

**THE NATIONAL ASSEMBLY FOR WALES:
AUDIT COMMITTEE**

**REPORT 05-01 - Presented to the National Assembly on 6th September 2001
in accordance with section 102(1) of the Government of Wales Act 1998**

**NATIONAL ASSEMBLY FOR WALES RESOURCE ACCOUNT FOR 1999-
2000 AND GENERAL REPORT OF THE AUDITOR GENERAL FOR
WALES: FINANCIAL AUDIT OF 1999-2000 ACCOUNTS**

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INTRODUCTION

1. Under Section 97 of the Government of Wales Act 1998, the National Assembly for Wales is required to produce annual accounts in a form directed by the Treasury. The Permanent Secretary, in his capacity as the Assembly's Principal Accounting Officer, is required to render the signed account to the Auditor General for Wales by 30 November following the end of the financial year. The Auditor General is required to examine and certify the account, and report to the Assembly on the results of his examination. The first such accounts covered the period 7 May 1999 (the date on which the Assembly came into existence) to 31 March 2000. The Auditor General's report on those accounts was published in January 2001¹.
2. In March 2001, the Auditor General published his General Report for 1999-2000 which summarised the results of his financial audit work for that year of account². The General Report also looked at a range of associated matters, including developments in resource accounting and budgeting and the issue of corporate governance. It covered all bodies whose accounts are audited by the Auditor General.
3. We took evidence from Mr Jon Shortridge, the Assembly's Permanent Secretary, and from Mr David Richards and Mr Laurie Pavelin of the Assembly's Finance Group on the basis of these two reports. We are grateful to the witnesses for their helpful and positive responses to our questions. This report focuses on the four main issues that emerged from our examination:
 - the Assembly's 1999-2000 resource account;
 - future developments with resource accounting and budgeting;
 - matters arising from the Auditor General's 1999-2000 financial audit work;
and
 - corporate governance in the bodies audited by the Auditor General.

¹ Report by the Auditor General for Wales *National Assembly for Wales: 1999-2000 Account*, presented to the National Assembly on 30 January 2001.

² Report by the Auditor General for Wales *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts*, presented to the National Assembly on 22 March 2001.

4. This report sets out our findings and conclusions under each of these headings, together with a number of recommendations that are intended to help the Assembly in taking forward key developments in accounting and corporate governance over the next few years.

THE ASSEMBLY'S 1999-2000 RESOURCE ACCOUNT

Submission of the accounts for audit

5. Until 1998-99 government departments, including the former Welsh Office, prepared appropriation accounts, which were simply designed to show the amounts paid and received in comparison with the Supply Estimates voted by the House of Commons. These accounts suffered from a number of deficiencies. For example, they did not include balance sheets showing the value of a department's assets and liabilities at the year-end. Nor did they include information on amounts owed to or by a department.³
6. From the 1999-2000 year of account, the Treasury directed that UK government departments and the National Assembly should prepare resource accounts. These accounts, which include balance sheets, are prepared on an accruals rather than a cash basis. They are designed to show a true and fair view of the net cost of resources utilised by an organisation in a particular year rather than merely the cash transactions.⁴ Such accounts should enable their users and readers to benefit from more meaningful financial information that reflects more closely the business activities of the bodies concerned.
7. In preparation for the introduction of resource accounting, UK government departments produced "dry run" resource accounts for the 1998-99 year of account. These accounts were audited but not published. During 1999-2000, the Assembly's Finance Group produced such an account for the former Welsh Office, which was examined by the National Audit Office. The results of this examination were summarised in the General Report of the Auditor General for Wales for 1998-99 and considered by this Committee on 15 June 2000.⁵ Our report following this consideration was published on 23 August 2000.⁶ The

³ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 3.

⁴ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 4.

⁵ Report by the Auditor General for Wales *The General Report of the Auditor General for Wales: Financial Audit of 1998-99 Accounts*, presented to the National Assembly on 17 March 2000.

⁶ Report by the Audit Committee *General Report of the Auditor General for Wales: Financial Audit of 1998-99 Accounts*, presented to the National Assembly on 23 August 2000.

Finance Group also prepared an account for the former Welsh Office for the three months prior to the transfer of functions from the Secretary of State to the Assembly on 1 July 1999. This account was published on 11 July 2000⁷.

8. The Auditor General gave an unqualified opinion on the Assembly's resource account for 1999-2000.⁸ We regard this as a considerable achievement by the Assembly's staff who had to cope with the introduction of resource accounting alongside the transition to devolution. We also note that, of the 49 resource accounts prepared for UK government departments, 10 failed to meet the Treasury deadline for publication whilst four accounts met the timetable but received qualified audit opinions.⁹
9. We are, however, concerned that the Finance Group encountered a number of difficulties in preparing the account for audit, as described in the Auditor General's report. An account for audit was submitted to the National Audit Office Wales some two and a half months later than the deadline agreed and it then required a number of substantial amendments prior to signature. The unavoidable burden imposed by the transition to devolution clearly contributed to this delay but a key factor in the delay was that the Finance Group has suffered from a sustained shortage of suitably qualified and experienced staff. Also, they have had some internal difficulties in obtaining essential accounting information from some line divisions.¹⁰
10. We consider that the Finance Group could have anticipated and managed better some of the problems that it faced in putting together the 1999-2000 accounts. For example, the date of the transfer of functions was known for some time and more effective action could have been taken to address the likely staffing implications for the accounting process. We therefore welcome the assurance given to us by the Permanent Secretary that arrangements have now been put in place, including the provision of sufficient qualified and experienced staff, to enable the 2000-01 accounts to be produced to a good standard and in line with the agreed audit timetable.¹¹ We are also reassured to learn that the Assembly's Permanent

⁷ Welsh Office Departmental Resource Accounts for the period 1 April 1999 to 30 June 1999, presented to the National Assembly on 11 July 2000.

⁸ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 25.

⁹ Q56

¹⁰ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 10

¹¹ Qs 3 & 29

Secretary intends to take a more personal involvement in monitoring the preparation of the accounts¹². We expect him to ensure that sufficient and appropriate resources are deployed to this very important task.

11. We are also pleased to learn that the Finance Group now has much better contacts in place with all the key Assembly divisions and that these divisions understand precisely what information is required from them in preparing the annual accounts.¹³ We note that the Permanent Secretary has spoken to all group directors to convey to them the importance of providing the required information to the Finance Group on time and that he has asked to be informed if information is submitted late. We also note that appropriate training has been provided to staff.¹⁴

Failure to carry out bank reconciliations

12. The Auditor General's report comments on the Finance Group's failure to reconcile the Assembly's accounting records to the monthly bank statements from July 1999 to the Summer of 2000, which also contributed to the delay in producing the account.¹⁵ This reconciliation to independent data is a fundamental and vital accounting control over the integrity of the records. For example, it should bring to light any erroneous or fraudulent payments made and not brought to account.
13. We are deeply concerned that the Finance Group failed to keep the monthly bank reconciliations up to date and that it also reduced its checks on suspense account reconciliations.¹⁶ We recognise that some safeguards remained in place during this period, including daily reconciliations between amounts paid to the totals posted to the ledger, pre-authentication of cheques and the giving to the bank of details of cheques before being issued.¹⁷ As the Permanent Secretary readily acknowledged, however, these cannot substitute in full for the powerful control that is provided by the reconciliation of the Assembly's accounting records to the independent statements provided by the bank.¹⁸

¹² Q29

¹³ Q24

¹⁴ Q30

¹⁵ AGW report *National Assembly for Wales: 1999-2000 Account* paragraphs 15-17

¹⁶ Q18

¹⁷ Qs 4 & 5

¹⁸ Q9

14. We note that the Finance Group has now brought the monthly bank reconciliations up to date and has put procedures in place to ensure that they will, in future, be completed on a timely basis.¹⁹ We are also reassured to learn that nothing untoward has been detected in any of the Assembly's financial transactions in bringing the bank reconciliations up to date.²⁰

FUTURE DEVELOPMENTS WITH RESOURCE ACCOUNTING AND BUDGETING

Resource budgeting

15. From the 2001-02 year of account, UK government departments are required to prepare their annual Supply Estimates, for approval by the House of Commons, on a resource rather than a cash basis. The preparation of both the estimates and accounts on the same basis will complete the transition to resource accounting and budgeting, and will facilitate meaningful comparisons between the estimates and the eventual outturn.

16. We note that the Assembly's Cabinet decided not to introduce resource based budgeting for 2001-02 but has agreed to its introduction in principle from 2002-03.²¹ We fully endorse the decision to introduce resource budgeting and welcome the Permanent Secretary's assurance that all the necessary arrangements are in place to deliver it successfully by the planned date.²² We also welcome the action being taken by the Finance Group to keep in touch with developments elsewhere in the UK, particularly in Scotland, where an earlier introduction of resource budgeting is taking place.²³

Whole of Government accounts

17. The Government Resources and Accounts Act 2000 paved the way for the preparation of a "Whole of Government" account. This account, to be prepared by the Treasury and audited by the Comptroller and Auditor General will, in time, include a consolidation of the results of all government departments and other public bodies. As part of this process, the Government of Wales Act was amended to enable the Treasury to direct the Assembly to prepare a "Whole of Government of Wales" account for audit by the Auditor General for Wales. The direction will

¹⁹ Q14

²⁰ Qs 16 & 17

²¹ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 19 and Q38

²² Q40

require the Assembly to consolidate within its accounts the financial results of public bodies in Wales on an incremental basis.²⁴

18. For 2000-01 this consolidation will include the Assembly's two executive agencies (Cadw and the Welsh European Funding Office) and the five health authorities. In due course the boundary will be widened to include Assembly sponsored public bodies, other NHS bodies and, ultimately, local authorities. The audited Whole of Government of Wales account and supporting information will be an important management tool for the Assembly and will be incorporated into the Whole of UK Government account to be prepared by the Treasury. Its preparation will represent a significant challenge.²⁵
19. The Assembly is conforming to a timetable set out by the Treasury for the preparation of Whole of Government Accounts. The Permanent Secretary told us that this may result in local authorities not being included within the Whole of Government of Wales Accounts until 2005-06 at the earliest.²⁶ We consider the integration of local authority accounts into those of the Assembly to be of vital importance in order to obtain a complete overview of how Assembly money is being used. We recognise that there are some major accounting issues to be addressed before the accounts of local authorities can be consolidated successfully into the Whole of Government of Wales Account. Notwithstanding these difficulties, we urge the Finance Group to take all reasonable and practical measures necessary to bring forward the time when this can take place.²⁷
20. We also urge the Finance Group to keep the Whole of Government of Wales Account process under effective management control, for example by ensuring that bodies whose accounts are to be consolidated submit the required information to the Assembly in a timely and accurate manner.²⁸

New computerised accounting system

21. The Assembly's current computerised accounting system was inherited from the former Welsh Office and was designed primarily for the preparation of cash-based appropriation accounts. The introduction of resource accounting and budgeting

²³ Q36

²⁴ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 20.

²⁵ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 21.

²⁶ Qs 44 & 45

²⁷ Qs 45-47.

²⁸ Q48.

has been hampered somewhat by the continued use of this system. For example, most of the information supporting the year-end debtor and creditor balances has to be collated manually by seeking internal returns from line divisions.²⁹

22. The Finance Group intends to replace the present computer system with a fully integrated accruals-based accounting system, which should ensure that the financial management and reporting structures under resource accounting and budgeting are linked more directly to the supporting financial information.³⁰ As such this will assist in financial decision making at the Assembly and result in resource accounting being seen as relevant to day to day management rather than a year end accounting function. The Finance Group originally intended to introduce the new system on 1 April 2001. However, the Permanent Secretary told us in June of last year that this had been deferred to 1 April 2002 to enable an extended period for design and testing.³¹
23. Until the new system is working the full benefits of resource accounting and budgeting cannot be achieved. We note that the new computerised accounting system is still scheduled to go live in April 2002 following a short period of dual running and testing starting in December this year.³² We also note that a project board chaired by the Assembly's Principal Finance Officer is managing the implementation of the new system, and that the Assembly has been taking advice from the Central Computer Telecommunications Agency during the procurement process.³³ We stress that the testing, parallel running and implementation stages are critical to the success of the project and will need to be carefully managed.
24. The Finance Group is confident that the new system will meet all the accounting requirements expected to be imposed on the Assembly. In particular, the chosen software is flexible and can be tailored and configured to the Assembly's requirements.³⁴ We view the new system as being of paramount importance to the Assembly's operations and we therefore look to the Finance Group to ensure that it is implemented successfully. We also seek an assurance that the existing

²⁹ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 22.

³⁰ AGW report *National Assembly for Wales: 1999-2000 Account* paragraph 23.

³¹ Audit Committee report *General report of the Auditor General for Wales: Financial Audit of 1998-99 Accounts* paragraph 11.

³² Q51.

³³ Qs 51 & 52.

³⁴ Q54.

accounting system will not be decommissioned until the new one is working as intended.³⁵

MATTERS ARISING FROM THE AUDITOR GENERAL'S 1999-2000 FINANCIAL AUDIT WORK

Late and qualified accounts

25. The accounts of the Welsh Administration Ombudsman, NHS Commissioner for Wales and the two Welsh Forestry Commission accounts were not submitted to the Auditor General for Wales by the statutory deadline of 30 November.³⁶ In addition, the two accounts prepared by the Forestry Commission (and the equivalent English and Scottish accounts) were given qualified audit opinions as a result of the Commission's inability to reconcile amounts received as recorded in the various national accounts to the amounts advanced by the Westminster and Scottish Parliaments. The imbalance was of the order of £2 million and was probably due to inaccurate recording of internal charges.³⁷ The Assembly did not fund the Commission in 1999-2000, as this function has yet to be passed to the Assembly along with the necessary transfer of funds to the Welsh block budget.
26. We look to the Assembly to exert what influence it can to ensure that the difficulties encountered with the accounts of the above bodies during 1999-2000 are not repeated. We note that it is the intention of the UK Government and of the Assembly that responsibility for funding of the Forestry Commission in Wales will be vested with the Assembly, although no decision has yet been made as to when this will take place. We welcome the Permanent Secretary's intention to put in place an agreement with the Forestry Commission setting out clearly the assurance required by the Assembly over the use of money spent on its behalf.³⁸

Compliance with European State Aid rules

27. Compliance with European State Aid rules will become an increasingly important and high profile issue during the next few years as a result of Objective 1 funding.

³⁵ Q53.

³⁶ AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraph 2.9 and Qs 62 & 63.

³⁷ AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraphs 2.15 and 2.16 and Q64.

³⁸ Qs 65 & 66.

We note the Permanent Secretary's assurance that the Assembly has comprehensive compliance arrangements in place based around the use of skilled staff for consideration of grant applications that could be affected by State Aid rules. We were further told that the Assembly has good relationships in this area with the Department of Trade and Industry and with the European Commission via the United Kingdom Permanent Representation. We were also pleased to hear that there have been no significant issues with non-compliance reported to date.³⁹

28. We note additionally that any grants of significant value paid by Assembly sponsored public bodies would require Assembly approval and that the relevant Financial Memoranda and grant agreements that it has with its sponsored bodies also require those bodies to take account of State Aid rules.⁴⁰ Non-compliance with State Aid rules could result in serious penalties being levied by the European Commission and acute embarrassment to the Assembly. We therefore see it as vitally important that the Assembly's senior management remain vigilant in this area and ensure that all European State Aid rules are fully and consistently applied. This is particularly important when the Assembly needs to respond quickly to developments such as the current situation where the Assembly is giving aid to companies in the tourism sector threatened by the effects of the Foot and Mouth epidemic.⁴¹

Non-compliance by Assembly sponsored bodies with their Financial Memoranda

29. The Auditor General's report refers to two cases where Assembly sponsored public bodies should have notified the Assembly before incurring expenditure. These related to the awarding of restricted contracts. In one case retrospective approval was sought and in the other case the body sought clarification of the relevant procedures.⁴² We note that these cases did not indicate a wider systemic failure and we endorse the procedures that are in place to deal with any future cases of non-compliance by the Assembly's sponsored bodies with their Financial Memoranda. These include receipt and review of internal and external audit reports, and monitoring more generally that is undertaken by the Permanent Secretary's Corporate Governance Committee, which considers whether any

³⁹ Q 67.

⁴⁰ Q 67.

⁴¹ Q 70.

⁴² AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraph 3.17 and Q 71.

individual compliance failures indicate more generic issues that need to be addressed.⁴³

CORPORATE GOVERNANCE IN THE BODIES AUDITED BY THE AUDITOR GENERAL

Statements of Internal Control

30. The Auditor General's General Report summarises the measures being taken within the public sector in response to the 1999 report of the Turnbull Committee. From 2001-02 the Assembly and its sponsored bodies will, like other UK public sector bodies, have to include a Statement of Internal Control within their annual accounts replacing the existing Statement of Internal Financial Control. These statements may be of an interim nature if further work is required to establish procedures for monitoring the effectiveness of the system of internal control but full statements will be required from 2003-04 at the latest.⁴⁴
31. The Turnbull Committee concluded that a sound system of internal control depended upon a thorough and regular evaluation of the nature and extent of all key risks to which an organisation is exposed. The purpose of a system of internal control is to manage rather than eliminate such risks. Such risks include legal, physical, health and safety, and operational as well as financial risks.⁴⁵
32. Responsibility for identifying and managing key risks rests with senior management. Accounting Officers of public bodies are responsible for ensuring that procedures are put in place to monitor the effectiveness of the system of internal control. They are advised in this respect by the work of internal auditors (who will report annually on such matters) and their audit committees (in the case of the Assembly this is the Permanent Secretary's Corporate Governance Committee).
33. The Assembly's Permanent Secretary currently requires annual returns from heads of divisions so that he can report on the effectiveness of internal financial control as part of the annual accounts. The scope of this exercise will need to be widened for the Statement of Internal Control (to include all internal controls not just those

⁴³ Qs 72-74.

⁴⁴ AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraphs 5.7 – 5.11.

of a financial nature) but we believe it provides a sound start. We are reassured to hear that the exercise carried out in 1999-2000 did not indicate any material issues affecting the Assembly's financial controls. We are also pleased that summary results have been fed back to all the senior managers in the Assembly with the request that they pay attention in particular to those areas of concern that had been identified. We note that Internal Audit will follow up the control issues identified by the exercise.⁴⁶

34. We endorse the Permanent Secretary's assessment of the value to be derived from the greater emphasis on risk management arising from the Turnbull Committee's requirements, for example in managing risks to the Assembly concerning animal health, public health, civil emergencies and in specific individual projects such as the new Assembly building.⁴⁷ We agree that the Assembly must ensure that its landmark new building is completed successfully to time and cost. We trust that the assurance given to us that the necessary arrangements and required skills are in place to ensure that the project is managed effectively and to a necessary standard is not misplaced.⁴⁸

35. We note that the Permanent Secretary intends to draw up a risk register by the end of this year that will set out the main strategic and other risks that the Assembly needs to manage. He also told us that he is proposing to put in place clear reporting systems to ensure that the way in which these risks are being managed can be properly monitored. We welcome his intention to have risk management arrangements in place by 2002-03 in which he will have confidence.⁴⁹

36. The Turnbull Committee's recommendations for the management of risk and the preparation of an annual Statement of Internal Control represent an important innovation that will enhance the quality of public administration not just within the Assembly but more widely. We look to the Assembly's senior management to ensure that appropriate measures are taken to implement the recommendations so that, as the leading public sector organisation in Wales, its own corporate

⁴⁵ AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraph 5.8.

⁴⁶ AGW report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraphs 5.13 and 5.14 and Q80.

⁴⁷ Q 79.

⁴⁸ Q 92.

⁴⁹ Q 78.

governance arrangements can be regarded by the others as a model of best practice.

37. We welcome the action being taken by the Assembly, including the holding of meetings with senior executives, to ensure that its sponsored bodies will be able to comply with the Treasury timetable for introducing a Statement of Internal Control and to identify any particular difficulties. We also endorse the proposal for each sponsored body to nominate a risk manager to act as a point of liaison with the Assembly.⁵⁰ We see it as important that the Assembly's senior management continue to advise its related public bodies and to maintain a close interest in their work in this area.

Asset Management Plans

38. The Assembly's own strategic plan for Wales produced in May 2000 contains a commitment that public bodies should have asset management plans in place by April 2002.⁵¹ We note the action now being taken by the Assembly to review the state of asset management across the public sector in Wales. This review is examining whether organisations know what assets they have, whether they have plans for their proper use and whether associated information is maintained and fed into the budgetary process. The results of the review are due to be considered by the Corporate Governance Committee shortly.⁵² We agree that effective asset management is key to the achievement of good value for money. We therefore look to the Assembly to maintain the momentum in this area to ensure that the April 2002 target can be achieved.

Winding-up of the four Welsh Training and Enterprise Councils

39. On 1 April 2001, Education and Learning Wales (ELWa) took responsibility for the promotion, securing and funding of post-school education and training throughout Wales. ELWa is made up of the Higher Education Funding Council for Wales and the new National Council for Education and Training for Wales. The creation of the new Education and Training Council has resulted in the abolition of the Further Education Funding Council for Wales and, in due course, will also result in the winding-up of the four Welsh Training and Enterprise

⁵⁰ Q 83.

⁵¹ AGW Report *The General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts* paragraph 7.3.

⁵² Q 95.

