
Surplus for year		498	515

The notes that follow form part of these financial statements.

The movement on reserves is set out at note 15.

There were no recognised gains or losses other than the result for the year.

All of the results above are derived from continuing operations.

Balance Sheet at 31 October 2000

	Note	2000 £000	1999 £000
Fixed assets	11	<u>5,384</u>	<u>2,874</u>
Current assets			
Debtors and work in progress	12	33,009	20,629
Cash at bank and in hand		<u>8,177</u>	<u>6,807</u>
		41,186	27,436
Creditors: amounts falling due within one year			
Creditors and accrued charges	13	<u>34,340</u>	<u>19,298</u>
Net current assets		<u>6,846</u>	<u>8,138</u>
Total net assets employed		<u>12,230</u>	<u>11,012</u>
Financed by			
Deferred Capital Grant	14	720	—
General Reserves	15	<u>11,510</u>	<u>11,012</u>
Total financing		<u>12,230</u>	<u>11,012</u>

The notes that follow form part of these financial statements.

Dame Helena Shovelton DBE
Chair

14 March 2001

Sir Andrew Foster
Controller of Audit

14 March 2001

Cash Flow Statement for the Year Ended 31 October 2000

	Note	2000 £000	1999 £000
Net cash inflow/(outflow) from operating activities	16	3,762	(1,291)
Returns on investments and servicing of finance			
Interest received		305	539
Capital grant		800	—
Net cash inflow from returns on investments and servicing of finance		1,105	539
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,490)	(1,660)
Interest payable		(7)	—
Net cash outflow from investing activities		(3,497)	(1,660)
Increase/(Decrease) in cash	17	1,370	(2,412)

Notes to the Accounts

Accounting Conventions and Policies

- 1 (i) The accounts are prepared under the historical cost convention in a form directed by the Secretary of State, with the approval of HM Treasury, under paragraph 11(1) of Schedule 1 to the Act.
- (ii) The accounts meet the requirements of the Companies Act 1985, without limiting the information given, and applicable accounting standards so far as those requirements are appropriate.
- (iii) Local Government and NHS expenditure has been directly attributed where possible to the relevant activity; where this has not been possible, common expenditure has been attributed to each activity on an hours worked basis.
- (iv) Operating lease rentals are charged on a straight line basis over the lease term.
- (v) Gross fee income and other operating income are based on the value of chargeable work exclusive of VAT.
- (vi) Operating Income, whether generated by direct government grant, fees to authorities or otherwise, is credited to the year of account in which the work is done. Debtors and Work in Progress are carried at their estimated realisable value.
- (vii) The net costs arising from litigation are not treated as part of the Commission's operating deficit, but shown separately on the Income and Expenditure Account.
- (viii) Depreciation is provided on all fixed assets calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life as follows:
- | | |
|------------------------|----------|
| Furniture and Fittings | 10 years |
| Computer Equipment | 3 years |
| Office Equipment | 5 years |
- Individual desk top computers are written off in year of purchase.
- (ix) The Commission provides a defined benefit pension scheme for its employees, the costs of which are charged to the Income and Expenditure Account.
- (x) Notional Cost of Capital is calculated in accordance with Treasury Guidance and charged to Other Operating Costs. This cost is added back to the Operating Deficit and attributed to Local Government and NHS expenditure on the basis of reserves within each activity.

Income and Expenditure 2 (i) Local Government and Health**Analysis**

	2000 £000	1999 £000
Local Government		
<i>Income</i>		
Fee Income	86,967	65,335
Best Value Inspection Income	12,649	1,890
Other Inspection Income	2,750	1,793
Other Income	1,701	2,382
	<u>104,067</u>	<u>71,400</u>
<i>Expenditure</i>		
Direct and Indirect Costs	103,315	70,882
Net Results	<u>752</u>	<u>518</u>
Health		
<i>Income</i>		
Fee Income	38,894	39,254
Other Income	1,383	942
	<u>40,277</u>	<u>40,196</u>
<i>Expenditure</i>		
Direct and Indirect Costs	40,531	40,199
Net Results	<u>(254)</u>	<u>(3)</u>