Councils (TECs). Most of the functions of the TECs have been transferred to the new Education and Training Council although some have passed to other bodies such as the Welsh Development Agency. In the interim, the Training and Enterprise Councils have become wholly owned subsidiaries of the Education and Training Council pending the finalisation of a number of residual issues. An exact date for their winding-up has not yet been set.⁵³

40. We look to the Assembly's senior management, working closely with ELWa, to ensure that the assets and liabilities of the TECs and the Further Education Funding Council transferred on 1 April to the Education and Training Council and elsewhere were properly identified and dealt with and to ensure that ELWa has the required systems in place to operate effectively. We also look to the Assembly's senior management and to ELWa to ensure that the TECs are wound-up in a proper and orderly manner and for a proper disposition of any remaining assets and liabilities.

MAIN CONCLUSIONS AND RECOMMENDATIONS

41. Our main conclusions and recommendations are summarised below.

On the Assembly's 1999-2000 resource account

- (i) We view the unqualified audit opinion on the 1999-2000 resource accounts as a considerable achievement by the Assembly's staff who had to cope with the introduction of resource accounting alongside the transition to devolution. We consider, however, that the Finance Group could have anticipated and managed better some of the problems that it faced in putting together the 1999-2000 accounts.
- (ii) We welcome the assurance given to us by the Permanent Secretary that arrangements have now been put in place, including the provision of sufficient qualified and experienced staff to enable the 2000-01 accounts to be produced to a good standard and in line with the agreed audit timetable.
- (iii) We are deeply concerned that the Finance Group failed to keep the monthly bank reconciliations up to date and that it also reduced its checks on suspense account reconciliations. We note that the Finance Group has now brought the

⁵³ Q 99.

monthly bank reconciliations up to date and has put procedures in place to ensure that they will, in future, be completed on a timely basis.

On future developments with resource accounting and budgeting

- (iv) We note that the Assembly's Cabinet decided not to introduce resource based budgeting for 2001-02 but has agreed to its introduction in principle from 2002-03. We fully endorse the decision to introduce resource budgeting and welcome the Permanent Secretary's assurance that all the necessary arrangements are in place to deliver it successfully by the planned date.
- (v) We consider the integration of local authority accounts into those of the Assembly to be of vital importance in order to obtain a complete overview of how Assembly money is being used. We recognise that there are some major accounting issues to be addressed before the accounts of local authorities can be consolidated successfully into the Whole of Government of Wales Account. Notwithstanding these difficulties, we urge the Finance Group to take all reasonable and practical measures necessary to bring forward the time when this can take place.
- (vi) We view the new computerised accounting system as being of paramount importance to the Assembly's operations and we therefore look to the Finance Group to ensure that it is implemented successfully. We also seek an assurance that the existing accounting system will not be decommissioned until the new one is working as intended.

On matters arising from the Auditor General's 1999-2000 financial audit work

- (vii) We look to the Assembly to exert what influence it can to ensure that the difficulties encountered with the accounts of the Welsh Administration Ombudsman, NHS Commissioner for Wales and the two Welsh Forestry Commission Accounts during 1999-2000 are not repeated.
- (viii) We note the Permanent Secretary's assurance that the Assembly has comprehensive compliance arrangements in place based around the use of skilled staff for consideration of grant applications that could be affected by State Aid rules. The Assembly's senior management must remain vigilant in this area as non-compliance with State Aid rules could result in serious

penalties being levied by the European Commission and acute embarrassment to the Assembly.

On corporate governance in the bodies audited by the Auditor General

- (ix) We agree with the Permanent Secretary that the Assembly must ensure that its landmark new building is completed successfully to time and cost. We trust that the assurance given to us that the necessary arrangements and required skills are in place to ensure that the project is managed effectively and to a necessary standard is not misplaced.
- (x) We look to the Assembly's senior management to ensure that appropriate measures are taken to implement the Turnbull Committee's recommendations so that, as the leading public sector organisation in Wales, its own corporate governance arrangements can be regarded by the others as a model of best practice. We see it as important that the Assembly's senior management continue to advise its related public bodies and to maintain a close interest in their work in this area.
- (xi) We agree that effective asset management is key to the achievement of good value for money. We therefore look to the Assembly to maintain the momentum to ensure that the April 2002 target for public bodies to have asset management plans in place can be achieved.
- (xii) We look to the Assembly's senior management, working closely with ELWa, to ensure that the assets and liabilities of the TECs and the Further Education Funding Council transferred on 1 April to the Education and Training Council and elsewhere were properly identified and dealt with and to ensure that ELWa has the required systems in place to operate effectively. We also look to the Assembly's senior management and to ELWa to ensure that the TECs are wound-up in a proper and orderly manner and for a proper disposition of any remaining assets and liabilities.

SUMMARY CONCLUSION

42. In general, and given the recent major structural changes and accounting developments, we are satisfied that the financial control environment in the Assembly and its related public bodies is good. In particular we were very pleased

to note the Auditor General's unqualified opinion on the Assembly's first resource account.

43. The Assembly is the leading public sector body in Wales and must be seen to set an example to the others in the management of its financial affairs and corporate governance. In this context, the difficulties encountered with the preparation of the 1999-2000 accounts and the failure to operate certain basic financial procedures and controls for a sustained period are therefore not acceptable and must not be allowed to recur.



Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio

The National Assembly for Wales
Audit Committee

Cyfrifon Adnoddau'r Cynulliad Cenedlaethol 1999-2000
ac Adroddiad Cyffredinol Archwilydd Cyffredinol Cymru:
Archwiliad Ariannol o Gyfrifon 1999-2000

The National Assembly Resource Accounts 1999-2000
and the General Report of the Auditor General for Wales:
Financial Audit of 1999-2000 Accounts

Cwestiynau (1-101)
Questions (1-101)

Dydd Iau 29 Mawrth 2001
Thursday 29 March 2001

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones, Dafydd Wigley.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Ian Summers, Swyddfa Archwilio Genedlaethol Cymru; Dave Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: Jon Shortridge, Ysgrifennydd Parhaol, Cynulliad Cenedlaethol Cymru; Laurie Pavelin, Pennaeth Is-adran Atebolrwydd Ariannol, Cynulliad Cenedlaethol Cymru; David Richards, Prif Swyddog Cyllid Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones, Dafydd Wigley.

Officials present: Sir John Bourn, Auditor General for Wales; Ian Summers, National Audit Office Wales; Dave Powell, Compliance Officer of the National Assembly for Wales.

Witnesses: Jon Shortridge, Permanent Secretary, National Assembly for Wales; Laurie Pavelin, Head of Financial Accountability Division, National Assembly for Wales; David Richards, Principal Finance Officer, National Assembly for Wales.

*Dechreuodd y cyfarfod am 2 p.m.
The meeting began at 2 p.m.*

[1] **Janet Davies:** Good afternoon. Before I welcome everyone, I will go through the apologies and substitutions. Peter Law was, as you know, until recently a Cabinet Minister and, therefore, it is not possible at the moment, for legal reasons or at least for reasons under Standing Orders, for him to come to these meetings. He nominated Lorraine Barrett to take his place but, unfortunately, due to an illness in her family, she has had to go home. Janice Gregory is here to substitute for Lynne Neagle. I also welcome Ann Jones to what is her first Audit Committee meeting, having had many problems in trying to attend meetings previously.

We are taking evidence today in connection with the Auditor General for Wales's report, 'National Assembly Resource Accounts 1999-2000', which was published on 31 January 2001, and the 'General Report of the Auditor General for Wales: Financial Audit of 1999-2000 Accounts', which was published on 22 March 2001.

I welcome witnesses and members of the public to this evidence-taking session. Will Mr Shortridge introduce himself and the other witnesses?

Mr Shortridge: I am Jon Shortridge, Permanent

[1] **Janet Davies:** Prynawn da. Cyn imi groesawu pawb, af drwy'r ymddiheuriadau a'r dirprwyadau. Yr oedd Peter Law, fel y gwyrddoch, yn Weinidog yn y Cabinet hyd yn ddiweddar ac, felly, nid yw'n bosibl ar hyn o bryd, am resymau cyfreithiol neu o leiaf am resymau o dan y Rheolau Sefydlog, iddo ddod i'r cyfarfodydd hyn. Enwebodd Lorraine Barrett i gymryd ei le ond, gwaetha'r modd, oherwydd salwch yn ei theulu, bu'n rhaid iddi fynd adref. Mae Janice Gregory yma i ddirprwyo dros Lynne Neagle. Croesawaf hefyd Ann Jones i'w chyfarfod cyntaf o'r Pwyllgor Archwilio, wedi iddi gael llawer o broblemau wrth geisio bod yn bresennol mewn cyfarfodydd o'r blaen.

Yr ydym yn derbyn tystiolaeth heddiw mewn cysylltiad ag adroddiad Archwilydd Cyffredinol Cymru, 'Cyfrifon Adnoddau'r Cynulliad Cenedlaethol 1999-2000', a gyhoeddwyd ar 31 Ionawr 2001, ac 'Adroddiad Cyffredinol Archwilydd Cyffredinol Cymru: Archwiliad Ariannol o Gyfrifon 1999-2000', a gyhoeddwyd ar 22 Mawrth 2001.

Croesawaf y tystion ac aelodau'r cyhoedd i'r sesiwn cymryd tystiolaeth hwn. A wnaiff Mr Shortridge ei gyflwyno'i hun a'r tystion eraill?

Mr Shortridge: Jon Shortridge wyf fi,

Secretary to the Assembly. On my right is David Richards, the Assembly's Principal Finance Officer, and on my left is Laurie Pavelin, the Assembly's chief accountant.

[2] **Janet Davies:** I remind you all that you may speak in Welsh or English. Translation equipment is available for those who do not understand Welsh.

I will ask the first question to Mr Shortridge. I am pleased to note that the Auditor General for Wales was able to give an unqualified opinion on the National Assembly's first resource accounts, particularly when we look back at the difficulties experienced last year and consider the difficulties of a number of UK Government departments in preparing new-style accounts. In Wales, we have had to cope with that alongside devolution as well. What do you think were the key factors that allowed you to obtain a clear opinion?

Mr Shortridge: Thank you for acknowledging that we had a clear opinion. Before I say what I think those factors are, in order to put it into context, I would want to acknowledge that we did not achieve it without experiencing our own difficulties. I am sure that the Committee will want to touch on some of those difficulties this afternoon. That said, an enormous amount of credit needs to be given to Laurie Pavelin in particular, and to his colleagues, who prepared the accounts. I think that it required not just their professional skill, but also their adaptability and flexibility to deal with two new situations—one the resource accounts and the other the Assembly. So I would certainly want to pay full credit to my staff.

I think that the other factor is that we have, and are very fortunate to have, a very good, constructive and positive relationship with the National Audit Office. That means that as we are preparing the accounts and meeting the technical problems of how to best express things and how to deal with new problems, we know that we can turn to the staff of the Auditor General for Wales and seek their guidance and advice on how best to present certain material. That, obviously, in turn helps to ensure that they are not confronted with difficulties and problems very late on in the process.

[3] **Janet Davies:** I think that it is probably fair to say that the challenges for this year may well be greater. For example, you have to prepare a consolidated account. That is to include the financial results of the Assembly's executive agencies and the health authorities. Are you

Ysgrifennydd Parhaol y Cynulliad. Ar y dde imi mae David Richards, Prif Swyddog Cyllid y Cynulliad, ac ar y chwith imi mae Laurie Pavelin, prif gyfrifydd y Cynulliad.

[2] **Janet Davies:** Atgoffaf bawb ohonoch y cewch siarad yn y Gymraeg neu'r Saesneg. Mae offer cyfieithu ar gael i'r rhai nad ydynt yn deall y Gymraeg.

Gofynnaf y cwestiwn cyntaf i Mr Shortridge. Yr wyf yn falch o nodi bod Archwilydd Cyffredinol Cymru wedi gallu rhoi barn ddiamod ar gyfrifon adnoddau cyntaf y Cynulliad Cenedlaethol, yn enwedig pan edrychwn yn ôl ar yr anawsterau a brofwyd y llynedd ac o ystyried anawsterau nifer o adrannau Llywodraeth y DU wrth baratoi cyfrifon mewn dull newydd. Yng Nghymru, bu'n rhaid inni ymdopi â hynny ochr yn ochr â datganoli hefyd. Beth a gredwch oedd y ffactorau allweddol a'ch gadawodd i gael barn bendant?

Mr Shortridge: Diolch am gydnabod inni gael barn bendant. Cyn imi ddweud beth yw'r ffactorau hynny, yn fy marn i, er mwyn ei roi yn ei gyd-destun, dymunwn gydnabod na chyflawnasom hyn heb brofi ein hanawsterau ein hunain. Yr wyf yn sicr y bydd y Pwyllgor yn dymuno cyfeirio at rai o'r anawsterau hynny y prynhawn yma. Wedi dweud hynny, mae angen rhoi llawer iawn o glod i Laurie Pavelin yn enwedig, ac i'w gydweithwyr, a baratodd y cyfrifon. Credaf fod hynny'n gofyn nid yn unig eu medr proffesiynol, ond hefyd hyblygrwydd a pharodrwydd i drafod dwy sefyllfa newydd—un oedd y cyfrifon adnoddau a'r llall oedd y Cynulliad. Felly byddwn yn sicr yn dymuno rhoi pob clod i'm staff.

Credaf mai'r ffactor arall yw bod gennym, ac yr ydym yn ffodus iawn o gael, berthynas dda, adeiladol a chadarnhaol iawn â'r Swyddfa Archwilio Genedlaethol. Golyga hynny ein bod wrth baratoi'r cyfrifon ac ateb y problemau technegol sut i fynegi pethau orau a sut i drafod problemau newydd, yn gwybod y gallwn droi at staff Archwilydd Cyffredinol Cymru a gofyn am eu harweiniad a'u cyngor am y modd gorau i gyflwyno rhai deunyddiau. Wrth gwrs, mae hynny yn ei dro yn ein helpu i sicrhau nad ydynt yn wynebu anawsterau a phroblemau'n hwyr iawn yn y broses.

[3] **Janet Davies:** Credaf mai teg yw dweud ei bod yn bosibl iawn, yn ôl pob tebyg, y bydd yr heriau ar gyfer y flwyddyn hon yn fwy. Er enghraifft, rhaid ichi baratoi cyfrif cyfunedig. Mae hwnnw i fod i gynnwys canlyniadau ariannol asiantaethau gweithredu'r Cynulliad a'r

confident of getting a clear audit opinion on this year's resource accounts and, if so, why?

Mr Shortridge: I think that there are two issues there. One is confidence about whether we will prepare an account for audit in a timely way, which is something that we did not altogether achieve last year. I am confident about that, although I should say to the Committee that it is not an unqualified confidence. We still have problems of a staffing nature, to which I will come. However, as of now, I am confident that we have arrangements in place to ensure that we produce an account in a timely way. To the extent that we have unanticipated problems, this year I am keeping close to the process and having monthly meetings with my two colleagues present here today, so that we can review progress and, if there are any particular problems, I have the opportunity to decide with them how best to address them. I would like to think that we have procedures in place to ensure that the National Audit Office will get the accounts in a timely way. However, it is a brave accounting officer who, virtually at the financial year's end, can give an absolute assurance to an audit committee that there will not be problems in the accounts that could give rise to a qualification. I am not aware of anything and I certainly hope that there will not be anything. However, I cannot give a guarantee.

[4] **Janet Davies:** Paragraph 16 of the Auditor General's report on the resource accounts, states that the monthly bank reconciliations were not kept up to date, because of staffing difficulties. Why did you not reprioritise the work to ensure that this key independent check was still undertaken?

Mr Shortridge: I think that I have to say that I wish, with hindsight, that this was an issue that we had addressed earlier and more seriously and sought to do something about it. On the other hand, I would say that, clearly, as chief accountant, Mr Pavelin has to make a judgment about how best to deploy his resources at any one time. We are dealing here with really quite skilled, technical work, where it is unusual to be able to get someone in at very short notice if you hit a staffing problem. You do need someone with the necessary skills, who can come in and immediately deal with issues.

awdurdodau iechyd. A ydych yn ffyddiog y cewch farn archwilio bendant ar gyfrifon adnoddau'r flwyddyn hon ac, os felly, pam?

Mr Shortridge: Credaf fod dau fater yn y fan honno. Un ohonynt yw hyder ynghylch a fyddwn yn paratoi cyfrif i'w archwilio'n amserol, sydd yn rhywbeth na chyflawnasom yn llwyr y llynedd. Yr wyf yn hyderus ynghylch hynny, er y dylwn ddweud wrth y Pwyllgor nad yw'n hyder diamod. Mae gennym broblemau o hyd o ran staffio, y deuaft atynt. Fodd bynnag, ar hyn o bryd, yr wyf yn ffyddiog bod gennym drefniadau ar waith i sicrhau y byddwn yn cynhyrchu cyfrif yn amserol. I'r graddau y mae gennym broblemau annisgwyl, eleni yr wyf yn cadw'n agos at y broses ac yn cael cyfarfodydd misol â'm dau gydweithiwr sydd yn bresennol yma heddiw, fel y gallwn adolygu'r cynnydd ac, os oes unrhyw broblemau penodol, mae gennyf gyfle i benderfynu sut i'w trafod orau. Carwn feddwl bod gennym weithdrefnau ar waith i sicrhau y bydd y Swyddfa Archwilio Genedlaethol yn derbyn y cyfrifon yn amserol. Fodd bynnag, swyddog cyfrifo dewr yw hwnnw sydd, bron ar ddiwedd blwyddyn ariannol, yn gallu rhoi sicrhaf i bwyllgor archwilio na fydd problemau yn y cyfrifon a allai arwain at amod. Nid wyf yn ymwybodol o ddim ac yn sicr gobethiaf na fydd dim. Fodd bynnag, ni allaf roi sicrhaf.

[4] **Janet Davies:** Mae paragraff 16 adroddiad yr Archwilydd Cyffredinol yn nodi na chadwyd y cysoniadau banc misol yn gyfoes, oherwydd anawsterau staffio. Pam nad oeddech wedi aildrefnu blaenoriaeth y gwaith er mwyn sicrhau y cyflawnid y gwiriad annibynnol allweddol hwn o hyd?

Mr Shortridge: Credaf fod yn rhaid imi ddweud fy mod yn dymuno, â synnwyr trannoeth, fod hwn yn fater y byddem wedi'i drafod yn gynharach ac yn fwy difrifol ac wedi ceisio gwneud rhywbeth yn ei gylch. Ar y llaw arall, dywedwn fod yn rhaid, wrth gwrs, i Mr Pavelin, fel y prif gyfrifydd, benderfynu ynghylch sut i drefnu ei adnoddau orau ar unrhyw adeg. Yr ydym mewn gwirionedd yn trafod gwaith technegol, eithaf medrus yn y fan hyn, lle y mae'n anarferol gallu cael rhywun ar rybudd byr iawn os ydych yn taro'n erbyn problem staffio. Mae arnoch angen rhywun â'r medrau angenrheidiol, a all ddod i mewn a thrafod materion ar unwaith.

The judgment taken was that, of all the priorities that he had to juggle, this was the one that he felt could be left to one side. Not least, that was because there were other safeguards that he was able to put in place on the banking reconciliations, and we do a daily reconciliation as well. The judgment was taken that this was an acceptable way to manage the risk. As I say, with hindsight I would have much preferred it if we had found a way of doing this work in a timely way.

Y penderfyniad a wnaethpwyd oedd mai hon, o blith yr holl flaenoriaethau yr oedd yn rhaid iddo'u jyglo, oedd yr un y teimlai y gellid ei gadael o'r neilltu. Nid lleiaf, yr oedd hyn am fod amddiffyniadau eraill y gallai'u rhoi ar waith ar y cysoniadau bancio, a gwnawn gysoniad dyddiol hefyd. Penderfynwyd bod hyn yn ddull derbyniol o reoli'r risg. Fel y dywedaf, gyda synnwyr trannoeth byddai'n well o lawer gennyf pe baem wedi dod o hyd i ffordd o wneud y gwaith hwn yn amserol.

[5] **Janet Davies:** That is a key independent check, is it not, which the normal daily reconciliation is not. Are there any other bodies for which National Assembly for Wales staff undertake a finance role, or any other Assembly sponsored public bodies where a similar failure has occurred?

[5] **Janet Davies:** Mae hynny'n wiriad annibynnol allweddol, onid yw, sef yr hyn nad yw'r cysoniad dyddiol arferol. A oes unrhyw gyrff eraill y mae staff Cynulliad Cenedlaethol Cymru yn ymgymryd â rôl ariannol ar eu rhan, neu a oes unrhyw gorff arall a noddir gan y Cynulliad lle y mae methiant tebyg wedi digwydd?

Mr Shortridge: I will have to refer to Mr Pavelin for a full answer, but I think that the answer must be yes, it will have applied to the Wales Office and to Estyn, I imagine.

Mr Shortridge: Bydd yn rhaid imi droi at Mr Pavelin am ateb llawn, ond credaf mai'r ateb, o reidrwydd, yw 'oes', mae'n wir am Swyddfa Cymru ac Estyn, yr wyf yn credu.

Mr Pavelin: Yes, it applied to the Wales Office and Estyn for which we also maintain the accounts. Perhaps I could explain a bit more to the Committee about the banking arrangements that we have. We, as individuals, quite happily draw cheques and we send them off and we hope that the bank can get them right and clear them in a proper fashion. Given that we are a government department, and because of the often high value of the cheques that we issue, we have separate arrangements in place, under which all our cheques are pre-authenticated. By that I mean that before we issue any cheques we send full details of all of those cheques to the bank in terms of the cheque number, the name of the person to whom it is being paid, and the amount. We do exactly the same with bankers' automated clearing system payments, and also other major transfers within government. In each instance we actually get a feedback from the bank, or the relevant organisation, the following day that it has received those amounts and it confirms the total amounts that have been sent through to it and all the details. We then have the assurance from the banks that the responsibility for the clearance of those cheques rests with them.

Mr Pavelin: Oedd, yr oedd yn wir am Swyddfa Cymru ac Estyn, yr ydym hefyd yn cadw cyfrifon ar eu rhan. Efallai y gallwn egluro ychydig mwy i'r Pwyllgor am y trefniadau bancio sydd gennym. Yr ydym ni, fel unigolion, yn codi sieciau'n eithaf bodlon ac fe'u hanfonwn a gobeithio y gall y banc eu cael yn iawn a'u clirio'n briodol. O ystyried ein bod yn adran o lywodraeth, ac oherwydd gwerth uchel y sieciau a roddwn yn aml, mae gennym drefniadau eraill ar waith, ac o dan y rhain mae ein holl sieciau wedi'u dilysu ymlaen llaw. Wrth hynny, golygaf ein bod, cyn rhoi unrhyw sieciau, yn anfon manylion llawn yr holl sieciau hynny i'r banc yn nhermau rhif y siec, enw'r sawl y'i telir iddo, a'r swm. Gwnawn yn union yr un peth gyda thaliadau system glirio awtomataidd y bancwyr, a hefyd drosglwyddiadau mawr eraill oddi mewn i lywodraeth. Ym mhob achos, yr ydym yn derbyn adborth gan y banc, neu'r corff perthnasol, drannoeth i ddweud ei fod wedi derbyn y symiau hynny ac mae'n cadarnhau'r cyfansymiau a anfonwyd drwodd ato a'r holl fanylion. Cawn y sicrhad wedyn gan y banciau fod y cyfrifoldeb dros glirio'r sieciau hynny ganddynt hwy.

In terms of moneys that are paid into the bank

O ran arian a delir i'r cyfrif banc, gwiriwn fod yr

account, we check that all the moneys that are paid into the bank account are promptly and regularly cleared and are properly accounted for.

holl arian a delir i'r cyfrif banc yn cael ei glirio'n brydlon ac yn amserol a bod cyfrif priodol amdanynt.

[6] **Dafydd Wigley:** May I just pick something up from the comments that were made there? You say that you send down a listing to the bank every day of what is coming through. Does the bank, therefore, not clear anything unless it is on that listing?

[6] **Dafydd Wigley:** A gaf godi rhywbeth o'r sylwadau a wnaethpwyd yn y fan honno? Dywedwch eich bod yn anfon rhestr i'r banc bob dydd o'r hyn sydd yn dod drwodd. A yw'r banc, felly, yn peidio â chlririo dim oni bai ei fod ar y rhestr honno?

Mr Pavelin: The bank is under a duty not to clear anything unless it is actually included in the listing that it receives. So, effectively, part of the security system, and part of the contract that we have with the bank, and that all Government departments have with banks, is that it is their responsibility to ensure that they only clear cheques that have been pre-authorised to them.

Mr Pavelin: Mae'r banc o dan ddyletswydd i beidio â chlririo dim oni bai ei fod wedi'i gynnwys yn y rhestr a dderbyn. Felly, yn ymarferol, rhan o'r system diogelwch, a rhan o'r contract sydd gennym â'r banc, ac sydd gan holl adrannau'r Llywodraeth â banciau, yw mai eu cyfrifoldeb hwy yw sicrhau nad ydynt ond yn clirio sieciau a awdurdodwyd iddynt ymlaen llaw.

[7] **Dafydd Wigley:** Is the person who pre-authorises independent from the people who could raise a manual cheque?

[7] **Dafydd Wigley:** A yw'r un sydd yn awdurdodi ymlaen llaw yn annibynnol ar y rhai a allai godi siec â llaw?

Mr Pavelin: Yes, they are. None of the staff in my division, who handle all the payments, are the people who authorise the listing that goes to the bank. It is an electronic transfer that goes to the bank, but that is dealt with quite separately and independently.

Mr Pavelin: Ydyw. Nid oes neb o blith y staff yn fy is-adran i, sydd yn trafod yr holl daliadau, yn rhai sydd yn awdurdodi'r rhestr sydd yn mynd i'r banc. Trosglwyddiad electronig sydd yn mynd i'r banc, ond ymdrinnir â hynny'n gwbl ar wahân ac yn annibynnol.

[8] **Dafydd Wigley:** That is the very reason why I ask about a manually raised cheque, which you may, from time to time, have to raise in emergencies.

[8] **Dafydd Wigley:** Dyna'r union reswm pam yr holais ynghylch siec a godir â llaw, y byddwch efallai, o bryd i'w gilydd, yn gorfod ei chodi mewn argyfwng.

Mr Pavelin: Well, in fact we do not have any facilities for raising manual cheques. In practise, we can use the clearing house automated payments system, so if we have an emergency and we need to make a specific payment on that day, we can deal with that directly with the bank on an individual cheque basis and make the payment that day. Similarly, if it is a very large amount that is going to another public body we have same day facilities for making transfers, and we do use those. We do not like to use them as it costs us more to do so, but we can use same day facilities. The only actual cheque that you would recognise that we hold would be some pre-authenticated

Mr Pavelin: Wel, mewn gwirionedd nid oes gennym unrhyw gyfleusterau ar gyfer codi sieciau â llaw. Yn ymarferol, gallwn ddefnyddio system taliadau awtomataidd y ty clirio, felly os cawn argyfwng a bod arnom angen gwneud taliad penodol ar y diwrnod hwnnw, gallwn ymdrin â hynny'n uniongyrchol â'r banc ar sail siec unigol a gwneud y taliad y diwrnod hwnnw. Yn yr un modd, os yw'n swm mawr iawn sydd yn mynd i gorff cyhoeddus arall mae gennym gyfleusterau trosglwyddo o fewn un diwrnod, a defnyddiwn y rheini. Nid ydym yn hoff o'u defnyddio gan ei bod yn costio mwy i wneud hynny, ond gallwn ddefnyddio cyfleusterau o fewn un diwrnod. Yr

giros, of which I think the maximum face value of each is £50.

unig sic y gwelech ein bod yn ei dal fyddai rhai sicciau *giro* a ddilyswyd ymlaen llaw, y credaf mai gwerth enwol uchaf pob un yw £50.

[9] **Dafydd Wigley:** So what you are saying is that there is no need to check against bank statements because the system is watertight?

[9] **Dafydd Wigley:** Felly yr hyn a ddywedwch yw nad oes angen gwirio'n erbyn cyfriflenni banc am fod y system yn gynhwysfawr?

Mr Pavelin: The system is watertight. The Auditor General said in his report that he found nothing when the bank reconciliation was checked for the year. I can confirm that when we brought the overall check right the way up to date, again we found that no errors were going through. That is not to say that things do not crop up with the bank, because the banks themselves sometimes identify cheques that come through with odd amounts or odd numbers on. However, if that occurs, the banks always hold those and come back to us before they clear anything.

Mr Pavelin: Mae'r system yn ddyfrglos. Dywedodd yr Archwilydd Cyffredinol yn ei adroddiad na ddaeth o hyd i ddim pan wiriwyd y cysoniad banc ar gyfer y flwyddyn. Gallaf gadarnhau inni ganfod eto wrth ddod â'r gwiriad cyffredinol at y presennol nad oedd unrhyw gamgymeriadau'n mynd drwodd. Nid yw hynny cystal â dweud nad oes pethau sydd yn dod i'r golwg gyda'r banc, oherwydd mae'r banciau eu hunain weithiau'n canfod sicciau sydd yn dod drwodd â symiau rhyfedd neu ffigurau rhyfedd arnynt. Fodd bynnag, os digwydd hynny, mae'r banciau bob amser yn cadw'r rheini ac yn dod yn ôl atom cyn iddynt glirio dim.

Mr Shortridge: Just to say, as Accounting Officer, I think that, given the sums of money that we are talking about, there is a need to have the back-up assurance of the monthly reconciliations. I am not here to suggest to the Committee that this was not a matter of significance.

Mr Shortridge: Nid oeddwn ond am ddweud, fel Swyddog Cyfrifo, fy mod yn credu, o ystyried y symiau o arian yr ydym yn sôn amdanynt, fod angen sicrhad wrth gefn y cysoniadau misol. Nid wyf yma i awgrymu i'r Pwyllgor nad oedd hyn yn fater o bwys.

[10] **Janet Davies:** Do you think that you have enough staff in place now with the necessary qualifications and experience to do that?

[10] **Janet Davies:** A gredwch fod gennych ddigon o staff ar waith yn awr â'r cymwysterau a'r profiad angenrheidiol i wneud hynny?

Mr Shortridge: At the moment, we have enough staff for the functions that Mr Pavelin undertakes as a whole—not just bank reconciliations, but the whole accountancy process. However, I would have to say to the Committee that we are on a knife-edge at the moment. About two months ago, two members of staff submitted their resignations. To lose two highly qualified members of staff in these circumstances causes us problems, because we are not over-engineered anywhere in the Assembly, and certainly not in the finance group. We are addressing that issue, and we have arrangements in hand. We are hoping to secure a secondee from the National Audit Office. It will be of benefit to the National Audit Office itself to have someone who has had that experience. We have also managed to get someone from one of the executive agencies in Wales with the relevant

Mr Shortridge: Ar hyn o bryd, mae gennym ddigon o staff ar gyfer y swyddogaethau y mae Mr Pavelin yn ymgymryd â hwy yn eu cyfanrwydd—nid cysoniadau banc yn unig, ond yr holl broses cyfrifyddiaeth. Fodd bynnag, byddai'n rhaid imi ddweud wrth y Pwyllgor ein bod ar fin y gyllell ar y funud. Tua deufis yn ôl, cynigiodd dau aelod staff eu hymddiswyddiad. Mae colli dau aelod staff tra chymwys yn yr amgylchiadau hyn yn peri problemau i ni, oherwydd nid ydym wedi gorstaffio yn unman yn y Cynulliad, ac yn sicr nid yn y grwp cyllid. Yr ydym yn ymdrin â'r mater hwnnw, ac mae gennym drefniadau ar y gweill. Yr ydym yn gobeithio sicrhau rhywun ar secondiad o'r Swyddfa Archwilio Genedlaethol. Bydd o fantais i'r Swyddfa Archwilio Genedlaethol ei hun gael rhywun a gafodd y profiad hwnnw. Yr ydym

accountancy background. So I am sufficiently confident at the moment to answer your question in the affirmative. However, we are still in a knife-edge situation, which is one of the reasons why I will want to monitor with Mr Pavelin and Mr Richards the progress with all the work, particularly preparing this year's accounts. If I find that the resource that we are currently making available is not sufficient, then I will have to deploy other people, which I can do. We have a significant number of accountants in the Assembly and, if the circumstances warranted it, I could and would redeploy them on this work.

[11] **Alison Halford:** Good afternoon, gentlemen. I have forgotten how many times it is that you have come to give evidence—I have totted it up to five, is that right?

Mr Shortridge: I have lost count.

[12] **Alison Halford:** We will settle for five, shall we? Seriously, listening to Mr Pavelin talking about the cheques, did you learn any lessons from the National Museum and Galleries of Wales pay-out? There was a bit of a problem with a cheque there, was there not, all those months ago? Do you remember that one—£30,000? Have you learned from that experience in what you have been telling us this afternoon about how cheques are cleared and that sort of thing?

Mr Pavelin: Yes. If I can recall the evidence that I gave at the time—

[13] **Alison Halford:** I am sure that you can, word for word.

Mr Pavelin: No, not word for word. The main problem with the National Museum and Galleries of Wales was not actually with the cheque payment. It paid a cheque out very quickly after the event and, if my recollection is correct, it did not go through the normal procedure for issuing the cheque. I think that in our circumstances, because of the potential risk, in that if

hefyd wedi llwyddo i gael rhywun o un o'r asiantaethau gweithredol yng Nghymru sydd â'r cefndir perthnasol mewn cyfrifyddiaeth. Felly yr wyf yn ddigon hyderus ar y funud i ateb eich cwestiwn yn gadarnhaol. Fodd bynnag, yr ydym yn dal i fod ar fin y gyllell, a dyna un o'r rhesymau pam y byddaf yn mynnu monitro'r cynnydd yn yr holl waith gyda Mr Pavelin a Mr Richards, yn enwedig wrth baratoi cyfrifon y flwyddyn hon. Os caf nad yw'r adnodd a ddarparwn ar hyn o bryd yn ddigonol, yna bydd yn rhaid imi leoli pobl eraill, a gallaf wneud hynny. Mae gennym nifer sylweddol o gyfrifwyr yn y Cynulliad ac, os oedd yr amgylchiadau'n cyfiawnhau hynny, gallwn a byddwn yn eu hadleoli i wneud y gwaith hwn.

[11] **Alison Halford:** Prynhawn da, foneddigion. Yr wyf wedi anghofio sawl gwaith y daethoch yma i roi tystiolaeth—pump yw'r cyfrif sydd gennyf fi, a yw hynny'n iawn?

Mr Shortridge: Yr wyf wedi colli cyfrif.

[12] **Alison Halford:** Derbyniwn bump, a wnawn ni? O ddifrif, wrth wrando ar Mr Pavelin yn sôn am y sieciau, a ddysgasoch unrhyw wersi o'r taliad gan Amgueddfeydd ac Orielaau Cenedlaethol Cymru? Yr oedd tipyn o broblem gyda siec yn y fan honno, onid oedd, fisoedd lawer yn ôl? A gofiwch honno—£30,000? A ddysgasoch o'r profiad hwnnw yn yr hyn y buoch yn dweud wrthym amdano'r prynhawn yma ynghylch sut y caiff sieciau eu clirio a phethau o'r fath?

Mr Pavelin: Do. Os gallaf gofio'r dystiolaeth a roddais bryd hynny—

[13] **Alison Halford:** Yr wyf yn sicr y gallwch, air am air.

Mr Pavelin: Na allaf, nid air am air. Nid oedd y brif broblem gydag Amgueddfeydd ac Orielaau Cenedlaethol Cymru'n ymwneud â'r taliad siec ei hun. Talodd siec yn gyflym iawn ar ôl y digwyddiad ac, os wyf yn cofio'n iawn, nid aeth drwy'r weithdrefn arferol ar gyfer rhoi siec. Credaf, yn ein hamgylchiadau ni, oherwydd y risg posibl, pe bai rhywun—ac ni ddywedaf hyn yn

somebody—and I do not say this lightly—drew a cheque for £1 million and drew it incorrectly, it would not be immediately obvious to us that an additional cheque had been drawn, we have many checks and safeguards in the system. That is why we do not operate a system where somebody can just go along and get a cheque and write it out.

[14] **Alison Halford:** My next question is in two parts, for which I apologise. I do not mind who answers. Are the monthly banking reconciliations now up to date, and what procedures have you put in place to ensure that a similar situation will not occur again?

Mr Shortridge: Yes, they are up to date. They are up to date as at the end of January. You would normally expect there to be a four to six week period before you get up to date from the next month. We are up to date, therefore, and we intend to remain so. In terms of what procedures are in place I will defer to Mr Pavelin, but I think that it is not so much a matter of procedures as management decision to ensure that it remains up to date. That is clearly the position.

Mr Pavelin: Yes, we have set as one of our targets now to ensure that all the bank reconciliations are kept up to date on a timely basis. I make monthly reports to the Principal Finance Officer on various financial issues, and this has now been added to the monthly list. He will get a monthly assurance from me of exactly where we have reached.

[15] **Alison Halford:** And the loss of two important members of staff has not changed the situation in that regard?

Mr Pavelin: It has not changed the situation at all. In order to bring things up to date, we employed an additional member of staff for about four months. We have the necessary trained staff. We do not have to employ our qualified staff on this work and so we are adequately staffed for it.

[16] **Alison Halford:** We are very grateful to note that the National Audit Office is satisfied that no

ddifeddwl—yn codi sic e am £1 miliwn a'i chodi'n anghywir, ni fyddai'n amlwg inni ar unwaith fod sic e ychwanegol wedi'i chodi, mae gennym lawer o rwystrau ac amddiffyniadau yn y system. Dyna pam na weithredwn system lle y caiff rhywun fynd a chael sic e a'i hysgrifennu.

[14] **Alison Halford:** Mae fy nghwestiwn nesaf mewn dwy ran, ac ymddiheuraf am hynny. Ni waeth gennyf pwy sydd yn ateb. A yw'r cysoniadau bancio misol wedi'u diweddarau bellach, a pha weithdrefnau sydd gennych ar waith i sicrhau na fydd sefyllfa debyg yn codi eto?

Mr Shortridge: Ydynt, maent wedi'u diweddarau. Fe'u diweddarwyd hyd at ddiwedd Ionawr. Fel rheol byddech yn disgwyl cyfnod o bedair i chwe wythnos cyn ichi eu diweddarau o'r mis nesaf. Yr ydym wedi'u diweddarau, felly, a bwriadwn barhau felly. O ran y gweithdrefnau sydd ar waith, ildiaf i Mr Pavelin, ond credaf nad yw'n fater o weithdrefnau yn gymaint â phenderfyniad rheoli i sicrhau ei fod yn parhau'n gyfoes. Dyna'r sefyllfa, mae'n amlwg.

Mr Pavelin: Ie, yr ydym wedi gosod yn un o'n targedau'n awr sicrhau y caiff yr holl gysoniadau banc eu diweddarau'n amserol. Yr wyf yn rhoi adroddiadau misol i'r Prif Swyddog Cyllid ar wahanol faterion ariannol, a bellach ychwanegwyd hyn at y rhestr fisol. Caiff sicrhad bob mis gennyf ynghylch lle'n union yr ydym wedi cyrraedd.

[15] **Alison Halford:** Ac nid yw colli dau aelod pwysig o staff wedi newid y sefyllfa yn hynny o beth?

Mr Pavelin: Nid yw wedi newid y sefyllfa o gwbl. Er mwyn diweddarau pethau, cyflogasom aelod staff ychwanegol am tua pedwar mis. Mae'r staff hyfforddedig angenrheidiol gennym. Nid oes rhaid inni ddefnyddio ein staff cymwys ar y gwaith hwn ac felly mae gennym ddigon o staff ar ei gyfer.

[16] **Alison Halford:** Yr ydym yn ddiolchgar iawn o sylwi bod y Swyddfa Archwilio

erroneous or fraudulent transaction arose or was detected in the 1999-2000 results as a result of the delay in the banking reconciliations. Are you equally happy about the current situation?

Mr Shortridge: Yes, I am. In the reconciliations that we have now completed, nothing has come to light that indicates anything untoward in the transactions.

[17] **Alison Halford:** How can you be so sure?

Mr Pavelin: The bankers' automated clearing system, the automatic payments that go through, go through to specific bank accounts and if people do not receive their payments, they are very quick to contact us. In the case of the cheques, I gave a description of the pre-authentication that we apply to all cheques going through. We have no instances at present of any cheques going astray.

[18] **Alison Halford:** Given that you set aside monthly banking reconciliations because of competing pressures on your scarce resources—which we all accept—I have been asked to ask you what other corners did you cut to maintain the accounting function during that hectic period?

Mr Pavelin: I will explain my decision to stop bank reconciliations. The same staff complete the value-added tax returns for Her Majesty's Customs and Excise. The VAT returns enable the Assembly not to pay money out, but to actually claim money back from HM Customs and Excise, a sum in the region of about £12 million a year. We need that cash back in order to help keep the Assembly's budget in balance. That was the decision I took at the time. The other area of work that we reduced work on was on something called suspense accounts. When we make a payment to an organisation and we are not sure exactly how much needs to be charged into which account, we put it into a suspense account. Across the Assembly, staff are responsible for individual suspense accounts and they should be undertaking a monthly reconciliation. Some we do ourselves because they relate to bookkeeping. We were not following up on some of those at the time, but we have now reinstated our three monthly or six

Genedlaethol yn fodlon nad oedd yr un trafodiad gwallus neu dwyllodrus wedi codi neu wedi'i ganfod yng nghanlyniadau 1999-2000 o ganlyniad i'r oedi yn y cysoniadau bancio. A ydych yr un mor fodlon ynghylch y sefyllfa bresennol?

Mr Shortridge: Ydwyf. Yn y cysoniadau yr ydym bellach wedi'u cwblhau, ni ddaeth dim i'r golwg sydd yn dangos unrhyw beth anffodus yn y trafodion.

[17] **Alison Halford:** Sut y gallwch fod mor sicr?

Mr Pavelin: Mae system glirio awtomataidd y bancwyr, y taliadau awtomatig sydd yn mynd drwodd, yn mynd drwy gyfrifon banc penodol ac os nad yw pobl yn derbyn eu taliadau, maent yn cysylltu â ni'n fuan iawn. Yn achos sieciau, disgrifiais y dilysu ymlaen llaw a gymhwyswn at yr holl sieciau sydd yn mynd drwodd. Nid oes gennym yr un achos ar hyn o bryd o sieciau'n mynd ar goll.