(ii) Analysis of Income: Work undertaken by the Commission directly, and work outsourced

	2000 £000	1999 £000
In-house		
District Audit	90,715	76,033
Best Value Inspection Income	12,649	1,890
Other Inspection Income	2,750	1,793
Other Income	3,084	3,324
	<u>109,198</u>	<u>83,040</u>
Outsourced		
Audit Fee	<u>35,147</u>	<u>28,556</u>

The Commission uses a proportion of the audit income to fund its statutory duties and other central activities. On average 9.6% of audit fee income is received from District Audit and the private accounting firms. In addition the Commission received £4.9m from District Audit which reflects an investment return from its arm's length audit agency.

Income and Expenditure 2 (iii) Analysis of Audit and Inspection Type**Analysis (continued)**

	2000 £000	1999 £000
Income		
Audit	109,002	90,067
Section 28	16,860	14,522
<i>Inspection</i>		
Best Value	12,649	1,890
Ofsted	824	592
SSI	1,926	1,201
Other income	3,084	3,324
	<u>144,345</u>	<u>111,596</u>
Surplus/(Deficit)		
Audit (including other income)	443	467
Section 28	58	78
<i>Inspection</i>		
Best Value	—	—
Ofsted	(75)	34
SSI	72	(64)
	<u>498</u>	<u>515</u>

Expenditure incurred by the Social Services Inspectorate team is budgeted on the basis of the SSIs financial year end of 31 March. The Local Education Authority joint inspection team operate to Ofsted's operational year ending 31 August.

**Best Value Inspection
Income**

- 3 Under the Local Government Act 1999 auditors appointed by the Commission are to audit local authorities' Best Value Performance Plans (BVPPs) and the Commission will be responsible for inspecting authorities' compliance with the requirements of the Act.

Grants are available to the Commission for Inspection work on best value authorities, and in the period a number of grants were received, principally from the Department of the Environment, Transport and the Regions (DETR), and the National Assembly for Wales. Additionally during 1999–2000 work on best value plans for Police authorities was funded directly by the Home Office.

	2000 £000	1999 £000
DETR	10,626	1,890
National Assembly for Wales	1,043	—
Home Office	980	—
	<u>12,649</u>	<u>1,890</u>

Other Operating Income	4	2000	1999
		£000	£000
Legal costs reimbursed		777	481
Publications and Conferences		1,035	1,060
National fraud initiative		—	816
Secondments and sundry income		1,272	967
		<u>3,084</u>	<u>3,324</u>
<hr/>			
Staff and Commission Members' Costs	5	2000	1999
		£000	£000
<i>(i) Staff costs</i>			
Salaries		55,721	43,324
Social Security costs		5,170	4,011
Other pension costs — see Note 19		5,538	4,950
Lease cost of cars		3,665	3,396
Other travel and subsistence costs		4,057	2,848
		<u>74,151</u>	<u>58,529</u>
		2000	1999
		£000	£000
<i>(ii) Commissioners' costs</i>			
Salaries		132	112
Social Security costs		8	7
Travel and subsistence costs		22	21
		<u>162</u>	<u>140</u>
<i>(iii) The average monthly number of staff employed during the period was as follows:</i>			
		2000	1999
District Audit			
—audit staff		1,044	951
—audit trainees		128	109
—support staff		185	156
Commission Directorates		388	254
Secondees		7	10
		<u>1,752</u>	<u>1,480</u>
In post at 31 October		<u>1,885</u>	<u>1,600</u>
<i>(iv) The average number of senior staff during the period whose total taxable emoluments exceeded £40,000 was as follows:</i>			
		2000	1999
£40,001 — £50,000		271.3	191.3
£50,001 — £60,000		118.8	74.6
£60,001 — £70,000		57.0	45.5
£70,001 — £80,000		25.7	16.9
£80,001 — £90,000		15.5	8.1
£90,001 — £100,000		5.0	5.2
£100,001 — £110,000		1.0	2.1
£110,001 — £120,000		3.0	—