[18] **Alison Halford:** O dderbyn eich bod wedi rhoi cysoniadau bancio misol o'r neilltu oherwydd pwysau sydd yn cystadlu â'i gilydd ar eich adnoddau prin—ac yr ydym oll yn derbyn hynny—gofynnwyd imi ofyn ichi pa gorneli eraill a dorasoch er mwyn cynnal y swyddogaeth cyfrifo yn ystod y cyfnod prysur hwnnw?

Mr Pavelin: Egluraf fy mhenderfyniad i atal cysoniadau banc. Yr un staff sydd yn cwblhau ffurflenni treth ar werth ar gyfer Tollau Cartref a Thramor Ei Mawrhydi. Mae'r ffurflenni treth ar werth yn galluogi'r Cynulliad i beidio â thalu arian, ond hefyd i hawlio arian yn ôl oddi wrth Dollau Tramor a Chartref Ei Mawrhydi, swm o tua £12 miliwn y flwyddyn. Mae arnom angen cael yr arian hwnnw yn ôl er mwyn helpu i gadw cyllideb y Cynulliad yn gytbwys. Dyna'r penderfyniad a wneuthum ar y pryd. Y maes gwaith arall y gwnaethom lai o waith arno oedd rhywbeth a elwir yn gyfrifon crog. Pan wnawn daliad i gorff a ninnau heb fod yn sicr pa faint yn union y mae angen ei roi ym mha gyfrif, yr ydym yn ei roi mewn cyfrif crog. Drwy'r Cynulliad, mae staff yn gyfrifol am gyfrifon crog unigol a dylent ymgymryd â chysoniad misol. Byddwn yn gwneud rhai ein hunain am eu bod yn ymwneud â chadw cyfrifon. Nid oeddem yn dilyn rhai o'r rheini ar y pryd, ond yr ydym bellach wedi

monthly follow-ups on them.

ailgychwyn eu dilyn bob tri neu chwe mis.

[19] **Alison Halford:** My final question, if the Chair will indulge me, might seem somewhat tangential—I think that is the word. However, I cannot resist it as we are looking at such important people with regard to finance. It has concerned me that I am unable as an elected Member to get certain information to which I think I am entitled from a certain nameless police authority. I now find out that there is absolutely no redress even if I take my complaint to the Local Government Ombudsman. Bearing in mind that half of the budget to the four police forces in Wales comes from the National Assembly, do you think that we have a problem in that we have no control over how money is being spent?

[19] **Alison Halford:** Gallai fy nghwestiwn olaf, os bydd y Cadeirydd yn goddef imi, ymddangos braidd yn amherthnasol—credaf mai dyna'r gair. Fodd bynnag, ni allaf beidio gan ein bod yn edrych ar bobl mor bwysig mewn perthynas â chyllid. Mae'n ofid imi nad wyf, fel Aelod etholedig, yn gallu cael gwybodaeth benodol y credaf fod gennyf hawl i'w derbyn oddi wrth awdurdod heddlu dienw penodol. Cefais wybod bellach nad oes unrhyw iawn o gwbl i'w gael hyd yn oed os af â'm cwyn at yr Ombwdsmon dros Lywodraeth Leol. O gofio bod hanner y gyllideb i'r pedwar heddlu yng Nghymru'n dod o'r Cynulliad Cenedlaethol, a gredwch fod gennym broblem i'r graddau nad oes gennym reolaeth dros y modd y caiff arian ei wario?

[20] **Janet Davies:** Mr Shortridge, are you prepared to answer that now, or would you prefer to give a written answer, because I realise that it does not relate to the reports?

[20] **Janet Davies:** Mr Shortridge, a ydych yn barod i ateb hynny'n awr, neu a fyddai'n well gennych roi ateb ysgrifenedig, oherwydd sylweddolaf nad yw'n ymwneud â'r adroddiadau?

Mr Shortridge: I would certainly need to give you a written answer, Miss Halford, to ensure that you get a proper answer. The short answer is that the money for the police authorities is not something that I account for personally. So I am unable to intervene directly to help you, but I will give you a full written answer on that point.

Mr Shortridge: Byddai arnaf angen rhoi ateb ysgrifenedig i chi yn sicr, Miss Halford, er mwyn sicrhau y cewch ateb priodol. Yr ateb byr yw nad yw'r arian i'r awdurdodau heddlu'n rhywbeth yr wyf yn atebol amdano'n bersonol. Felly ni allaf ymyrryd yn uniongyrchol i'ch helpu, ond rhoddaf ateb ysgrifenedig llawn i chi ar y pwynt hwnnw.

[21] **Alison Halford:** Please do not think that I am being disingenuous but could I also remind you that in the Committee's meeting on 9 November 2000 you promised me a little note about the maintenance costs, when we were discussing this building. It is on page 33 of that report. I can drop you a note. It possibly slipped your officials' minds.

[21] **Alison Halford:** Peidiwch â meddwl fy mod yn ffuantus, os gwelwch yn dda, ond a allaf eich atgoffa hefyd eich bod yng nghyfarfod y Pwyllgor ar 9 Tachwedd 2000 wedi addo nodyn bach i mi am y costau cynnal a chadw, pan oeddem yn trafod yr adeilad hwn. Mae ar dudalen 33 yr adroddiad hwnnw. Gallaf anfon nodyn atoch. Efallai ei fod wedi mynd o feddwl eich swyddogion.

Mr Shortridge: It clearly has, and I am very sorry about that because I take these matters very seriously. I re-read the transcript before this hearing and I must have missed it again. I apologise.

Mr Shortridge: Mae'n amlwg ei fod, ac mae'n ddrwg iawn gennyf am hynny oherwydd yr wyf yn cymryd y materion hyn yn dra o ddifrif. Ailddarllenais y trawsgrifiad cyn y gwrandawriad hwn ac mae'n rhaid fy mod wedi'i fethu eto. Ymddiheuraf.

[22] **Alison Halford:** It is not a problem. I am

[22] **Alison Halford:** Nid yw'n peri problem. Yr

sure that it can be resolved. Thank you very much.

wyf yn sicr y gellir ei ddatrys. Diolch yn fawr.

[23] **Janet Davies:** Jocelyn, you wanted to ask a few questions?

[23] **Janet Davies:** Jocelyn, yr oeddech am ofyn ychydig o gwestiynau?

[24] **Jocelyn Davies:** Paragraph 7 of the general report states that the quality of information provided in support of the figures in the account was much improved from the dry-run audit of 1998-99 and that it was also evident that senior management demonstrated a greater involvement in the account preparation process. What do you think were the main reasons for that improvement?

[24] **Jocelyn Davies:** Mae paragraff 7 yn yr adroddiad cyffredinol yn nodi bod ansawdd yr wybodaeth a ddarparwyd i ategu'r ffigurau yn y cyfrif yn well o lawer na hynny yn yr archwiliad ymarfer yn 1998-99 a'i bod hefyd yn amlwg bod yr uwch reolwyr yn dangos eu bod yn cymryd mwy o ran yn y broses paratoi cyfrifon. Beth a gredwch oedd y prif resymau dros y gwelliant hwnnw?

Mr Shortridge: I think that the main reason was that we had learned some of the lessons from the previous year. The previous year was our first attempt at putting together a resource account, albeit a draft resource account. Resource accounting requires officials throughout the Assembly to provide the central accountants with new and different information. The first time round, there was a bit of a cultural lag and there was insufficient appreciation across the whole office of how necessary this information was and, in particular, how necessary it was to get it in a timely way. In the light of that experience, for these accounts and for the future, we have much better contacts in place with all the key divisions within the Assembly, which now have an understanding of precisely why this information is required, what is needed and so on. That is basically what underlies the point in paragraph 7.

Mr Shortridge: Credaf mai'r prif reswm oedd ein bod wedi dysgu rhai o'r gwersi o'r flwyddyn flaenorol. Yn y flwyddyn flaenorol y cafwyd ein hymgais gyntaf i lunio cyfrif adnoddau, er mai cyfrif adnoddau drafft ydoedd. Mae cyfrifo adnoddau'n gofyn am ddarparu gwybodaeth newydd a gwahanol gan swyddogion drwy'r Cynulliad i'r cyfrifwyr canolog. Y tro cyntaf, yr oedd tipyn o oedi diwylliannol ac nid oedd digon o ddealltwriaeth drwy'r swyddfa gyfan ynghylch pa mor angenrheidiol oedd yr wybodaeth hon ac, yn benodol, pa mor angenrheidiol ydoedd i'w chael yn amserol. Yng ngoleuni'r profiad hwnnw, ar gyfer y cyfrifon hyn ac ar gyfer y dyfodol, yr ydym wedi sefydlu gwell cysylltiadau o lawer gyda'r is-adrannau allweddol oddi mewn i'r Cynulliad, sydd â dealltwriaeth bellach o'r union reswm am yr angen am yr wybodaeth hon, yr hyn sydd ei angen ac yn y blaen. Hynny yn y bôn sydd yn sail i'r pwynt ym mharagraff 7.

[25] **Jocelyn Davies:** Why was it not possible to prepare an account for audit until six and a half months after the end of the financial year and some two and a half months after the date agreed?

[25] **Jocelyn Davies:** Pam nad oedd yn bosibl paratoi cyfrif i'w archwilio tan chwe mis a hanner ar ôl diwedd y flwyddyn ariannol a thua deufis a hanner ar ôl y dyddiad a gytunwyd?

Mr Shortridge: I think that the key figure is the two and a half months after the date agreed. Producing a set of accounts for an organisation as complex as the Assembly is a pretty onerous and time-consuming job. Paragraph 10 of the Auditor General's report summarises the main reasons and I am happy to amplify those, Chair, if you would like me to. There are four points. The first point is the unforeseen accounting difficulties. Essentially, those were the fact that we discovered that the

Mr Shortridge: Credaf mai'r ffigur allweddol yw'r ddeufis a hanner ar ôl y dyddiad a gytunwyd. Mae cynhyrchu set o gyfrifon ar gyfer corff mor gymhleth â'r Cynulliad yn waith eithaf trwm a llafurus. Mae paragraff 10 yn adroddiad yr Archwilydd Cyffredinol yn crynhoi'r prif resymau a byddaf yn falch o ymhelaethu ar y rheini, Gadeirydd, os dymunwch. Mae pedwar pwynt. Y pwynt cyntaf yw'r anawsterau cyfrifo annisgwyl. Yn y bôn, y rheini oedd y ffaith inni

original National Assembly for Wales (Transfer of Functions) Order 1999 did not adequately and properly cover the responsibility for expenditure on certain significant grants: some European grants and for regional selective assistance. That meant that the Office of the Secretary of State for Wales had to make these payments for us on an agency basis in order to ensure that they continued to be regular. Unpicking all of that, and accounting for that properly in relation to what applied to our accounts and what applied to the Secretary of State for Wales's accounts, was a laborious time-consuming exercise that we had not anticipated and which meant we had to divert significant resources to it. So that was the first reason.

The second reason was just the fact that our workload in this period was in a sense doubled, or almost doubled, because we had to prepare two sets of accounts over the 12 month period, one for the first quarter and one for the second three quarters. Again, that took time. Thirdly, there was the shortage of suitably qualified accounting staff, which I think in context is the most important reason. We did think that we had sufficient staff to do it, but when these problems arose and given that we were dealing with different types of accounts and more accounts, plus the effect of moving from Welsh Office to National Assembly for Wales, we had a significant capacity constraint.

The last point relates to our difficulties in compiling some of the accounting information. That, in part, relates back to the problems that we had in getting staff in divisions to understand the nature of the new information that was required for resource accounts.

[26] **Jocelyn Davies:** You could not foresee any of those difficulties in time to do anything about them?

Mr Shortridge: We knew that it was going to be difficult. We did not foresee just how significant certain of these difficulties would be. Certainly, we had not anticipated that there would be problems with the transfer of functions Order that would feed into the account. I think that we underestimated the extent to which the staff that we had available would actually not be available

ddarganfod nad oedd y Gorchymyn Cynulliad Cenedlaethol Cymru (Trosglwyddo Swyddogaethau) 1999 gwreiddiol yn ymdrin yn ddigonol ac yn briodol â'r cyfrifoldeb dros wariant ar rai grantiau pwysig: rhai grantiau Ewropeaidd ac ar gyfer cymorth rhanbarthol dewisol. Golygai hynny fod yn rhaid i Swyddfa Ysgrifennydd Gwladol Cymru wneud y taliadau hyn ar ein rhan ar sail asiantaeth er mwyn sicrhau eu bod yn parhau'n rheolaidd. Yr oedd datod hynny i gyd, a rhoi cyfrif priodol am hynny mewn perthynas â beth oedd yn berthnasol i'n cyfrifon ni a beth oedd yn berthnasol i gyfrifon Ysgrifennydd Gwladol Cymru, yn waith araf a llafurus nad oeddem wedi'i ddisgwyl ac a olygai ein bod yn gorfod dargyfeirio adnoddau sylweddol ato. Felly hwnnw oedd y rheswm cyntaf.

Yr ail reswm oedd y ffaith bod ein baich gwaith yn y cyfnod hwn ar un ystyr wedi dyblu neu bron ddyblu, am fod yn rhaid inni baratoi dwy set o gyfrifon dros y cyfnod o 12 mis, un ar gyfer y chwarter cyntaf ac un ar gyfer yr ail dri chwarter. Unwaith eto, yr oedd hynny'n cymryd amser. Yn drydydd, yr oedd prinder staff cyfrifo â chymwysterau addas, sef y rheswm pwysicaf, yr wyf yn credu, yn y cyd-destun hwn. Credasom fod gennym ddigon o staff i'w wneud, ond pan gododd y problemau hyn ac o ystyried ein bod yn trafod gwahanol fathau o gyfrifon a mwy o gyfrifon, ynghyd ag effaith symud o'r Swyddfa Gymreig i Gynulliad Cenedlaethol Cymru, yr oedd cyfyngiad sylweddol ar ein gallu.

Mae'r pwynt olaf yn ymwneud â'r anawsterau a gawsom wrth gasglu rhywfaint o'r wybodaeth cyfrifo. Mae hynny'n ymwneud yn rhannol â'r problemau a gawsom wrth gael gan staff mewn is-adrannau ddeall natur yr wybodaeth newydd yr oedd ei hangen ar gyfer cyfrifon adnoddau.

[26] **Jocelyn Davies:** Ni allech ragweld yr un o'r anawsterau hynny mewn pryd i wneud rhywbeth yn eu cylch?

Mr Shortridge: Gwyddem y byddai'n anodd. Ni ragwelasom mor sylweddol y byddai rhai o'r anawsterau hyn. Yn sicr, ni ragwelasom y byddai problemau gyda'r Gorchymyn trosglwyddo swyddogaethau a fyddai'n dylanwadu ar y cyfrif. Credaf ein bod wedi rhoi amcan rhy isel o'r graddau na fyddai'r staff a oedd ar gael i ni ar gael i ni mewn gwirionedd, am eu bod yn

to us, because they were trainees and on courses and so on. I agree with you that, with hindsight, we should have anticipated more of this and sought to manage it better. I agree with that.

hyfforddeion ac ar gyrsiau ac yn y blaen. Cytunaf â chi, â synnwyr trannoeth, y dylem fod wedi rhagweld mwy o hyn ac wedi ceisio'i reoli'n well. Cytunaf â hynny.

[27] **Jocelyn Davies:** Have the deficiencies in the transfer of functions Order been put right?

[27] **Jocelyn Davies:** A yw'r diffygion yn y Gorchymyn trosglwyddo swyddogaethau wedi'u cywiro?

Mr Shortridge: Yes.

Mr Shortridge: Ydynt.

[28] **Jocelyn Davies:** That has been transferred.

[28] **Jocelyn Davies:** Mae hynny wedi'i drosglwyddo.

Mr Shortridge: Yes, it has all been fixed.

Mr Shortridge: Ydyw, mae'r cwbl wedi'i ddatrys.

[29] **Jocelyn Davies:** Do you now have sufficient suitably-qualified and experienced staff to ensure that the 2000-01 resource accounts can be prepared to a good standard, and in line with the agreed timetable, to maintain a fully efficient finance function for the Assembly?

[29] **Jocelyn Davies:** A oes gennych ddigon o staff â chymwysterau a phrofiad addas bellach i sicrhau y gellir paratoi cyfrifon adnoddau 2000-01 at safon dda, ac yn unol â'r amserlen a gytunwyd, er mwyn cynnal swyddogaeth cyllid gwbl effeithlon ar gyfer y Cynulliad?

Mr Shortridge: Yes, subject to the comment that I made earlier that I think that our staffing position is on a knife-edge and requires careful monitoring, which is why, this time, I will personally associate myself with that monitoring process.

Mr Shortridge: Oes, yn amodol ar y sylw a wneuthum yn gynharach fy mod yn credu bod ein sefyllfa staffio ar fin y gyllell a bod angen ei monitro'n ofalus, sef y rheswm pam y byddaf, y tro hwn, yn ymuno'n bersonol â'r broses monitro honno fy hun.

[30] **Jocelyn Davies:** Paragraph 10 of the report refers to the difficulties in obtaining and compiling some of the essential accounting information to the necessary internal deadlines. What were these difficulties and what have you done to prevent them from happening again?

[30] **Jocelyn Davies:** Mae paragraff 10 yn yr adroddiad yn cyfeirio at yr anawsterau wrth gael a chasglu rhywfaint o'r wybodaeth cyfrifo hanfodol o fewn y terfynau amser mewmol angenrheidiol. Beth oedd yr anawsterau hyn a beth a wnaethoch i'w hatal rhag digwydd eto?

Mr Shortridge: I referred to that earlier in general terms. However, I will invite Mr Pavelin to give you the fuller detail.

Mr Shortridge: Cyfeiriaais at hynny'n gynharach yn gyffredinol. Fodd bynnag, gwahoddaf Mr Pavelin i roi mwy o fanylion i chi.

Mr Pavelin: We are asking staff who have been used to working on the basis of cash budgets to

Mr Pavelin: Yr ydym yn gofyn i'r staff sydd wedi arfer gweithio ar sail cyllidebau arian i roi

provide us with information on creditors, bills that are outstanding and understanding of grants that form part of the base of the Assembly's creditors. Although we had provided them with some training, we found that, in practice, we had to go back and almost re-do the training with them. The other element is that, because this has been new to staff and managers, managers put in slightly less effort in ensuring that their staff produced the information for us on time. Since then, we have identified a finance contact in each division. The Permanent Secretary has spoken to all of the group directors to tell them that it is important that all the information is provided on time. I am under instructions now to report to the Permanent Secretary if reports are late coming back to us. We have seven or eight reports coming back from each division, all on slightly different timescales. Therefore, we have set a framework in place to ensure that everything is chased up and is on time. We have provided more training for staff and we now have named contacts in each division to make sure that all the information feeds through in the right way.

gwybodaeth i ni ar gredydwy, biliau sydd heb eu talu a dealltwriaeth o grantiau sydd yn ffurfio rhan o sylfaen credydwy y Cynulliad. Er inni ddarparu rhywfaint o hyfforddiant iddynt, cawsom, yn ymarferol, fod yn rhaid inni fynd yn ôl a bron ail-wneud yr hyfforddiant gyda hwy. Yr elfen arall yw, am fod hyn yn newydd i'r staff a'r rheolwyr, fod y rheolwyr wedi gwneud ychydig llai o ymdrech i sicrhau bod eu staff yn cynhyrchu'r wybodaeth ar ein cyfer mewn pryd. Ers hynny, yr ydym wedi dynodi cyswllt cyllid ym mhob is-adran. Mae'r Ysgrifennydd Parhaol wedi siarad â phawb yn y grŵp cyfarwyddwyr i ddweud wrthynt ei bod yn bwysig darparu'r holl wybodaeth mewn pryd. Yr wyf wedi fy nghyfarwyddo bellach i hysbysu'r Ysgrifennydd Parhaol os yw adroddiadau'n hwyr yn dod yn ôl atom. Mae gennym saith neu wyth o adroddiadau'n dod yn ôl o bob is-adran, pob un yn ôl amserlen ychydig yn wahanol. Felly, yr ydym wedi sefydlu fframwaith i sicrhau yr eir ar ôl pob dim a'i fod yn dod mewn pryd. Darparasom fwy o hyfforddiant i staff ac yn awr mae gennym gysylltiadau wedi'u henwi ym mhob is-adran i sicrhau bod yr holl wybodaeth yn dod drwodd yn y modd cywir.

[31] **Janice Gregory:** I have a brief supplementary question. It is a matter that I am curious about, for want of a better word, if nothing else. Jon, you mentioned quite a few times the lack of staff and that staffing problems exist. I think that we all understand that. As Assembly Members we understand the problems, to a small extent, with the payment of bills by the BACS system as opposed to a cheque. I am thinking of AM support staff pensions, for example. Is there an Assembly division that places more demands on the scarce resources available to you? If so, which division is it? I suspect that there may be a division that demands more from your staff.