**Staff and Commission
Members' Costs
(continued)**

5	<i>(v)</i> The total remuneration of the Controller of Audit, including taxable benefits, amounted to:	2000	1999
		£	£
	Sir Andrew Foster		
	Salary	140,504	134,519
	Performance related pay	29,716	29,993
	Benefits in kind	6,866	6,371
		<u>177,086</u>	<u>170,883</u>

The Controller of Audit is an ordinary member of the Audit Commission's Pension Scheme. Under the rules of this scheme, the Commission made a contribution of £11,504 being 12.6% of his salary and performance related pay up to the statutory ceiling of £91,800 for 2000–2001 tax year. (1999 contribution was £10,990 against a statutory ceiling of £90,600 for 1999–2000 tax year). The Commission makes no other contribution to any other pension scheme that the Controller may or may not have.

The Controller of Audit is eligible to receive performance related pay. This is assessed annually by the Commission against predetermined targets, and is paid annually in arrears.

The figure shown for Benefits in kind primarily relates to the provision of a car. The Benefit in Kind is calculated on the assumption that he will continue to undertake between 2,500 and 18,499 business miles in the 2000–2001 tax year.

(vi) The average number of Commissioners during the period whose annual rate of salary fell within the following bands was as follows:

	2000	1999
£0 — £5,000	0.4	3.7
£5,001 — £10,000	14.0	11.1
£25,001 — £30,000	—	1.0
£30,001 — £35,000	1.0	—
	<u>1.0</u>	<u>—</u>

(vii) The actual salary of the Chair, who was the highest paid Commissioner, amounted to:

	£	£
Mr C R E Brooke	—	1,753
Dame Helena Shovelton	33,371	28,764
	<u>33,371</u>	<u>28,764</u>

The fees entitlement of members other than the Chair and Deputy Chair varies according to their time commitment.

Bought-in Services	6	2000	1999
		£000	£000
<i>Commission Directorates</i>			
Audit fees to private firms		32,147	25,758
Assistance with studies		863	845
Assistance with inspections		844	421
		<u>33,854</u>	<u>27,024</u>
<i>District Audit</i>			
Contract audit assistance		5,398	6,216
		<u>39,252</u>	<u>33,240</u>
<hr/>			
Other Operating Costs	7	2000	1999
		£000	£000
<i>Accommodation</i>			
—rent		2,956	1,696
—other costs		2,094	1,098
Supplies and services		11,451	6,568
Recruitment and transfers		3,686	1,665
Training		2,550	1,551
Depreciation (net of capital grant)		900	566
Audit fee		71	62
Professional fees		2,596	1,260
Publications		1,088	804
Other operating costs		2,983	3,382
		<u>30,375</u>	<u>18,652</u>
<hr/>			
Net Interest Receivable	8	2000	1999
		£000	£000
Interest receivable		305	539
Interest payable		(7)	—
		<u>298</u>	<u>539</u>

Net Costs Arising From Litigation	9	2000 £000	1999 £000
	Litigation services	205	1,059
		205	1,059

The majority of these costs relate to legal costs incurred by the auditor in the appeal against his determination of the Westminster Designated Sales Objections. The case was determined by the Divisional Court in December 1997, and by the Court of Appeal in May 1999. The Divisional Court's judgement included an award of costs against the auditor which have been paid. Certain aspects of the Court of Appeal judgement are subject to further appeal to the House of Lords. This appeal is scheduled for November 2001.

Additional costs may fall to be borne by the Commission in these proceedings. Although the amounts involved are likely to be substantial, there is not a sufficient basis on which a reasonable estimate can currently be made. See Note 22.

Taxation **10** The Commission is exempt from income tax and corporation tax by virtue of Section 519 of the Income and Corporation Taxes Act 1988, and from capital gains tax by virtue of Section 271 of the Taxation of Chargeable Gains Act 1992.

Fixed Assets	11	Furniture and Fittings £000	Computer Equipment £000	Office Equipment £000	Total £000	
		Cost				
		At 1 November 1999	3,355	1,156	845	5,356
		Purchases	2,513	549	428	3,490
		at 31 October 2000	<u>5,868</u>	<u>1,705</u>	<u>1,273</u>	<u>8,846</u>
		Depreciation				
		At 1 November 1999	1,311	580	591	2,482
		Provided in period	448	397	135	980
		at 31 October 2000	<u>1,759</u>	<u>977</u>	<u>726</u>	<u>3,462</u>
		Net book value				
		At 31 October 2000	<u>4,109</u>	<u>728</u>	<u>547</u>	<u>5,384</u>
		At 31 October 1999	<u>2,044</u>	<u>576</u>	<u>254</u>	<u>2,874</u>

Debtors and Work in Progress	12	2000 £000	1999 £000
Fee debtors			
—Local Government		13,008	6,951
—National Health Service		3,984	2,982
Work in progress			
—Local Government		4,046	3,531
—National Health Service		2,939	1,808
Prepaid pension costs		1,101	—
Other debtors and prepayments		7,931	5,357
		<u>33,009</u>	<u>20,629</u>

Debtors and Work in-progress are valued at their estimated realisable value.

Debts not due within one year included in the above figures:

Included in other debtors and prepayments:

—housing relocation scheme: advances to staff	<u>14</u>	<u>21</u>
---	-----------	-----------

Creditors and Accrued Charges	13	2000 £000	1999 £000
Trade creditors		4,109	2,684
Other creditors including Taxation and Social Security		3,848	2,563
Holiday pay		1,673	1,359
Accruals		11,685	6,864
Deferred income		13,025	5,828
		<u>34,340</u>	<u>19,298</u>

Deferred Capital Grant 14 As part of the grant received from the Department of the Environment, Transport and the Regions to undertake inspection work to ensure compliance with the Local Government Act 1999, the Commission received £800,000 for the provision of office accommodation. The underlying expenditure incurred by the Commission has been capitalised in accordance with its policy.

Consistent with accounting requirements, this element of the grant received has been set up as a long-term liability. It will be released to the Income and Expenditure account to match the charge incurred when the underlying assets are depreciated. It is expected that these assets will be fully depreciated in 2010.

Pension Scheme

- 19** The Commission has a trustee-administered pension scheme open to all permanent employees and employees who are on a fixed term contract of two years or more. It is a defined benefit scheme funded by contributions from members (6% of pensionable salaries) and the balance of cost by the Commission (2000: — 12.6% of pensionable salaries). The Commission's contribution in the period amounted to £5,538,000 (1999 — £4,950,000).

Additional funding into the Scheme for the Commission's audit activities was made over the period 1990 to 1996. This occurred when the Commission granted full service credits to certain staff who transferred in 1984-85 (mainly from the Department of the Environment) and October 1990 (from the Department of Health). This funding was kept separately identified within the Scheme, and during the year the surplus that had arisen on this funding was crystallised at £6.4m. Under SSAP24, this surplus is now written back to the Commission's accounts over the actuarially assessed lifetime of the relevant staff. Included in the Commission's pension expenditure for this year is a reduction in costs of £1.2m resulting from this year's portion of the actuarial surplus.

From the Commission's newly formed inspection activity, a potential liability has been established caused by the large number of staff joining the organisation from other public sector schemes in this set up period. As with the initial actuarial deficit on its audit activity, the Commission intends to make additional funding to meet this liability under advice from the actuary.

Actuarial valuations are currently conducted annually and the latest was carried out as at 31 March 2000 using the Projected Unit Method of valuation.