[31] **Janice Gregory:** Mae gennyf gwestiwn atodol byr. Mae'n fater yr wyf yn chwilfrydig yn ei gylch, yn niffyg gair gwell, yn anad dim arall. Jon, soniasoch gryn nifer o weithiau am y prinder staff a bod problemau staffio'n bodoli. Credaf fod pawb ohonom yn deall hynny. Fel Aelodau o'r Cynulliad deallwn ychydig am y problemau sydd ynglyn â thalu biliau drwy system glirio awtomataidd y bancwyr yn hytrach na drwy siec. Yr wyf yn meddwl am bensiynau staff cynorthwyol Aelodau'r Cynulliad, er enghraifft. A oes is-adran yn y Cynulliad sydd yn rhoi mwy o alwadau ar yr adnoddau prin sydd ar gael i chi? Os felly, pa is-adran ydyw? Amheuaif fod is-adran efallai sydd yn gofyn mwy gan eich staff.

Mr Shortridge: You are saying that you think that certain parts of the Assembly are better staffed than others. Is that your point?

Mr Shortridge: Yr ydych yn dweud eich bod yn meddwl bod rhai rhannau o'r Cynulliad wedi'u staffio'n well nag eraill. Ai hynny yw'ch pwynt?

[32] **Janice Gregory:** No. I am asking whether all the Assembly's divisions comply with how you want to do the accounting, or are there certain people whom you have to pay who wish to be paid in a different way?

[32] **Janice Gregory:** Nage. Yr wyf yn gofyn a yw holl is-adrannau'r Cynulliad yn cydymffurfio â'r modd yr ydych yn dymuno cyfrifo, neu a oes rhai pobl yr ydych yn gorfod eu talu sydd yn dymuno cael eu talu mewn modd gwahanol?

Mr Shortridge: I will have to defer to Mr Pavelin

Mr Shortridge: Bydd yn rhaid imi ildio i Mr

on that, as he makes all the payments.

Pavelin ar hynny, gan mai ef sydd yn gwneud yr holl daliadau.

Mr Pavelin: I am not aware of that. The Assembly is seeking to persuade as many people as possible to receive their payments via BACS. It is a far more secure and certain system and it is a much faster system. Most of our ordinary trade creditor suppliers, such as British Telecom plc and so on, would automatically take BACS payments. The one area of the Assembly where we still use a large volume of cheques is in relation to farmers. We have run a couple of campaigns over the last two years, with our colleagues in the Agriculture Department, to try to persuade farmers that having the money paid into their bank or building society account, or wherever else they want it paid, is a far more secure for them, and that it gets the money to them a lot quicker and is not subject to the vagaries of the post. Neither is it subject to the vagaries and the problems that we have in trying to deal with lost cheques. The grants that go to farmers are European moneys, and there are various European constraints upon us as to how we handle the reissue of new cheques. That involves a lot of effort. We have been quite successful with the two campaigns to persuade farmers to take BACS payments, and we are planning a further campaign in the fairly near future.

Mr Pavelin: Nid wyf yn ymwybodol o hynny. Mae'r Cynulliad yn ceisio darbwyllo cynifer ag y bo modd i dderbyn eu taliadau drwy system glirio awtomataidd y bancwyr. Mae'n system lawer mwy diogel a sicr ac mae'n system gyflymach o lawer. Byddai'r rhan fwyaf o'n cyflenwyr sydd yn gredydwyr masnach arferol, fel British Telecom ccc ac yn y blaen, yn derbyn taliadau system glirio awtomataidd y bancwyr yn awtomatig. Yr unig faes yn y Cynulliad lle'r ydym yn dal i ddefnyddio nifer mawr o sieciau yw mewn perthynas â ffermwyr. Yr ydym wedi rhedeg mwy nag un ymgyrch dros y ddwy flynedd diwethaf, gyda'n cydweithwyr yn yr Adran Amaethyddiaeth, i geisio darbwyllo ffermwyr bod cael talu'r arian i'w cyfrif banc neu gymdeithas adeiladu, neu lle bynnag arall y dymunant iddo gael ei dalu, yn llawer mwy diogel iddynt, a'i fod yn dod â'r arian atynt yn llawer cynt ac nad yw'n agored i fympwyon y post. Nid yw'n agored ychwaith i'r mympwyon a'r problemau a gawn wrth geisio delio â sieciau coll. Arian Ewropeaidd yw'r grantiau sydd yn mynd i ffermwyr, ac mae amryw o gyfyngiadau Ewropeaidd arnom o ran y modd yr ydym yn trafod ail-roi sieciau newydd. Mae hynny'n golygu llawer o waith. Buom yn eithaf llwyddiannus gyda'r ddwy ymgyrch i ddarbwyllo ffermwyr i dderbyn taliadau system glirio awtomataidd y bancwyr, ac yr ydym yn bwriadu cynnal ymgyrch bellach yn y dyfodol gweddol agos.

[33] **Janice Gregory:** I think that this is an important issue. I had a suspicion that that was happening, so I will ask you the question again—is this an additional drain on the resources that you have? If the agricultural community agreed to receive payments through BACS, would it ease the problems with which you currently have to deal? Further to that, you are giving farmers an option on how payments are made to them. Does everyone have that option, or do you stamp your foot down and say that payments will be made in a certain way? Are you more pedantic with other people?

[33] **Janice Gregory:** Credaf fod hyn yn fater pwysig. Yr oeddwn yn amau bod hynny'n digwydd, felly gofynnaf y cwestiwn i chi eto—a yw hyn yn dreth ychwanegol ar yr adnoddau sydd gennych? Pe bai'r gymuned amaethyddol yn cytuno i dderbyn taliadau drwy system glirio awtomataidd y bancwyr, a fyddai'n lliniaru'r problemau y mae'n rhaid ichi ymdrin â hwy ar hyn o bryd? Yn ychwanegol at hynny, yr ydych yn rhoi dewis i ffermwyr ar y modd y gwneir taliadau iddynt. A yw pawb yn cael y dewis hwnnw, neu a ydych yn taro'ch troed ar lawr ac yn dweud y gwneir taliadau mewn modd penodol? A ydych yn fwy pedantig gyda phobl eraill?

Mr Pavelin: We are far more forceful with other people. We would automatically tell an ordinary trade supplier that our means of payment is via BACS and ask them to send us their BACS details. Farmers have traditionally been paid by

Mr Pavelin: Yr ydym yn fwy penderfynol o lawer gyda phobl eraill. Byddem yn dweud yn awtomatig wrth gyflenwr masnach cyffredin mai system glirio awtomataidd y bancwyr yw ein cyfrwng talu ac yn gofyn iddo anfon ei fanylion ar

cheque. In terms of effort at our end, there is not too much more effort because, again, it all comes automatically off the system. What it does mean is the cost of an envelope and a stamp each time that we send a cheque out, and there is little effort involved in dealing with all of that. However, in terms of actual effort, there is not too much more involved in doing it in that way. We are slowly automating more and more of our systems and, as we do that, we need to move an awful lot more of the payments over to BACS, to take out the problems of having to put cheques into a machine and all the security systems that you must have to put 500 cheques into a machine, such as having people standing watching for security reasons and all the things that go with that.

gyfer system glirio awtomataidd y bancwyr atom. Telir ffermwyr â siec yn draddodiadol. O ran ymdrech ar ein rhan ni, nid oes llawer mwy o ymdrech oherwydd, unwaith eto, daw'r cwbl yn awtomataidd o'r system. Yr hyn a olyga yw cost amlen a stamp bob tro yr ydym yn anfon siec allan, ac ychydig o ymdrech sydd yn gysylltiedig â thrafod hynny i gyd. Fodd bynnag, o ran ymdrech wirioneddol, nid oes llawer mwy yn gysylltiedig â'i gwneud felly. Yn araf deg, yr ydym yn awtomeiddio mwy a mwy o'n systemau ac, wrth wneud hynny, mae angen inni symud llawer iawn mwy o'r taliadau drosodd at system glirio awtomataidd y bancwyr, i ddileu'r problemau o orfod rhoi sieciau mewn peiriant a'r holl systemau diogelwch yr ydych yn gorfod eu cael er mwyn rhoi 500 o sieciau mewn peiriant, fel cael pobl i sefyll yn gwyllo am resymau diogelwch a'r holl bethau sydd ynglyn â hynny.

[34] **Janice Gregory:** I hope that steps are being taken to ensure that you do begin to stamp your foot down and say that payments will be made through BACS. If the option is not given to other people, I feel that it should be a matter of 'one for all and all for one'.

[34] **Janice Gregory:** Gobeithiaf fod camau'n cael eu cymryd i sicrhau eich bod yn dechrau taro'ch troed ar lawr a dweud y gwneir taliadau drwy system glirio awtomataidd y bancwyr. Os na roddir y dewis i bobl eraill, credaf y dylai fod yn fater o 'un dros bawb a phawb dros un'.

[35] **Janet Davies:** We will move on to the section on the future development of resource accounting and budgeting. Looking at the planned introduction of resource-based budgeting, why did the Assembly Executive choose not to introduce resource-based budgeting for 2001-02, in line with United Kingdom government departments?

[35] **Janet Davies:** Symudwn ymlaen at yr adran ar ddatblygu cyfrifo a chyllido adnoddau yn y dyfodol. Gan edrych ar y bwriad i gychwyn cyllido ar sail adnoddau, pam y penderfynodd Gweithrediaeth y Cynulliad beidio â chychwyn cyllido ar sail adnoddau ar gyfer 2001-02, yn unol ag adrannau llywodraeth y Deyrnas Unedig?

Mr Shortridge: I think that we took the view that to introduce it for 2001-02 would have been unmanageable. It would have meant putting in place the arrangements at the beginning of the present financial year, and I think that we felt that with so many other changes taking place, in terms of moving to resource accounting and moving to a totally different budgeting system, as required by the Assembly, it was a risk too far to go into resource budgeting along with everything else at that time.

Mr Shortridge: Credaf ein bod wedi barnu y byddai'i gyflwyno ar gyfer 2001-02 wedi bod yn anodd i'w reoli. Byddai wedi golygu rhoi'r trefniadau ar waith ar ddechrau'r flwyddyn ariannol bresennol, a chredaf ein bod yn teimlo, gyda chynifer o newidiadau eraill yn digwydd, o ran symud at gyfrifo ar sail adnoddau a symud at system gyllido gwbl wahanol, yn ôl gofyniad y Cynulliad, ei bod yn ormod o fenter dechrau cyllido ar sail adnoddau ochr yn ochr â phopeth arall y pryd hwnnw.

[36] **Janet Davies:** The rest of the UK has been going ahead with this. Clearly, when you do anything new problems potentially arise. I wondered if you were monitoring possible problems in UK departments to see if we can learn any lessons from that.

[36] **Janet Davies:** Aeth gweddill y DU ymlaen â hyn. Mae'n amlwg, pan wnewch rywbeth newydd, y gall problemau godi. Yr oeddwn yn meddwl tybed a oeddech yn monitro problemau posibl yn adrannau'r DU i weld a allwn ddsygu unrhyw wersi oddi wrth hynny.

Mr Shortridge: I will ask Mr Richards to answer that.

Mr Shortridge: Gofynnaf i Mr Richards ateb hynny.

Mr Richards: We do keep in touch with other departments, particularly with what has happened in Scotland, the budget of which is the nearest equivalent to ours. Three of my staff were in Scotland the week before last and spent a couple of days with its resource budgeting team going through the way that it has done things and learning from its experiences.

Mr Richards: Yr ydym yn cadw mewn cysylltiad ag adrannau eraill, yn enwedig â'r hyn a ddigwyddodd yn yr Alban, y mae ei chyllideb yn cyfateb yn agosaf i'n hun ni. Yr oedd tri o'm staff yn yr Alban yr wythnos cyn y ddiwethaf a threuliasant ddau ddiwrnod gyda'i thîm cyllido ar sail adnoddau'n mynd drwy'r ffordd a wnaeth bethau ac yn dysgu oddi wrth ei brofiadau.

[37] **Janet Davies:** So, despite devolution, they managed to do it in Scotland.

[37] **Janet Davies:** Felly, er gwaethaf datganoli, llwyddasant i'w wneud yn yr Alban.

Mr Richards: They are not finding it straightforward. I think that they are having to revise some of their numbers. I think that what the Scots have found is that they put their resource budget numbers out quite quickly and they are having to revisit some of them.

Mr Richards: Nid ydynt yn cael ei fod yn syml. Credaf eu bod yn gorfod adolygu rhai o'u ffigurau. Credaf mai'r hyn a ganfu'r Albanwyr yw eu bod wedi dosbarthu ffigurau eu cyllideb adnoddau'n eithaf cyflym ac yr ydynt yn gorfod ailedrych ar rai ohonynt.

[38] **Janet Davies:** Could you update the Committee about the latest timetable for the proposed introduction of resource budgeting?

[38] **Janet Davies:** A allech roi'r diweddaraf i'r Pwyllgor am yr amserlen ddiweddaraf ar gyfer cychwyn arfaethedig cyllido ar sail adnoddau?

Mr Shortridge: We are working on the assumption that the budget for 2002-03 will be prepared on a resource basis. That is the budget that will begin to be considered by Assembly Committees in late spring or early summer. We have arrangements in place to deliver all that. We have converted our cash budgets to resource budgets. We have put in place a substantial training programme for staff who will be affected by it at the two levels: the staff who need to have an understanding and awareness of it at the one level, and the staff who actually have to operate it and make it work at the other level. My firm belief and expectation is that we will in the next financial year—from next month—be preparing a budget for the following financial year on a resource basis.

Mr Shortridge: Yr ydym yn gweithio ar sail y rhagdybiaeth y paratir y gyllideb ar gyfer 2002-03 ar sail adnoddau. Honno yw'r gyllideb y bydd Pwyllgorau'r Cynulliad yn dechrau'i hystyried ddiwedd y gwanwyn neu ddechrau'r haf. Mae gennym drefniadau ar waith i gyflawni hynny i gyd. Newidiasom ein cyllidebau arian yn gyllidebau adnoddau. Sefydilasom raglen hyfforddi sylweddol ar gyfer staff a effeithir gan hynny ar y ddwy lefel: y staff y bydd angen iddynt gael dealltwriaeth ac ymwybyddiaeth ohono ar un lefel, a'r staff hynny a fydd yn gorfod ei weithredu a pheri iddo weithio ar y lefel arall. Credaf a disgwyliaf yn bendant y byddwn yn y flwyddyn ariannol nesaf—o'r mis nesaf—yn paratoi cyllideb ar gyfer y flwyddyn ariannol ddilynol ar sail adnoddau.

[39] **Janet Davies:** As a lay person who is not in the financial profession in any way, I have a curiosity about any difficult or undesirable features arising from having your annual accounts

[39] **Janet Davies:** Fel lleygwr nad yw yn y proffesiwn ariannol o gwbl, yr wyf yn chwilfrydig ynghylch unrhyw anhawster neu nodweddion annymunol sydd yn codi o orfod cael eich

prepared on a resource basis while the budget continues to be prepared on a cash basis. It looks as though that will only be for two years now. However, do you think that preparation of accounts on a resource basis could turn into just an academic annual exercise?

Mr Shortridge: No, I think that quite the reverse is true. The fact that from now on accounts are being prepared on a resource basis will mean that this Committee, the Assembly more generally, and the public more widely, will have much better and intelligible information—particularly intelligible time series information—than we have had in the past from the ordinary cash-based appropriation accounts.

[40] **Dafydd Wigley:** A gaf i bwysu ychydig mwy ar yr ateb a roddwyd i'r Cadeirydd eiliad yn ôl ynglyn â dod â'r gyfundrefn newydd i mewn ar gyfer 2002-03? Bydd y broses, fel y gwyddom, yn dechrau ar unwaith pan y deurn yn ôl ym mis Mai. Yr oedd yr ateb fymryn bach yn amheus; yr oeddwn i'n teimlo bod mymryn bach o ansicrwydd yna. A fedrwyd chi roi eich llaw ar eich calon a dweud yn awr, o fewn pum neu chwech wythnos i'r cyfnod pan fydd y broses yn dechrau, y bydd hyn yn symud ymlaen? Os nad yw'n symud ymlaen yn 2002-03 mae hynny yn gofyn cwestiynau pellgyrhaeddol iawn. Os na fedrwn ni wneud hyn y tro hwn, a fyddwn ni byth yn gallu ei wneud?

Mr Shortridge: I think that the reason why I was giving a just slightly less than absolute answer was because this is a matter which the Minister for Finance, Local Government and Communities will, and must, have an opportunity to take a decision on. She has not done so yet because she has not been asked to do so yet. What I am saying to you is that I am satisfied that, as of now, we have all the arrangements in place to deliver resource budgets for the financial year after next, albeit for the budgeting process which starts in May to June.

[41] **Alun Cairns:** Mr Shortridge, you mentioned in your response to the Committee prior to Dafydd Wigley's question that resource accounting will give more intelligible data, which I wholly accept. Do you also agree that the full benefits of resource accounting cannot be achieved until the accounting system is uniform

cyfrifon blynyddol wedi'u paratoi ar sail adnoddau tra parheir i baratoi'r gyllideb ar sail arian. Ymddengys mai am ddwy flynedd yn unig y bydd hynny'n awr. Fodd bynnag, a ydych yn credu y gallai paratoi cyfrifon ar sail adnoddau droi'n ddim mwy nag ymarfer blynyddol academaidd?

Mr Shortridge: Nac ydwyf, credaf fod y gwir yn hollol groes i hynny. Mae'r ffaith y caiff cyfrifon eu paratoi ar sail adnoddau yn golygu o hyn allan y bydd y Pwyllgor hwn, y Cynulliad yn fwy cyffredinol, a'r cyhoedd yn ehangach, yn cael gwybodaeth lawer gwell a mwy dealladwy—yn enwedig gwybodaeth ddealladwy am ddilyniant amser—nag a gawsom yn y gorffennol wrth y cyfrifon dosbarthu cyffredin ar sail arian.

[40] **Dafydd Wigley:** May I just press you further on the answer that you gave the Chair a moment ago concerning bringing in the new system for 2002-03? The process, as we know, will begin immediately when we come back in May. The answer was a little doubtful; I felt there was a little uncertainty there. Can you put your hand on your heart and say that, in five or six weeks' time, when the process will begin, that this will go forward? If it does not go forward in 2002-03 then that will raise very far-reaching questions. If we cannot do it this time, will we ever be able to do it?

Mr Shortridge: Credaf mai'r rheswm pam y rhoddais ateb nad oedd yn gwbl ddiarnod oedd bod hyn yn fater y bydd y Gweinidog dros Gyllid, Llywodraeth Leol a Chymunedau'n cael, ac yn gorfod cael, cyfle i benderfynu arno. Ni wnaeth eto am na ofynnwyd iddi wneud eto. Yr hyn a ddywedaf wrthyfch yw fy mod yn sicr, yn awr, fod yr holl drefniadau ar waith gennym i ddarparu cyllidebau ar sail adnoddau ar gyfer y flwyddyn ariannol ar ôl y nesaf, er mai ar gyfer y broses gyllido sydd yn dechrau ym Mai i Fehefin y bydd hynny.

[41] **Alun Cairns:** Mr Shortridge, soniasoch yn eich ymateb i'r Pwyllgor cyn cwestiwn Dafydd Wigley y bydd cyfrifo ar sail adnoddau'n rhoi data mwy dealladwy, a derbyniaf hynny'n llwyr. A gytunwch hefyd na ellir sicrhau holl fanteision cyfrifo ar sail adnoddau hyd nes y bydd y system gyfrifo'n unffurf drwy'r holl adrannau a chyfrif?

across all departments and bodies? If that is the case, do you therefore accept that it will merely be an academic exercise while we have a system divided between resource accounting and cash accounting?

Mr Shortridge: I am not sure that I do accept that. If your point is that we need to have whole-of-government accounts, or whole-of-Wales accounts, on a resource basis, then I would agree. That is what the Auditor General's report refers to later on. Whole-of-government accounts and the consolidation of accounts are very important. It is a further difficult and complex exercise that we will have to address, but once that has been done—and I suspect that it will not be completed for Wales until about 2004-05—it will give substantial additional information. However, I think that the information that, increasingly, will be available to this Committee from the resource accounts and, particularly, the capacity to compare one set of resource accounts with another, so that you can see trends and the extent to which, for example, the Assembly's capital stock is going up or down, represents a significant improvement on what you had before, albeit that we could still go further.

[42] **Dafydd Wigley:** Af ymlaen â'r cwestiwn ynglyn â chyfrifon llywodraeth-gyfan; wrth gwrs, mae mater cyfrifon llywodraeth-gyfan yn wahanol i fater cyllidebau adnoddau. Mae'r ddau beth yn wahanol a'r ddau yn bwysig ynddynt eu hunain. Beth yw'r camau allweddol y mae angen ichi eu cymryd i gynhyrchu cyfrifon llywodraeth-gyfan Cymru yn llwyddiannus, a darparu'r wybodaeth anghenrheidiol i'r Trysorlys mewn ffordd y gellid ei hymgorffori yng nghyfrifon llywodraeth-gyfan y DU?

Mr Shortridge: The process for preparing the whole-of-government consolidated accounts and the steps in that process—my brief on that is on the floor, but I will try to remember, and Laurie Pavelin will put me right—

[43] **Janet Davies:** Sorry, Mr Shortridge, could I interrupt you for a minute? I do not think that you got the whole of the translation of Dafydd's question. Would you mind repeating the question, Dafydd?

Os mai dyna'r sefyllfa, a ydych felly'n derbyn na fydd hyn yn ddim mwy nag ymarfer academaidd tra bo gennym system a rennir rhwng cyfrifo ar sail adnoddau a chyfrifo ar sail arian?

Mr Shortridge: Nid wyf yn sicr fy mod yn derbyn hynny. Os eich pwynt yw bod angen inni gael cyfrifon llywodraeth-gyfan, neu gyfrifon Cymru gyfan, ar sail adnoddau, yna cytunwn. Dyna'r hyn y mae adroddiad yr Archwilydd Cyffredinol yn cyfeirio ato'n ddiweddarach. Mae cyfrifon llywodraeth-gyfan a chyfuno cyfrifon yn bwysig iawn. Mae'n ymarfer pellach anodd a chymhleth y bydd yn rhaid inni roi sylw iddo, ond ar ôl ei wneud—ac amheuf nas cwblheir ar gyfer Cymru hyd tua 2004-05—bydd yn rhoi gwybodaeth ychwanegol sylweddol. Fodd bynnag, credaf fod yr wybodaeth a fydd ar gael fwyfwy i'r Pwyllgor hwn oddi wrth y cyfrifon adnoddau ac, yn enwedig, y gallu i gymharu un set o gyfrifon adnoddau ag un arall, fel y gallwch weld tueddiadau a'r graddau y mae stoc cyfalaf y Cynulliad, er enghraifft, yn codi neu'n gostwng, yn gryn welliant ar yr hyn a oedd gennych o'r blaen, er y gallem fynd yn bellach byth.

[42] **Dafydd Wigley:** I will take forward the question of whole-of-government accounts; of course, the matter of whole-of-government accounts is different from that of resource budgets. The two things are different and both are important in themselves. What are the key steps that you need to take to produce whole-of-government accounts for Wales successfully, and to provide the necessary information to the Treasury in a way that could be incorporated in the UK whole-of-government accounts?

Mr Shortridge: Mae'r broses ar gyfer paratoi'r cyfrifon llywodraeth-gyfan cyfunol a'r camau yn y broses honno—mae fy mriiff ar hynny ar y llawr, ond ceisiaf gofio, a bydd Laurie Pavelin yn fy nghywiros—

[43] **Janet Davies:** Mae'n ddrwg gennyf, Mr Shortridge, a gaf dorri ar eich traws am funud? Ni chredaf ichi gael y cwbl o'r cyfieithiad o gwestiwn Dafydd. A wnewch ailadrodd y cwestiwn, Dafydd?

[44] **Dafydd Wigley:** I am asking what are the key measures that you need to take to produce successfully the whole-of-government accounts for Wales and to provide the required information to the Treasury for incorporation into the UK whole-of-government accounts? Do you not think that that should be integrated?

Mr Shortridge: We are doing it in a series of stages. During the course of this year we will be preparing consolidated accounts for the Assembly, its agencies—Cadw, the Welsh European Funding Office and the health authorities—and we will be in touch with all our Assembly sponsored public bodies to start them on the process of getting their accounts on a basis upon which they could be consolidated. That means that 2001-02 will be the first trial year for the whole-of-government accounts. That will consolidate the accounts for the Assembly, ASPBs, Estyn, the Assembly's broadcasting company, the Welsh Administration Ombudsman and the Health Service Commissioner for Wales. At the same time we will produce consolidated accounts for the Assembly, its agencies and health authorities.

The second trial year will be 2002-03, when we will bring in certain other organisations such as the Forestry Commission, the Care Council for Wales and the Children's Commissioner for Wales. Through that trial year, we will have sought to have learnt the lessons from the first trial year and to have improved material. What we are aiming for is to have audited and published whole of Wales accounts for the accounting year 2003-04. Those will not include information for health trusts, further education institutions and local authorities. We would hope that some of that material would become available in the 2005-06 accounts. I think that the sector that will be the last to be consolidated will be local authorities.

[45] **Dafydd Wigley:** I wanted to press you on that particularly. I am concerned that local authorities are not included, even on a trial basis, in the two years that you are doing trials. Assuming that you will need to integrate local authorities on a trial basis before you move on to implement that, that puts it at least up to 2005-06, if not beyond that. Getting an integration of local authority accounts is vitally important for our management here. In functions such as education there is a split and the money that we are providing will provide education services via local government. We need to get that overall

[44] **Dafydd Wigley:** Yr wyf yn gofyn beth yw'r mesurau allweddol y mae angen ichi eu cymryd i gynhyrchu'r cyfrifon llywodraeth gyfan i Gymru'n llwyddiannus a darparu'r wybodaeth ofynnol i'r Trysorlys i'w hymgorffori yng nghyfrifon llywodraeth gyfan y DU? Oni chredwch y dylid integreiddio hynny?

Mr Shortridge: Yr ydym yn gwneud hynny mewn cyfres o gamau. Yn ystod y flwyddyn hon byddwn yn paratoi cyfrifon cyfunol ar gyfer y Cynulliad, ei asiantaethau—Cadw, Swyddfa Cyllid Ewropeaidd Cymru a'r awdurdodau iechyd—a byddwn mewn cysylltiad a'r holl gyrff cyhoeddus a noddir gan y Cynulliad i'w cychwyn ar y broses o roi eu cyfrifon ar sail lle y gellid eu cyfuno. Golyga hynny mai 2001-02 fydd y flwyddyn brawf gyntaf ar gyfer cyfrifon llywodraeth-gyfan. Bydd hynny'n cyfuno'r cyfrifon ar gyfer y Cynulliad, cyrff cyhoeddus a noddir gan y Cynulliad, Estyn, cwmni darlledu'r Cynulliad, Ombwdsmon Gweinyddiaeth Cymru a Chomisiynydd Gwasanaeth Iechyd Cymru. Ar yr un pryd byddwn yn cynhyrchu cyfrifon cyfunol ar gyfer y Cynulliad, ei asiantaethau a'r awdurdodau iechyd.

Yr ail flwyddyn brawf fydd 2002-03, pan ddeuwn â rhai cyrff eraill i mewn fel y Comisiwn Coedwigaeth, Cyngor Gofal Cymru a Chomisiynydd Plant Cymru. Drwy'r flwyddyn brawf honno, byddwn wedi ceisio dysgu'r gwersi o'r flwyddyn brawf gyntaf a gwella'r deunydd. Yr hyn yr ydym yn anelu ato yw cael cyfrifon Cymru gyfan wedi'u harchwilio a'u cyhoeddi ar gyfer blwyddyn gyfrifo 2003-04. Ni fydd y rheini'n cynnwys gwybodaeth am ymddiriedolaethau iechyd, sefydliadau addysg bellach ac awdurdodau lleol. Byddem yn gobeithio y bydd rhywfaint o'r deunydd hwnnw ar gael yng nghyfrifon 2005-06. Credaf mai'r sector a gaiff ei gyfuno olaf fydd awdurdodau lleol.

[45] **Dafydd Wigley:** Yr oeddwn am bwysio arnoch ar hynny'n enwedig. Pryderaf nad yw awdurdodau lleol wedi'u cynnwys, hyd yn oed ar sail prawf, yn y ddwy flynedd pan ydych yn cynnal profion. Gan gymryd y bydd angen ichi integreiddio awdurdodau lleol ar sail prawf cyn ichi symud ymlaen i weithredu hynny, mae hynny'n ei osod mor bell ymlaen â 2005-06 o leiaf, os nad ymhellach na hynny. Mae sicrhau integreiddio cyfrifon awdurdodau lleol yn holl bwysig ar gyfer ein rheolaeth yma. Mewn swyddogaethau fel addysg, ceir rhaniad a bydd yr arian a ddarparwn yn darparu gwasanaethau

vision of it to know how we are delivering services, particularly compared with what is happening in England and elsewhere. What is holding local government up on this?

Mr Shortridge: I will defer to Mr Pavelin in a minute, but I suspect that part of the answer is that what we are doing is conforming to a timetable that has been set out by the Treasury for the whole-of-government accounts for the United Kingdom. We must hit its milestones on the nature of the public bodies that are being built into its accounts. I suspect that it has put local authorities at the end of the list.

Mr Pavelin: That is right. The local authorities have been put at the end of the list. Thinking about the various bodies that we should be consolidating over time, the Assembly sponsored public bodies have already been switched on entirely to resource accounting principles for the forthcoming year. The health authorities are already pretty much in line and the NHS trusts have a bit of work to switch right the way across to resource accounting principles. Local authorities are still accounting on a very much mixed basis where only certain of their assets actually appear on their balance sheet and they appear on a different basis of valuation, though they are basically on accruals-based accounting. Thus far, no serious steps have been taken by the Treasury on a UK basis to start working with local government, but it is on its time plan. The real difficulty is that these are fairly massive steps that we are taking in trying to increase the consolidation and our capacity to deal with local government—at the moment anyway—has been left until the end of the line.

[46] **Dafydd Wigley:** Is there no way in which we in Wales can move ahead of the Treasury on this? We are closer to local government in many ways. We have a partnership agreement. If that means something this is an area—one would hope—in which something would come out of that.

Mr Pavelin: We are into primary legislation problems here. The accounts of local government are directed under one of the local government Acts and the Chartered Institute of Public Finance and Accountancy is the appointed body for setting

addysg drwy lywodraeth leol. Mae angen inni gael y darlun cyffredinol hwnnw ohono er mwyn gwybod sut yr ydym yn darparu gwasanaethau, yn enwedig o'i gymharu â'r hyn sydd yn digwydd yn Lloegr ac mewn mannau eraill. Beth sydd yn dal llywodraeth leol yn ôl ar hyn?

Mr Shortridge: Ildiaf i Mr Pavelin mewn munud, ond yr wyf yn amau mai rhan o'r ateb yw mai'r hyn a wnawn yw cydymffurfio ag amserlen a bennwyd gan y Trysorlys ar gyfer cyfrifon llywodraeth gyfan i'r Deyrnas Unedig. Rhaid inni gyrraedd ei gerrig milltir ar natur y cyrff cyhoeddus a ymgorfforir yn ei gyfrifon. Yr wyf yn amau bod hynny wedi rhoi awdurdodau lleol ar ddiwedd y rhestr.

Mr Pavelin: Mae hynny'n gywir. Rhoddwyd yr awdurdodau lleol ar ddiwedd y rhestr. O ystyried y gwahanol gyrff a ddylai fod yn cyfuno dros amser, mae'r cyrff cyhoeddus a noddur gan y Cynulliad eisoes wedi'u troi'n gyfan gwbl at egwyddorion cyfrifo ar sail adnoddau ar gyfer y flwyddyn i ddod. Mae'r awdurdodau iechyd eisoes yn weddol unol ac mae gan yr ymddiriedolaethau NHS ychydig o waith i droi'n gyfan gwbl at egwyddorion cyfrifo ar sail adnoddau. Mae awdurdodau lleol yn dal i gyfrifo ar sail gymysg iawn lle nad yw ond rhai o'u hasedau'n ymddangos ar eu mantolen ac ymddangosant ar sail prisio wahanol, er eu bod yn seiliedig ar gyfrifo cronriadol yn y bôn. Hyd yn hyn, ni chymerwyd unrhyw gamau o ddifrif gan y Trysorlys ar sail y DU i ddechrau gweithio gyda llywodraeth leol, ond mae ar ei gynllun amser. Yr anhawster gwirioneddol yw mai camau eithaf anferth yw'r rhain a gymerwn wrth geisio cynyddu'r cyfuno ac mae ein gallu i ymdrin â llywodraeth leol—ar hyn o bryd, beth bynnag—wedi'i adael tan y diwedd.

[46] **Dafydd Wigley:** Onid oes modd o gwbl inni yng Nghymru fynd o flaen y Trysorlys ar hyn? Yr ydym yn agosach at lywodraeth leol ar lawer ystyr. Mae gennym gytundeb partneriaeth. Os yw hynny'n golygu rhywbeth, mae hyn yn faes—byddai rhywun yn gobeithio—lle y deuai rhywbeth o hynny.

Mr Pavelin: Mae problemau ynghylch deddfwriaeth sylfaenol yn y fan hyn. Cyfarwyddir cyfrifon llywodraeth leol o dan un o'r Deddfau llywodraeth leol a Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth yw'r corff

the standards. At the moment, those standards are set and approved and laid before Parliament. As far as I am aware, they are not a function devolved to the Assembly.

[47] **Dafydd Wigley:** Would you not agree that one of the benefits of having this integrated approach is that you get consistent comparison, and that we need that consistency in order to do our job as an Assembly?

Mr Pavelin: I agree that it would be good if we could have consistency across the piece. I fear that there will be quite some effort in moving local government forward on this particular front.

[48] **Dafydd Wigley:** Are you reasonably confident that the public bodies that are coming in on the schedule that you mentioned will be able to comply within that schedule?

Mr Shortridge: May I come in on that question? I will come back to local government afterwards. I think that we are reasonably confident in the case of the public bodies. We have been in touch with them, are in touch with them, and we are having a series of meetings with them individually. I also have two meetings a year with the chief executives of the public bodies in Wales collectively. I use the agenda of those meetings to have a collective discussion of issues of importance just such as this. We have no reason at the moment to believe that we cannot get all the public bodies in Wales to meet this timetable, although I would ask the Committee to remember that this is a very significant additional piece of work, which has to be fitted in alongside the routine annual accounts. What we are asking them to achieve is not necessarily easy, but I am as committed as anyone around this table to ensuring that we do achieve it. In that sense, I would like you to think that we can be confident that it will happen.

I agree with your point on local authorities. It is a well made point and it is something that I will take up with the Treasury. I will also have separate discussions with the Welsh Local Government Association to explore with it whether we can move on a quicker track in Wales

penodedig ar gyfer gosod y safonau. Ar hyn o bryd, caiff y safonau hynny eu gosod a'u cymeradwyo a'u cyflwyno i'r Senedd. Hyd y gwn i, nid ydynt yn swyddogaeth a ddatganolwyd i'r Cynulliad.

[47] **Dafydd Wigley:** Oni chytunech mai un o fanteision cael y dull gweithredu integredig hwn yw y cewch gymhariaeth gyson, a bod arnom angen y cysondeb hwnnw er mwyn gwneud ein gwaith fel Cynulliad?

Mr Pavelin: Cytunaf y byddai'n dda pe gallem gael cysondeb drwyddo draw. Ofnaf y bydd cryn ymdrech wrth symud llywodraeth leol ymlaen i'r cyfeiriad arbennig hwn.

[48] **Dafydd Wigley:** A ydych yn weddol ffyddiog y bydd y cyrff cyhoeddus sydd yn dod yn rhan o'r amserlen y soniasoch amdani'n gallu cychymffurfio o fewn yr amserlen honno?

Mr Shortridge: A gaf ddod i mewn ar y cwestiwn hwnnw? Deuaf yn ôl at lywodraeth leol wedyn. Credaf ein bod yn weddol ffyddiog yn achos y cyrff cyhoeddus. Buom mewn cysylltiad â hwy, yr ydym mewn cysylltiad â hwy, ac yr ydym yn cael cyfres o gyfarfodydd â hwy'n unigol. Yr wyf hefyd yn cael dau gyfarfod bob blwyddyn â phrif weithredwyr y cyrff cyhoeddus yng Nghymru gyda'i gilydd. Defnyddiaf agenda'r cyfarfodydd hynny i gael trafodaeth ar y cyd ar faterion o bwys yn union fel hwn. Nid oes gennym le i gredu ar hyn o bryd na allwn gael yr holl gyrff cyhoeddus yng Nghymru i gwrdd â'r amserlen hon, er y byddwn yn gofyn i'r Pwyllgor gofio bod hwn yn ddarn gwaith ychwanegol sylweddol iawn, y mae'n rhaid cael lle iddo ochr yn ochr â'r cyfrifon blyneddol arferol. Nid yw'r hyn yr ydym yn gofyn iddynt ei gyflawni'n hawdd o reidrwydd, ond yr wyf wedi ymrwymo i'r un graddau â phawb o gylch y bwrdd hwn i sicrhau ein bod yn ei gyflawni. Yn yr ystyr honno, hoffwn ichi feddwl y gallwn fod yn ffyddiog y bydd yn digwydd.

Cytunaf â'ch pwynt ar awdurdodau lleol. Mae'n bwynt a wnaethpwyd yn dda ac mae'n rhywbeth y byddaf yn ei godi gyda'r Trysorlys. Byddaf hefyd yn cael trafodaethau ar wahân gyda Chymdeithas Llywodraeth Leol Cymru i ystyried gyda hi a allwn symud ar drac cyflymach yng Nghymru nag

than in England. I will let the Chair know the outcome of those discussions.

[49] **Dafydd Wigley:** I am grateful for that. I have one last point. They are working towards the statutory deadline of 30 November, are they not? What do you see as the biggest problems, perhaps not necessarily within your own areas of responsibility but within those of the partners that have to integrate accounts, in hitting or failing to hit that deadline of 30 November?

Mr Shortridge: I will defer to Mr Pavelin. I am not quite sure what the deadline of 30 November is in this context, certainly not in terms of the preparation of our accounts.

[50] **Dafydd Wigley:** Accounts should be produced so as to enable the Accounting Officer to sign them by 30 November, I thought.

Mr Shortridge: The deadline for our resource accounts is certainly 30 November. If you have moved off consolidation and onto the resource accounts, I do not think that the Assembly sponsored public bodies have any significantly different problems in the forthcoming six months leading up to 30 November of this year than they had last year.

Mr Pavelin: I do not think that there is a problem with individual sponsored bodies. However, inevitably, if you are doing consolidation, your speed is that of the slowest ship in the convoy. If one of the sponsored bodies is late in producing its accounts then everything else is very much held back by that. Looking back to 1999-2000, most of the sponsored bodies had their accounts completed and certified by the Auditor General by the summer recess, or pretty much so. One or two were finished off and laid before the Assembly during the summer recess, but I do not recall that any came in very much later than that. Therefore, the real issue that we have at our end is collecting the information from their audited accounts, which will come in a standard format, and actually physically doing the consolidation. So, at my end, I have to get the Assembly's accounts out of the way as quickly as possible to get the decks cleared in order to start the consolidation process.

yn Lloegr. Rhoddaf wybod i'r Cadeirydd am ganlyniad y trafodaethau hynny.

[49] **Dafydd Wigley:** Yr wyf yn ddiolchgar am hynny. Mae gennyf un pwynt olaf. Maent yn gweithio tuag at derfyn amser statudol ar 30 Tachwedd, onid ydynt? Beth yw'r problemau mwyaf yn eich golwg chi, nid o reidrwydd o fewn eich meysydd cyfrifoldeb eich hunain efallai ond o fewn rhai'r partneriaid sydd yn gorfod integreiddio cyfrifon, o ran cyrraedd neu fethu cyrraedd y terfyn amser hwnnw ar 30 Tachwedd?

Mr Shortridge: Ildiaf i Mr Pavelin. Nid wyf yn gwbl sicr beth yw'r terfyn amser ar 30 Tachwedd yn y cyd-destun hwn, yn sicr nid yn nhermau paratoi ein cyfrifon.

[50] **Dafydd Wigley:** Dylid cynhyrchu cyfrifon fel y gall y Swyddog Cyfrifo eu harwyddo erbyn 30 Tachwedd, tybiais i.

Mr Shortridge: Y terfyn amser ar gyfer ein cyfrifon adnoddau ni yw 30 Tachwedd yn sicr. Os ydych wedi symud oddi wrth gyfuno ac at y cyfrifon adnoddau, ni chredaf fod gan y cyrff cyhoeddus a noddir gan y Cynulliad unrhyw broblemau sydd yn wahanol iawn yn y chwe mis i ddod hyd at 30 Tachwedd eleni i'r rhai a oedd ganddynt y llynedd.

Mr Pavelin: Ni chredaf fod problem gyda chyrrff nodedig unigol. Fodd bynnag, mae'n anorfod, os ydych yn cyfuno, eich bod cyn gyflymed â'r llong fwyaf araf yn yr osgorddlynges. Os yw un o'r cyrff a noddir yn hwyr yn cynhyrchu ei gyfrifon yna bydd hynny'n dal popeth arall yn ôl i raddau helaeth. Ac edrych yn ôl ar 1999-2000, yr oedd y rhan fwyaf o'r cyrff a noddir wedi cwblhau a chael ardystio eu cyfrifon gan yr Archwilydd Cyffredinol erbyn toriad yr haf, neu'r rhan helaethaf ohonynt. Cwblhawyd un neu ddau a'u cyflwyno i'r Cynulliad yn ystod toriad yr haf, ond ni chofiaf i'r un ohonynt ddod i mewn yn llawer hwyrach na hynny. Felly, y gwir fater sydd o dan sylw ar ein hochr ni yw casglu'r wybodaeth o'u cyfrifon archwiliedig, a ddaw ar ffurf safonol, a gwneud y cyfuno ei hun. Felly, ar fy ochr i, rhaid imi gwblhau cyfrifon y Cynulliad mor fuan ag y bo modd i gael y ffordd yn glir er mwyn dechrau'r broses cyfuno.

[51] **Janet Davies:** We have a few questions about the new computerised accounting system. You told us last June that the implementation of the new accounting system would be deferred for one year to 1 April 2002. Can you update the Committee on the present situation?

Mr Shortridge: The present situation is that we are just in the process of signing off the contract with the selected supplier. We expect that process to be completed sometime in April and the initial software to be installed in July. We expect the applications that are to be run on that software to be operating in a fully integrated way in December, so that, from December, we will be in a position to operate dual running and testing of the processes. So we consider ourselves to be on track to move to live running on the new ledgers in April 2002. This is obviously a very important IT procurement. I have a project board that is chaired by David Richards, which oversees it. Up until the completion of the procurement we are being advised on the whole process by the Central Computer Telecommunications Agency—the Government's main adviser on these matters. At the moment, we are on track to have this implemented well in time for the accounting year starting April 2002.