The market value of the net assets of the scheme at 31 March 2000 was £292.1m (31 March 1999 — £248.9m) which on the actuarially assessed value provided cover of 101% of the benefits that had accrued to members after allowing for expected future increases in earnings. The principal financial assumptions, used by the actuary and quoted in real terms relative to price inflation, were:

Real rate of interest	3.33% pa
Real rate of salary escalation	1.67% pa
Real rate of dividend yield	3.4% pa

Operating Results for the last five years	20	12 months	12 months	12 months	7 months	12 months
		to 31 October	to 31 October	to 31 October	to 31 October	to 31 March
Total		2000 £000	1999 £000	1998 £000	1997 £000	1997 £000
Operating income		144,345	111,596	105,156	57,574	91,945
Operating costs		143,940	110,561	104,850	58,236	93,175
Notional costs		673	645	625	418	820
		(268)	390	(319)	(1,080)	(2,050)
<i>Add back:</i>						
Notional Costs		673	645	625	418	820
Net interest receivable		298	539	720	365	251
(Net costs) recoveries arising from litigation		(205)	(1,059)	(853)	(2,440)	(206)
Surplus/(deficit)		498	515	173	(2,737)	(1,185)

Financial Commitments 21 There are revenue commitments at 31 October 2000 in respect of non-cancellable car leases, which expire:

	2000 £000	1999 £000
Within one year	1,600	360
Within one to five years	3,139	2,311
	4,739	2,671
District Audit	3,128	2,376
Commission Directorates	363	295
Best Value Inspection	1,248	—

There were annual commitments as at 31 October 2000 to pay rentals under lease agreements, which expire:

	2000 £000	2000 Number of Properties	1999 £000	1999 Number of Properties
Within one year	233	30	339	34
From one to five years	707	6	722	12
Over five years	2,131	29	1,347	18
	3,071	65	2,408	64

All building leases are taken out in the name of the Audit Commission. Some are occupied exclusively by either District Audit or the Inspections Directorate, and where appropriate some are jointly occupied. The majority of leases of buildings are subject to rent reviews.

Contingent Liabilities **22** The Commission indemnifies appointed auditors against costs incurred by them in connection with Court proceedings arising through their exercise of special legal functions. In addition, costs may be awarded against auditors in such proceedings, which fall to be borne by the Commission under the terms of the indemnity. Amounts incurred in any one year, as a result of this indemnity, depend upon the progress of individual cases and cannot, therefore, be predicted nor quantified until they crystallise.

The Commission has received an initial ruling from Her Majesty's Customs and Excise that its best value inspections are not business activities for VAT purposes. The Commission is in discussion with Customs and Excise to establish with them the correct accounting treatment for this function.

Related Party Transactions **23** During the year, no Commission members, members of the key management staff or other related parties has undertaken any material transaction with the Commission.

**Department of the Environment, Transport
and the Regions**

Welsh Office, Y Swyddfa Gymreig

**THE AUDIT COMMISSION FOR LOCAL AUTHORITIES AND THE
NATIONAL HEALTH SERVICE IN ENGLAND AND WALES**

Accounts Direction

The Secretary of State for the Environment, Transport and the Regions and the Secretary of State for Wales, in the exercise of their powers under paragraphs 11(1) of Schedule 1 to the Audit Commission Act 1998 (the 1998 Act), and of all other powers enabling them in that behalf, and with the approval of the Treasury, hereby makes the following Direction.

1. The statement of accounts which it is the duty of the Audit Commission for Local Authorities and the National Health Service in England and Wales (hereinafter referred to as “the Commission”) to prepare shall comprise:

- a. a foreword;
- b. an income and expenditure account;
- c. a balance sheet;
- d. a cash flow statement and
- e. a statement of total recognised gains and losses

including such notes as may be necessary for the purposes referred to in the following paragraphs.

2. The statement of accounts referred to above shall give a true and fair view of the income and expenditure and cash flows for the financial period, and the state of affairs as at the end of the financial period.
3. Subject to this requirement, the statement of accounts shall be prepared in accordance with:
 - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
 - b. the disclosure and accounting requirements contained in “The Fees and Charges Guide” (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view; and
 - c. the accounting and disclosure requirements given in “Government Accounting” and in “Executive NDPBs: Annual Reports and Accounts guidance”, as amended or augmented from time to time,

insofar as these are appropriate to the Commission and are in force for the financial period for which the statement of accounts is to be prepared.

4. Amplification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
 - a. fixed assets at their value to the business by reference to current costs; and
 - b. stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.
6. The statement of accounts mentioned in paragraph 1 above shall be submitted to the Secretaries of State no later than 31 March each year.
7. A copy of the Accounts Direction shall be reproduced as an annex to the statement of accounts.

Signed on behalf of the Secretary of State for the Environment, Transport and the Regions

P Rowsell

A Senior Civil Servant

In the Department of the Environment,
Transport and the Regions

6 January 1999

Signed on behalf of The Secretary of State for Wales

I R Miller

Local Government Policy and Finance Division
Welsh Office

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Schedule 1

Application of the Accounting and Disclosure requirements of the Companies Act

Companies Act

1. The disclosure exemptions permitted by the Companies Act 1985 shall not apply to the Commission unless specifically approved by the Treasury.
2. The Companies Act requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Commission shall be contained in the **foreword**.
3. When preparing its **income and expenditure account**, the Commission shall have regard to the profit and loss account format 1 or 2 prescribed in Schedule 4 to the Companies Act.
4. When preparing its **balance sheet** the Commission shall adopt format 1 as prescribed in Schedule 4 to the Companies Act 1985, and that format shall be applied in such a manner that the items set out in paragraph 3 of Schedule 2 to this Direction shall be separately disclosed. Items A to G in Format 1 shall be presented so as to show the total of those items separately from the totals of items H to K.
5. The foreword and balance sheet shall be signed and dated by the Accounting Officer.

Schedule 2

Additional Disclosure requirements

1. The **foreword** shall, inter alia:
 - a. state that the accounts have been prepared in a form directed by the Secretary of State with the approval of the Treasury in accordance with paragraph 11(1) of Schedule 1 to the Audit Commission Act 1998;
 - b. include a brief history of the Commission and its statutory background;
 - c. include a statement on corporate governance, similar to the statement required by the London Stock Exchange on compliance with the Code of Best Practice contained in the report by the Committee on The Financial Aspects of Corporate Governance, but adapted for the different circumstances applying to the Commission. However, the Commission need not confirm that there has been an annual review of the effectiveness of internal financial control, nor state that its business is a going concern;
 - d. include a statement on compliance with the CBI code for creditors and their calculation in accordance with SI 571/97.

2. The income and expenditure account shall, inter alia, show, where applicable:
 - a. the cost of bought-in services, disclosing separately:
 - (i) audit fees;
 - (ii) amounts paid in relation to studies under sections 33, 34, 35, 36, 37, 38, 40 and 42 of the 1998 Act; and
 - (iii) legal expenses.
 - b. interest on loans made by the Secretaries of State;
 - c. surplus or deficit.

In this paragraph “bought-in services” means services undertaken other than by officers of the Commission.

3. In preparing its balance sheet the Commission shall include under item K (capital and reserves) and disclose separately in respect of the bodies to which paragraph (g) of Schedule 2 of the 1998 Act relates under the heading “Capital Reserve”:
 - (a) loans made by the Secretary of State under paragraph 9 of Schedule 1 to the 1998 Act;
 - (b) the value of the assets gifted to the Commission, if material.

4. The notes to the statement of accounts shall include:
 - a. amounts attributable to:
 - (i) work carried out by the Commission’s staff and private audit firms, this information may be shown either in amounts or as a percentage but whichever method is adopted shall be applied consistently;
 - (ii) audits of accounts required to be audited in accordance with the 1998 Act (“mandatory audits”);