[52] **Janet Davies:** Are you happy that any glitches can be sorted out, because there usually seem to be problems with new computerised systems? I know that you cannot give me a definitive answer, but it seems quite a tight timescale.

Mr Shortridge: I am as confident as I think that anyone in my position can be. We are well down the track in this procurement. It is being managed in accordance with the proper project management arrangements. It is an exercise that is being chaired by a project board, which is headed by David Richards. We are adopting a very professional approach to this. In the best planned procurements, things can go wrong which are not necessarily our fault, such as unanticipated problems with our software supplier and so on. However, as of now, I am as confident as I can be that we will complete this work well in time to go fully live in April 2002.

[51] **Janet Davies:** Mae gennym ychydig o gwestiynau am y system gyfrifo gyfrifiadurol newydd. Dywedasoeh wrthym fis Mehefin diwethaf y byddid yn gohirio rhoi'r system gyfrifo newydd ar waith am flwyddyn hyd 1 Ebrill 2002. A allwch roi'r diweddaraf i'r Pwyllgor am y sefyllfa bresennol?

Mr Shortridge: Y sefyllfa bresennol yw ein bod yn y broses o arwyddo'r contract yn derfynol â'r cyflenwr a ddewiswyd. Yr ydym yn disgwyl y bydd y broses honno wedi'i chwblhau ryw bryd yn Ebrill ac y caiff y meddalwedd cychwynnol ei osod yng Ngorffennaf. Disgwylwn y bydd y cymwysiaidau sydd i'w rhedeg ar y meddalwedd hwnnw yn gweithredu mewn modd cwbl integredig yn Rhagfyr fel y byddwn, o Ragfyr ymlaen, mewn sefyllfa i redeg a phrofi'r prosesau ar y cyd. Felly barnwn ein bod ar y llwybr iawn i symud tuag at redeg y cyfrifyfrau newydd yn fyw yn Ebrill 2002. Mae'n amlwg bod hwn yn gaffaeliad TG pwysig iawn. Mae gennyf fwrdd prosiect o dan gadeiryddiaeth David Richards, sydd yn ei oruchwylio. Hyd nes y cwblheir y caffaeliad fe'n cynghorir ar yr holl broses gan yr Asiantaeth Telathrebu Cyfrifiadurol Ganolog—prif gynghorydd y Llywodraeth ar y materion hyn. Ar hyn o bryd, yr ydym ar y llwybr iawn i roi hyn ar waith mewn da bryd ar gyfer y flwyddyn gyfrifo sydd yn dechrau yn Ebrill 2002.

[52] **Janet Davies:** A ydych yn fodlon y gellir datrys unrhyw ddiffygion, oherwydd ymddengys fod problemau fel arfer gyda systemau cyfrifiadurol newydd? Gwn na allwch roi ateb diamod imi, ond ymddengys ei bod yn amserlen eithaf cyfyng.

Mr Shortridge: Yr wyf mor ffyddiog ag y gall rhywun fod yn fy sefyllfa i, yr wyf yn meddwl. Yr ydym wedi mynd yn bell iawn yn y caffaeliad hwn. Fe'i rheolir yn unol â'r trefniadau rheoli prosiect priodol. Mae'n ymarfer sydd o dan gadeiryddiaeth bwrdd prosiect, a David Richards yn bennaeth arno. Yr ydym yn mabwysiadu ymagwedd broffesiynol iawn at hyn. Yn y caffaeliadau mwyaf trefnus, gall pethau fynd o'u lle nad ydynt o reidrwydd yn fai arnom ni, megis problemau annisgwyl gyda'n cyflenwr meddalwedd ac ati. Fodd bynnag, ar hyn o bryd, yr wyf mor ffyddiog ag y gallaf fod y byddwn yn cwblhau'r gwaith hwn mewn da bryd i fynd yn gwbl fyw yn Ebrill 2002.

[53] **Ann Jones:** I share some of Janet's concerns about project management. A previous experience springs to mind of when we tried to install a computerised system in Merseyside Fire Brigade and nearly ground the whole service to a halt because we did not have the procurement right. Do you feel that this project is progressing well? You said that you are fairly confident that it will meet its current target implementation date of April 2002. What if it does not?

Mr Shortridge: If it does not, the worst case is that we carry on as we are at the moment. So it would not be a disaster situation if it does not. That is not a fall-back position that I regard as attractive, so I will be doing my level best to ensure that that does not happen. However, it is worth remembering that we would not be in the sort of situation in which your fire brigade appears to have been. In terms of further assurance on the arrangements, I will defer to the chair of the project board, if I may.

Mr Richards: The head of the Assembly's procurement unit is part of the project board so it is a multi-disciplinary board and we are getting the best possible advice on procurement. I take great comfort in the opportunity of having a few months of dual running. It will not be an overnight switchover from one system to another and we will only move over when we are quite sure the new system works properly. We will certainly only switch off the old system when we are quite sure that the new one works.

[54] **Ann Jones:** In my experience, that will be never. Sorry about that.

To move on, we are confident that this new system will be implemented in April 2002. Let us all be confident about that. How confident are you that this new system will be able to meet all the accounting requirements that you expect to be imposed on us as an Assembly? For example, will it produce monthly budget and outrun data on a full resource basis so that we can take informed financial decisions?

[53] **Ann Jones:** Rhannaf rai o bryderon Janet ynghylch rheolaeth prosiectau. Daw profiad blaenorol i'r cof am adeg pan geisiasom osod system gyfrifiadurol ym Mrigâd Dân Glannau Merswy a bron â dod â'r holl wasanaeth i sefyll yn stond am nad oedd y caffael yn gywir gennym. A deimlwch fod y prosiect hwn yn symud ymlaen yn dda? Dywedasoeh eich bod yn weddol ffyddiog y bydd yn cyrraedd ei ddyddiad gweithredu targed presennol yn Ebrill 2002. Beth os na fydd?

Mr Shortridge: Os na fydd, y gwaethaf a allai ddigwydd yw ein bod yn parhau fel yr ydym ar hyn o bryd. Felly ni fyddai'n drychineb os na fydd. Nid yw honno'n sefyllfa wrth gefn a ystyriaf yn ddeniadol, felly byddaf yn gwneud fy ngorau glas i sicrhau nad yw hynny'n digwydd. Fodd bynnag, mae'n werth cofio na fyddem yn y math o sefyllfa yr ymddengys i'ch brigâd dân fod ynddi. O ran rhoi sicrhad pellach ar y trefniadau, ildiaf i gadeirydd bwrdd y prosiect, os caf.

Mr Richards: Mae pennaeth uned gaffael y Cynulliad yn rhan o fwrdd y prosiect felly mae'n fwrdd amlddisgyblaethol ac yr ydym yn derbyn y cyngor gorau posibl ar gaffael. Ymgysuraf yn fawr yn y cyfle i gael ychydig fisoedd o redeg deul. Ni fydd yn newid dros nos o un system i un arall ac ni fyddwn ond yn symud drosodd pan fyddwn yn gwbl sicr bod y system newydd yn gweithio'n iawn. Yn sicr, ni fyddwn yn diffodd yr hen system hyd nes ein bod yn gwbl sicr bod yr un newydd yn gweithio.

[54] **Ann Jones:** Yn fy mhrofiad i, ni ddigwydd hynny fyth. Mae'n ddrwg gennyf am hynny.

Gan symud ymlaen, yr ydym yn ffyddiog y caiff y system newydd hon ei gweithredu yn Ebrill 2002. Gadewch inni oll fod yn ffyddiog am hynny. Pa mor ffyddiog yr ydych y bydd y system newydd hon yn gallu cwrdd â'r holl ofynion cyfrifo y disgwyliwch iddynt gael eu gosod arnom fel Cynulliad? Er enghraifft, a fydd yn cynhyrchu data cyllideb ac allrediad misol ar sail adnoddau cyflawn fel y gallwn wneud penderfyniadau ariannol cytbwys?

Mr Richards: Yes, it will do all that. One of the factors that we have included in the specification is flexibility in the software that will allow us to tailor and configure it to our requirements. Over the next year, once we have let the contract, we will work very closely with the supplier and we will set up a series of working groups—15 in fact—which will report to the project board and look at those aspects. So we can ensure that we will specify very closely exactly what we want and that we have the time to build that into the software.

Mr Richards: Bydd, bydd yn gwneud hynny i gyd. Un o'r ffactorau a gynwysasom yn y fanyleb yw hyblygrwydd yn y meddalwedd a fydd yn caniatáu inni ei addasu a'i gyflunio yn ôl ein gofynion. Dros y flwyddyn nesaf, ar ôl inni osod y contract, byddwn yn gweithio'n agos iawn â'r cyflenwr a byddwn yn sefydlu cyfres o weithgorau—15 mewn gwirionedd—a fydd yn adrodd i fwrdd y prosiect ac yn edrych ar yr agweddau hynny. Felly gallwn sicrhau y byddwn yn rhagnodi'n fanwl iawn yr hyn y mae arnom ei angen yn union a bod gennym ddigon o amser i gynnwys hynny yn y meddalwedd.

[55] **Ann Jones:** Finally, the introduction of resource accounting has put some strain on the finance group. I think that that has been accepted. When we come to the introduction of resource budgeting and the implications of that for your accounting system, we assume that there will be further pressures on the group. Are you confident that we have sufficient staff resources in terms of numbers and skill to be made available to this group to enable it to cope with these expected demands?

[55] **Ann Jones:** Yn olaf, mae cychwyn cyfrifo ar sail adnoddau wedi rhoi rhywfaint o straen ar y grwp cyllid. Credaf fod hynny wedi'i dderbyn. Pan ddeuwn at gychwyn cyllido ar sail adnoddau a goblygiadau hynny i'ch system gyfrifo, cymerwn yn ganiataol y bydd pwysau pellach ar y grwp. A ydych yn ffyddiog bod gennym ddigon o adnoddau staff o ran niferoedd a medrusrwydd i'w darparu i'r grwp hwn i'w alluogi i ymdopi â'r galwadau disgwylidig hyn?

Mr Shortridge: The resource budgeting, for the most part, creates a workload for a different part of the finance group to that represented by Mr Pavelin. Again, a project has been in place for some time to roll out the resource budgeting arrangements. When I was providing my carefully crafted answer to Mr Wigley, it was in acknowledgement that we are well down the road on this and that it really ought to be possible for the resource budgeting to go forward smoothly during the course of the next financial year. However, I think that we all have to recognise that, when you roll out new systems, you do not get everything right the first time. One must recognise that and learn, and be in a position to learn, in a dynamic way from the way in which things are going. Therefore, I cannot say that everything will go totally smoothly, but I am confident that it will be effective.

Mr Shortridge: Mae'r cyllido ar sail adnoddau, at ei gilydd, yn creu baich gwaith ar gyfer rhan wahanol o'r grwp cyllid i honno a gynrychiolir gan Mr Pavelin. Unwaith eto, mae prosiect ar waith ers cryn amser i ymestyn y trefniadau cyllido ar sail adnoddau. Pan ddarparais fy ateb crefftus i Mr Wigley, yr oeddwn yn cydnabod ein bod wedi mynd yn bell iawn ar hyn ac, mewn gwirionedd, y dylai fod yn bosibl i'r cyllido ar sail adnoddau fynd ymlaen yn esmwyth yn ystod y flwyddyn ariannol nesaf. Fodd bynnag, credaf fod yn rhaid inni oll gydnabod, pan ydych yn sefydlu systemau newydd, nad ydych yn cael popeth yn iawn y tro cyntaf. Rhaid cydnabod hynny a dysgu, a bod mewn sefyllfa i ddysgu, mewn modd dynamig o'r modd y mae pethau'n mynd. Felly, ni allaf ddweud y bydd popeth yn mynd yn gwbl esmwyth, ond yr wyf yn ffyddiog y bydd yn effeithiol.

[56] **Janet Davies:** We turn now to the Auditor General's—sorry, would you like to say something, Sir John?

[56] **Janet Davies:** Trown yn awr at yr Archwilydd Cyffredinol—mae'n ddrwg gennyf, a hoffech ddweud rhywbeth, Syr John?

Sir John Bourn: I just thought that Committee members might be interested in a little benchmarking and comparative information on the resource accounts. It is interesting to note that

Syr John Bourn: Nid oeddwn ond yn meddwl y gallai aelodau'r Pwyllgor fod â diddordeb mewn ychydig o wybodaeth meincnodi a chymharu ar y cyfrifon adnoddau. Mae'n ddiddorol nodi bod 49

there are 49 resource accounts for government departments in the United Kingdom and 10 of those were late. The Assembly's accounts were not late. Therefore, about 20 per cent of the government departments in the United Kingdom failed to get their accounts in on time. The Assembly did get its accounts in on time. Some 15 per cent of the accounts had to be qualified and that number may rise, since we have not yet been able to complete the audit for them all. However, even if it were only 15 per cent, it does show that the National Assembly's accounts are well in the first echelon in terms of getting them in, and in terms of having an unqualified opinion. I thought that the Committee would be interested in that.

o gyfrifon adnoddau ar gyfer adrannau llywodraeth yn y Deyrnas Unedig a bod 10 o'r rheini'n hwyr. Nid oedd cyfrifon y Cynulliad yn hwyr. Felly, yr oedd tua 20 y cant o'r adrannau llywodraeth yn y Deyrnas Unedig wedi methu â chyflwyno eu cyfrifon mewn pryd. Yr oedd y Cynulliad wedi cyflwyno ei gyfrifon mewn pryd. Yr oedd yn rhaid cymhwyso tua 15 y cant o'r cyfrifon a gallai'r nifer hwnnw godi, gan nad ydym wedi gallu cwblhau'r archwiliad arnynt i gyd eto. Fodd bynnag, hyd yn oed pe bai'n ddim ond 15 y cant, mae'n dangos bod cyfrifon y Cynulliad Cenedlaethol yn ddiogel yn y lefel uchaf o ran eu cyflwyno mewn pryd, ac o ran derbyn barn ddiamod. Tybiais y byddai hynny o ddiddordeb i'r Pwyllgor.

[57] **Janet Davies:** Thank you for that information; it was very pleasant to hear that.

[57] **Janet Davies:** Diolch am yr wybodaeth honno; yr oedd yn braf iawn clywed hynny.

[58] **Alison Halford:** So why are we here, asking difficult questions of our senior people?

[58] **Alison Halford:** Felly pam yr ydym yma, yn gofyn cwestiynau anodd i'n huwch swyddogion?

[59] **Dafydd Wigley:** That is our job.

[59] **Dafydd Wigley:** Dyna'n gwaith.

[60] **Janet Davies:** That is how we like to spend Thursday afternoons after a Plenary. [*Laughter.*]

[60] **Janet Davies:** Dyna sut yr hoffwn dreulio prynhawniau Iau ar ôl Cyfarfod Llawn. [*Chwerthin.*]

Mr Shortridge: May I respond to that, because there are actually some important and serious issues there? I am very grateful to Sir John for acknowledging that, actually, we have done no better than you should expect of us, but we have done quite well in particularly difficult circumstances for the Assembly. However, as this discussion has shown, and will continue to show, there are nonetheless issues that we have to address in a proper and professional way, and that there are judgments that we made, which, with hindsight, we could have made differently. We all have to learn from these exercises.

Mr Shortridge: A gaf ymateb i hynny, oherwydd, mewn gwirionedd, mae rhai materion pwysig a difrifol yn y fan honno? Yr wyf yn ddiolchgar iawn i Syr John am gydnabod na wnaethom ddim gwell, mewn gwirionedd, na'r hyn y dylech ei ddisgwyl gennym, ond gwnaethom yn eithaf da mewn amgylchiadau arbennig o anodd i'r Cynulliad. Fodd bynnag, fel y dangosodd y drafodaeth hon, ac fel y bydd yn parhau i ddangos, mae materion, er hynny, y mae'n rhaid inni roi sylw iddynt mewn modd priodol a phroffesiynol, ac mae dyfarniadau a wnaethom y gallem fod wedi'u gwneud yn wahanol, â synnwyr trannoeth. Rhaid inni oll ddysgu oddi wrth yr ymarferion hyn.

[61] **Alison Halford:** We draw up the battle lines again, do we? [*Laughter.*]

[61] **Alison Halford:** Yr ydym yn trefnu'r frwydr eto, a ydym? [*Chwerthin.*]

[62] **Janet Davies:** That is quite right. However good anything is, it can always be better. As I have always said, I feel that the role of the Audit Committee is to help departments. Ours is not just a critical role.

We turn to the Auditor General's report on his work for 1999-2000. There is another difficult issue here. I note that four accounts—those of the Welsh Administration Ombudsman, the Health Service Commissioner for Wales, and two Welsh forestry accounts—failed to meet the statutory deadline for signature on 30 November. Mr Shortridge, what action do you think that the Assembly can take to avoid a repetition of such unacceptable delays?

Mr Shortridge: I do not think that you have as much direct influence over this as you do over the Assembly's accounts. The accounting officers for those four accounts are appointed directly by the Treasury. They are not appointed by me. Therefore, I do not have a personal responsibility for those accounts. That means that you cannot directly, I think, deploy me to ensure that this does not happen again. However, clearly I have an influencing role and this Committee has an influencing role. There is a need to reflect on how that influencing role can best be exercised. I must admit that I have not prepared myself in detail for that question and I do not want to commit myself to a particular course of action now but, again, I would be happy to let you have a separate, considered reply to that question.

[63] **Janet Davies:** It does seem to me an extraordinarily difficult situation if accounts must be consolidated with our accounts, yet the Assembly has no say in appointments.

Mr Shortridge: I would hope that, in all those cases, the problems that are being experienced relate to the establishment of resource accounts. Once those problems have been resolved for last year's accounts, it should be much easier in the future for those bodies and organisations to be able to ensure that timely accounts are prepared for audit next time around. I think that it is the case that all the bodies concerned have accounts which themselves have to be consolidated with those of other organisations. In the case of the Forestry Commission, the accounts have to be consolidated with a UK forestry account, and in

[62] **Janet Davies:** Mae hynny'n eithaf gwir. Pa mor dda bynnag y mae rhywbeth, gall fod yn well bob amser. Fel yr wyf wedi dweud erioed, teimlaf mai rôl y Pwyllgor Archwilio yw helpu adrannau. Nid rôl beirniadu'n unig sydd gennym.

Trown at adroddiad yr Archwilydd Cyffredinol ar ei waith am 1999-2000. Mae mater anodd arall yma. Nodaf fod pedair set o gyfrifon—rhai Ombwdsmon Gweinyddiaeth Cymru, Comisiynydd Gwasanaeth Iechyd Cymru, a dwy set o gyfrifon coedwigaeth Cymru—wedi methu â chwrrd â'r terfyn amser statudol ar gyfer arwyddo ar 30 Tachwedd. Mr Shortridge, pa gamau y credwch y gall y Cynulliad eu cymryd i osgoi oedi annerbyniol o'r fath eto?

Mr Shortridge: Ni chredaf fod gennych gymaint o ddylanwad uniongyrchol ar hyn ag sydd gennych ar gyfrifon y Cynulliad. Penodir y swyddogion cyfrifo ar gyfer y pedair set hynny o gyfrifon yn uniongyrchol gan y Trysorlys. Ni phenodir hwy gennyf fi. Felly, nid oes gennyf gyfrifoldeb personol am y cyfrifon hynny. Golyga hynny na allwch ofyn imi yn uniongyrchol, yr wyf yn credu, i sicrhau nad yw hyn yn digwydd eto. Fodd bynnag, mae'n amlwg bod gennyf rôl dylanwadu a bod gan y Pwyllgor hwn rôl dylanwadu. Mae angen myfyrio ynghylch sut y gellir arfer y rôl dylanwadu honno orau. Rhaid imi gyfaddef nad wyf wedi ymbaratoi'n fanwl ar gyfer y cwestiwn hwnnw ac ni ddymunaf ymrwymo i gwrs gweithredu penodol yn awr ond, unwaith eto, byddwn yn falch o adael ichi gael ateb ystyriol, ar wahân, i'r cwestiwn hwnnw.

[63] **Janet Davies:** Ymddengys i mi'n sefyllfa eithriadol o anodd os oes yn rhaid cyfuno cyfrifon â'n cyfrifon ni, ac eto bod y Cynulliad heb lais mewn penodiadau.

Mr Shortridge: Byddwn yn gobeithio, yn yr holl achosion hynny, fod y problemau a brofir yn ymwneud â chychwyn cyfrifon adnoddau. Ar ôl datrys y problemau hynny ar gyfer cyfrifon y flwyddyn ddiwethaf, dylai fod yn haws o lawer yn y dyfodol i'r cyrff a'r mudiadau hynny allu sicrhau y paratoir cyfrifon amserol i'w harchwilio y tro nesaf. Credaf ei bod yn wir am yr holl gyrff dan sylw fod ganddynt gyfrifon y mae'n rhaid iddynt hwythau gael eu cyfuno â rhai cyrff eraill. Yn achos y Comisiwn Coedwigaeth, rhaid cyfuno'r cyfrifon â chyfrif coedwigaeth y DU, ac yn achos yr Ombwdsmon, rhaid cyfuno hynny â

the case of the Ombudsman, that has to be combined with the accounts of the English ombudsman, the Parliamentary Commissioner for Administration. So I think that there are probably technical issues relating to the initial establishment of resource accounts but, again, Mr Pavelin may want to comment further.