- (iii) studies undertaken under sections 33 and 34 of the 1998 Act (“value for money and other studies”), and
 - (iv) work undertaken under sections 28, 29, 35, 36, 37, 38, 40 and 42 of the 1998 Act (“work on request”);
- b. an analysis of the income and expenditure account to show the financial results of the Commission’s activities separately identifying gross fee income from total operating costs, being the sum of the cost of bought-in services, staff costs and other operating charges and interest charged on borrowing from the National Loans Fund, if applicable, showing separately the income and expenditure in relation to its functions in respect of the bodies to which paragraph (g) of Schedule 2 to the 1998 Act relates (health authorities etc.), social services functions (paragraphs 8(2) of Schedule 1 to the 1998 Act refers) and such other functions as the Secretary of State may by legislation prescribe;
 - c. a statement of the original cost of fixed assets held at the end of the year, associated depreciation, additions and disposals;
 - d. an analysis of cash at bank and in hand showing separately the amount of short-term deposits of surplus funds and the total of other amounts;
 - e. an analysis of creditors — amounts falling due within one year separately identifying, inter alia, the amount of bank overdraft;
 - f. an analysis of the movements of provisions for doubtful debts and losses under guarantee;
 - g. an analysis of any guarantee or indemnity issued and outstanding, if applicable;
 - h. a statement of the nature of the pension scheme and how it is funded. Details of the Controller’s pension arrangements should be provided, stating
 - (i) whether he is an ordinary member of the Commission’s Pension Scheme;
 - (ii) whether any enhanced or special terms apply;
 - (iii) whether he has an individual pension arrangement (including a personal pension) and
 - (iv) the value of the employer’s contribution as a percentage of salary. The figure may be a notional value in the case of unfunded pension scheme e.g. where the Controller is a Civil Servant.

The information relating to the Controller may either be shown under this pension note or as part of the information required to be shown under subparagraph 4(m) of this Schedule;

- i. a summary of all losses and special payments during the period, being transactions of a type which Parliament cannot be supposed to have contemplated, with a total de minimus limit of £25,000 or a lower amount if considered material;
- j. a statement of the number of employees during the period, other than members, whose emoluments, excluding pension contributions, fell in each bracket of a scale of multiples of £10,000 starting at £40,000; the figures should be adjusted pro rata for a period less than 12 months;

- k. a statement of the emoluments of the Chairman (excluding pension contributions), the highest paid member, if not the Chairman and the Controller (including pension contributions), during the period, with separate disclosure where more than one person occupied these offices during the period. For this purpose, salary, fees, bonuses and other benefits, including any amount paid as an incentive to take up the appointment and performance related elements of emoluments shall each be separately shown and the basis on which performance is measured shall be explained;
- l. a statement of the total emoluments of members during the period, including salaries, fees, performance related pay, if any, pension contributions, compensation payments, and estimated money value of non-cash benefits;
- m. a statement of the number of other members during the period whose emoluments, excluding pension contributions, fell in each bracket of a scale in multiples of £5,000 starting at nil;
- n. a statement of the average number of persons employed in the period including part-time employees, excluding non-executive board members, analysed by category of employment e.g. administration, marketing, production;

For the purpose of this note and for the analysis of employees' salary band (see sub paragraph 4(j) above), outward secondments should be excluded but inward secondments included;

- o. a note on the length of each members' and the Controller's contract with the Commission together with details of any arrangements for compensation for redundancy or premature loss of office;
- p. an analysis of members' and employees' costs (excluding members' remuneration) showing separately:
 - (i) wages and salaries, including performance pay, payable for the period to employees;
 - (ii) employers' contributions to superannuation fund;
 - (iii) other social security costs, and other pension costs, incurred by the Commission in relation to members and employees;
- q. particulars of any transaction, arrangement or contract entered into in which a member, an executive, a higher paid employee, or a person connected with them, at any time during the period, had a direct or indirect financial interest exceeding £1,000 (including transactions at arm's length); a higher paid employee means a person who is covered by sub-paragraph 4(j) of this schedule;
- r. a statement of the total expenses in respect of members and employees respectively, expenses being reimbursements and expenditure in respect of travelling, subsistence and hospitality;
- s. an analysis of borrowings separately identifying the amount borrowed from the Secretary of State and from other lenders; details of the rate of interest payable on the amounts and the maturity dates of the loans; and
- t. details of any key corporate financial targets set by the Secretary of State together with the performance achieved.

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