Mr Pavelin: Certainly in the case of Scotland, it has produced its UK account of which the Wales account, if I can put it this way, is a subset. It has been experiencing technical problems; it has managed to produce its cash accounts, because it is still running those as well, and there has been a difference of around £2 million between its cash accounts and resource accounts. I met with the Forestry Commission two weeks ago, and it is still trying to work at that at the moment. It has the basic systems, but it is having technical difficulties and I can understand and sympathise with some of those problems.

In the case of the Ombudsman, one office is preparing all of those accounts. It has had some difficulty in producing resource accounts. However, once it can overcome that difficulty, the accounts for Wales will be a sub-analysis of those. From the conversations that my staff have had with the Ombudsman accounting staff, they think that they are starting to understand what the problems are and are getting them back on track. So we are waiting to see what happens in the case of the 2000-01 accounts. In the Forestry Commission's case, the Assembly does not fund it at present, so it has been doing these accounts in respect of Wales as part of the preparatory work for it starting to receive funding from Wales.

[64] **Janet Davies:** As I understand it, the Ombudsman and Health Service Commissioner accounts are quite small amounts of money, so it is to be hoped that they will sort out the problems out fairly quickly. However, you mentioned the imbalance of £2 million between the two Welsh forestry accounts, which, I understand, refers to the UK and not just to Wales.

Mr Pavelin: Yes. That refers to the UK.

chyfrifon ombwdsmon Lloegr, y Comisiynydd Gweinyddu Seneddol. Felly credaf fod materion technegol, yn ôl pob tebyg, sydd yn ymwneud â sefydlu cyfrifon adnoddau am y tro cyntaf ond, unwaith eto, efallai y bydd Mr Pavelin yn dymuno gwneud sylw pellach.

Mr Pavelin: Yn sicr, yn achos yr Alban, mae wedi cynhyrchu ei chyfrifon i'r DU y mae cyfrifon Cymru, os caf ei roi fel hyn, yn is-set iddynt. Mae wedi profi problemau technegol; llwyddodd i gynhyrchu ei chyfrifon arian, am ei bod yn dal i redeg y rheini hefyd, a bu gwahaniaeth o tua £2 filiwn rhwng ei chyfrifon arian a'i chyfrifon adnoddau. Cyfarfûm â'r Comisiwn Coedwigaeth bythefnos yn ôl, ac mae'n dal i geisio gweithio ar hynny ar hyn o bryd. Mae'r systemau sylfaenol ganddo, ond mae'n profi problemau technegol a gallaf ddeall a chydymdeimlo â rhai o'r problemau hynny.

Yn achos yr Ombwdsmon, un swyddfa sydd yn cynhyrchu'r cwbl o'r cyfrifon hynny. Cafodd beth anhawster wrth gynhyrchu cyfrifon adnoddau. Fodd bynnag, pan fydd yn gallu goresgyn yr anhawster hwnnw, bydd y cyfrifon i Gymru'n is-ddadansoddiad o'r rheini. Ar sail y trafodaethau a gafodd fy staff â staff cyfrifo'r Ombwdsmon, credant eu bod yn dechrau deall beth yw'r problemau ac maent yn eu rhoi ar ben ffordd eto. Felly yr ydym yn disgwyl i weld beth a ddigwydd yn achos cyfrifon 2000-01. Yn achos y Comisiwn Coedwigaeth, nid yw'r Cynulliad yn ei ariannu ar hyn o bryd, felly bu'n gwneud y cyfrifon hyn mewn perthynas â Chymru fel rhan o'r gwaith paratoadol ar gyfer dechrau derbyn cyllid o Gymru.

[64] **Janet Davies:** Fel yr wyf yn ei ddeall, mae cyfrifon yr Ombwdsmon a Chomisiynydd Gwasanaeth Iechyd Cymru'n symiau arian eithaf bach, felly gobeithir y byddant yn datrys y problemau'n weddol gyflym. Fodd bynnag, soniasoch am y diffyg cydbwysedd o £2 filiwn rhwng y ddwy set o gyfrifon coedwigaeth Cymru, sydd, yr wyf yn deall, yn cyfeirio at y DU ac nid at Gymru'n unig.

Mr Pavelin: Ydyw. Mae hynny'n cyfeirio at y DU.

[65] **Janet Davies:** That needs to be clarified in this context. However, the Auditor General qualified his opinion on both those accounts because of the inability to reconcile the funding received from the Westminster and Scottish Parliaments with the accounting records. Do you think that there will be a time when responsibility for funding these accounts could transfer to the Assembly?

Mr Shortridge: I think that the intention of the UK Government and the Assembly's Cabinet is that the responsibility for funding the Forestry Commission in Wales will be vested in the Assembly. My understanding is that discussions about the terms and conditions of that transfer are still being undertaken so, as of now, there is no clear decision on when that transfer will take place.

[66] **Janet Davies:** Will someone be taking steps to ensure that it has resolved its bookkeeping difficulties before the responsibility comes here?

Mr Shortridge: As Accounting Officer, I wish that I could say 'yes', but normally these decisions are taken and then I have to pick up the pieces. When the Forestry Commission in Wales is funded directly by the Assembly, it will still have a separate, additional accounting officer who will not, I suspect, be appointed by me personally. I will need to have an accounting officer agreement with that individual in which I will set out very clearly what my requirements are of him or her in order to give me the assurances that I need about the money that he or she will spend on the Assembly's behalf.

[67] **Alun Cairns:** Mr Shortridge, paragraphs 3.6 and 3.7 of the report refer to the compliance of quangos with European state aid rules. How do you monitor and ensure compliance with these rules by the relevant bodies but also, more widely, within the Assembly?

Mr Shortridge: I think that I am more confident about answering in relation to the Assembly. We have comprehensive compliance arrangements within the Assembly on grant applications that could be affected by state aid rules. In practice,

[65] **Janet Davies:** Mae angen rhoi gwedd eglurach ar hynny yn y cyd-destun hwn. Fodd bynnag, yr oedd yr Archwilydd Cyffredinol wedi rhoi barn amodol ar y ddwy set o gyfrifon hynny oherwydd yr anallu i gysoni'r cyllid a dderbyniwyd oddi wrth Seneddau San Steffan a'r Alban â'r cofnodion cyfrifo. A gredwch y bydd adeg pan ellid trosglwyddo'r cyfrifoldeb dros ariannu'r cyfrifon hyn i'r Cynulliad?

Mr Shortridge: Credaf mai bwriad Llywodraeth y DU a Chabinet y Cynulliad yw y caiff y cyfrifoldeb dros ariannu'r Comisiwn Coedwigaeth yng Nghymru ei roi i'r Cynulliad. Deallaf fod trafodaethau am delerau ac amodau'r trosglwyddiad hwnnw'n cael eu cynnal o hyd felly, ar hyn o bryd, nid oes penderfyniad pendant ynghylch pa bryd y bydd y trosglwyddiad hwnnw'n digwydd.

[66] **Janet Davies:** A fydd rhywun yn cymryd camau i sicrhau y bydd wedi datrys ei phroblemau cadw cyfrifon cyn i'r cyfrifoldeb ddod yma?

Mr Shortridge: Fel y Swyddog Cyfrifo, carwn allu dweud 'bydd', ond fel arfer gwneir y penderfyniadau ac wedyn rhaid i mi glirio'r llanastr. Pan ariennir y Comisiwn Coedwigaeth yng Nghymru'n uniongyrchol gan y Cynulliad, bydd ganddo swyddog cyfrifo ychwanegol ar wahân o hyd ac yr wyf yn amau nas penodir gennyf fi'n bersonol. Bydd angen imi gael cytundeb swyddog cyfrifo gyda'r unigolyn hwnnw lle y byddaf yn nodi'n glir iawn yr hyn yr wyf yn ei ofyn ganddo ef neu hi er mwyn rhoi imi'r sicrhau y mae arnaf ei angen ynghylch yr arian y bydd ef neu hi'n ei wario ar ran y Cynulliad.

[67] **Alun Cairns:** Mr Shortridge, mae paragraffau 3.6 a 3.7 yn yr adroddiad yn cyfeirio at gydymffurfiaid cwangos â rheolau cymorth gwladol Ewropeaidd. Sut yr ydych yn monitro ac yn sicrhau cydymffurfiaid â'r rheolau hyn gan y cyrff perthnasol ond hefyd, yn ehangach, oddi mewn i'r Cynulliad?

Mr Shortridge: Credaf fy mod yn fwy hyderus ynghylch ateb mewn perthynas â'r Cynulliad. Mae gennym drefniadau cydymffurfio cynhwysfawr oddi mewn i'r Cynulliad ar gyfer ceisiadau am grant a allai gael eu heffeithio gan

most of the grants that are likely to have to comply with state aid rules are dealt with by certain limited parts of the office—obviously, the Welsh European Funding Office is one in particular, but it is not just WEFO. So we have people here who are skilled in dealing with those matters. We also have very good relationships with the Department of Trade and Industry, which has its own specialist staff on state aid matters, because it is a UK issue, as you will understand. We also have relationships, through the UK Permanent Representation, UKREP, with the European Commission.

On the systems that we have in place within the Assembly, although I will not say that they are foolproof, we have not hit significant difficulties of non-compliance in the past. I think that the danger would only be if there were a grant application that was being routed through part of the office that was not used to dealing with these things. However, I think that that is such an unlikely occurrence as to be one that I do not have to plan that seriously for. In the case of sponsored bodies, if they are paying grants of any significant nature, then they have a grant relationship with us and, above a certain limit, they have to have our approval anyway, which means that our own state aid arrangements can come into play. In any case, I am sure—although I have not personally checked it—that the relevant financial memoranda and grant agreements that we have with the sponsored bodies would require them to take account of state aid rules.

[68] **Alun Cairns:** Thank you for that answer. I would like to go through the procedures of, say, a structural fund application that might well contravene European state aid rules. In your answer, are you saying that you depend on the people who handle it to pick up the potential conflict, or is there a specific checking procedure that it needs to pass through to ensure that it does not contravene the European regulations?

Mr Shortridge: I can generalise, but you are coming at me with a specific perspective. Where we have to make substantial payments, then we have quite complicated compliance arrangements across the office. So there is a kind of checklist that desk officers have to follow when they are authorising payments. I would certainly expect

reolau cymorth gwladol. Yn ymarferol, trafodir y rhan fwyaf o'r grantiau sydd yn debygol o orfod cydymffurfio â rheolau cymorth gwladol gan rai rhannau cyfyngedig o'r swyddfa—wrth gwrs, Swyddfa Cyllid Ewropeaidd Cymru yw un yn arbennig, ond nid Swyddfa Cyllid Ewropeaidd Cymru'n unig. Felly mae gennym bobl yma sydd yn fedrus wrth drafod y materion hynny. Mae gennym gysylltiadau da iawn hefyd â'r Adran Masnach a Diwydiant, sydd â'i staff arbenigol ei hun ar faterion cymorth gwladol, oherwydd mater i'r DU ydyw, fel y byddwch yn deall. Mae gennym gysylltiadau hefyd, drwy Gynrychiolaeth Barhaol y DU, UKREP, â'r Comisiwn Ewropeaidd.

Ynghylch y systemau sydd gennym ar waith oddi mewn i'r Cynulliad, er na ddywedaf eu bod yn ddi-feth, nid ydym wedi dod ar draws anawsterau sylweddol o ran diffyg cydymffurfio yn y gorffennol. Credaf na fyddai perygl oni bai fod cais am grant yn cael ei gyfeirio drwy ran o'r swyddfa nad oedd wedi arfer â thrafod y pethau hyn. Fodd bynnag, credaf fod hynny'n ddigwyddiad mor annhebygol fel nad oes yn rhaid imi gynllunio ar ei gyfer o ddifrif. Yn achos cyrff a noddir, os ydynt yn talu grantiau o natur sylweddol, mae ganddynt berthynas grant â ni ac, uwchlaw terfyn penodol, rhaid iddynt gael cymeradwyaeth gennym beth bynnag, sydd yn golygu y gall ein trefniadau cymorth gwladol ein hunain ddod i rym. Pa un bynnag, yr wyf yn sicr—er nad wyf wedi gwirio hyn yn bersonol—y byddai'r memoranda ariannol a'r cytundebau grant perthnasol sydd gennym â'r cyrff a noddir yn mynnu eu bod yn ystyried rheolau cymorth gwladol.

[68] **Alun Cairns:** Diolch am yr ateb hwnnw. Hoffwn fynd drwy'r gweithdrefnau ar gyfer cais i gronfa strwythurol, dyweder, y byddai'n ddigon posibl iddo fynd yn groes i reolau cymorth gwladol Ewropeaidd. Yn eich ateb, a ydych yn dweud eich bod yn dibynnu ar y bobl sydd yn ei drafod i sylwi ar y gwrthdaro posibl, neu a oes gweithdrefn wirio benodol y mae'n rhaid iddo fynd drwyddi i sicrhau nad yw'n groes i'r rheoliadau Ewropeaidd?

Mr Shortridge: Gallaf gyffredinoli, ond yr ydych yn dod ataf â safbwynt penodol. Lle y mae'n rhaid inni wneud taliadau sylweddol, yna mae gennym drefniadau cydymffurfio eithaf cymhleth drwy'r swyddfa. Felly mae math o restr wirio y mae'n rhaid i swyddogion desg ei dilyn pan ydynt yn awdurdodi taliadau. Byddwn yn sicr yn disgwyl

those checklists to cover the state aid issues and to ensure that the people in the office who need to be consulted or have the expertise in these matters are so consulted. Mr Pavelin may have better knowledge of individual cases, particularly in the light of the developments at WEFO.

Mr Pavelin: I would not say that I have too much more detailed knowledge, but the state aid rules vary according to the different sectors to which they apply. The staff dealing with the different sectors actually have on their checklist 'is this a state aid situation?'. The other safeguard—and this is where the Assembly sponsored public bodies tend to be brought in—is that, in having a grant application, one of the questions that is on all of these applications is 'who else is supplying funding or grant aid for this particular project?'. What you tend to find is, in any state aid case that is of any size, more than one body in Wales is actually involved. When that occurs, the Assembly normally takes the lead in checking on the state aid issues and actually doing the mathematics of adding up all the different sorts of aids that are coming in to ensure that the various grants that are coming in stay within the state aid rules.

[69] **Alun Cairns:** I am satisfied in that it is included on the checklist that Mr Shortridge mentioned. However, I was concerned about your first answer, Mr Shortridge. It sounded to me as though it was a matter of 'well, we hope someone will pick it up during the process'. That was the purpose of clarifying the point. Forgive me for using a strong phrase, but you partly abdicated responsibility for some of the quangos. I appreciate that you are not directly the accounting officer for some of the quangos. Would you encourage the quangos to adopt similar procedures?

Mr Shortridge: I was not abdicating responsibility. I was just acknowledging that I do not have the same detailed knowledge of the quangos' individual procedures as I do of our own. One of the things that the Auditor General's report brings out is that Wales's performance on state aid has been quite good. I take some assurance from that. I think that the point that I was trying to draw out is that this is not an easy

i'r rhestrau gwirio hynny gynnwys y materion cymorth gwladol a sicrhau yr ymgynghori'r â'r rhai yn y swyddfa y mae angen ymgynghori â hwy neu sydd ag arbenigedd yn y materion hyn. Efallai fod gan Mr Pavelin well gwybodaeth am achosion unigol, yn enwedig yng ngoleuni'r datblygiadau yn Swyddfa Cyllid Ewropeaidd Cymru.

Mr Pavelin: Ni ddywedwn fod gennyf wybodaeth lawer manylach, ond mae'r rheolau cymorth gwladol yn amrywio yn ôl y gwahanol sectorau y maent yn berthnasol iddynt. Mewn gwirionedd, mae gan y staff sydd yn trafod y gwahanol sectorau y cwestiwn 'ai sefyllfa cymorth gwladol yw hon?' ar eu rhestr wirio. Yr amddiffyniad arall—a dyma lle y tueddir i ddod â chyrrff cyhoeddus a noddir gan y Cynulliad i mewn—yw, wrth dderbyn cais am grant, mai un o'r cwestiynau sydd ar bob un o'r ceisiadau hyn yw 'pwy arall sydd yn darparu cyllid neu gymorth grant ar gyfer y prosiect penodol hwn?'. Yr hyn y tueddwch i'w ganfod yw, mewn unrhyw achos cymorth gwladol o unrhyw faint, fod mwy nag un corff yng Nghymru'n cymryd rhan mewn gwirionedd. Pan ddigwydd hynny, mae'r Cynulliad yn arwain fel arfer wrth wirio'r materion cymorth gwladol a gwneud y gwaith cyfrif o adio'r holl wahanol fathau o gymhorthion a ddaw i mewn i sicrhau bod y gwahanol grantiau a ddaw i mewn yn aros oddi mewn i'r rheolau cymorth gwladol.

[69] **Alun Cairns:** Yr wyf yn fodlon ei fod wedi'i gynnwys yn y rhestr wirio y soniodd Mr Shortridge amdani. Fodd bynnag, yr oeddwn yn bryderus ynghylch eich ateb cyntaf, Mr Shortridge. Yr oedd yn swnio i mi fel petai'n fater o ddweud 'wel, gobeithiwn y bydd rhywun yn sylwi arno yn ystod y broses'. Dyna oedd diben egluro'r pwynt. Maddeuwch i mi am ddefnyddio geiriau cryf, ond gwrthodasoch yn rhannol â bod yn gyfrifol am rai o'r cwangos. Gwerthfawrogaf nad chi'n uniongyrchol yw'r swyddog cyfrifo dros rai o'r cwangos. A fydddech yn annog y cwangos i fabwysiadu gweithdrefnau tebyg?

Mr Shortridge: Nid oeddwn yn gwrthod bod yn gyfrifol. Nid oeddwn ond yn cydnabod nad wyf yn meddu ar yr un wybodaeth fanwl am weithdrefnau unigol y cwangos ag yr wyf am ein rhai ni. Un o'r pethau y mae adroddiad yr Archwilydd Cyffredinol yn ei amlygu yw bod perfformiad Cymru ar gymorth gwladol wedi bod yn eithaf da. Cymeraf rywfaint o gysur o hynny. Credaf mai'r pwynt yr oeddwn yn ceisio'i amlygu

area. It is not something that you can have easy rules for because we are talking about grants that, in the view of Europe, could distort or threaten to distort, competition within the European Community. You can imagine a situation where someone who is not particularly familiar with these issues is suddenly involved in a grant scheme and has failed to ask the right question. Up until now the systems that we have had in place indicate that we have managed to pick all these things up. In the case of the quangos, there are certain ones in particular, such as the Welsh Development Agency and the Wales Tourist Board, which, as part of their intrinsic work, have to deal with these things on a regular basis. Our performance has been good. I am not sufficiently confident about the detail of how the individual Assembly sponsored public bodies do it to be able to tell you that it is definitely okay.

yw nad yw hwn yn faes hawdd. Nid yw'r rhywbeth y gallwch gael rheolau hawdd ar ei gyfer oherwydd ein bod yn sôn am grantiau a allai, yng ngolwg Ewrop, ystumio neu fygwth ystumio, cystadleuaeth oddi mewn i'r Gymuned Ewropeaidd. Gallwch ddychmygu sefyllfa lle y mae rhywun nad yw'n arbennig o gyfarwydd â'r materion hyn yn dechrau ymwneud yn sydyn â chynllun grant ac wedi methu â gofyn y cwestiwn iawn. Hyd yn hyn mae'r systemau sydd wedi bod ar waith gennym yn dangos ein bod wedi llwyddo i sylwi ar yr holl bethau hyn. Yn achos y cwangos, mae rhai'n benodol, fel Awdurdod Datblygu Cymru a Bwrdd Croeso Cymru, sydd, fel rhan o'u gwaith hanfodol, yn gorfod trafod y pethau hyn yn rheolaidd. Bu ein perfformiad yn dda. Nid wyf yn ddigon hyderus ynghylch manylion y modd y mae cyrff cyhoeddus unigol a noddir gan y Cynulliad yn ei wneud i allu dweud wrthyhch ei fod bendant yn iawn.

[70] **Dafydd Wigley:** I would like to come in on the state aid. Taking an instance that is before us now, I want to see where responsibility lies. Take the aid that we are now giving for those companies in the tourist sector threatened by the effects of foot and mouth disease. The National Assembly has made money available, to be administered by local government, which will go to companies—mainly small and medium sized enterprises one suspects, but not necessarily so—and the *de minimis* rule of the European Union will apply and they will need to be within a limit of 100,000 euros over three years. There may be money coming in from the Wales Tourist Board, there may be money by way of interest free loans if that system comes through, as well as our own money. Who has the responsibility for making sure that we are within the European regulations in such circumstances?

[70] **Dafydd Wigley:** Hoffwn ddod i mewn ar y cymorth gwladol. Gan gymryd enghraifft sydd o'n blaen yn awr, dymunaf weld ym mha le y mae'r cyfrifoldeb. Cymerwch y cymorth yr ydym yn ei roi yn awr ar gyfer y cwmnïau hynny yn y sector twristiaeth a fygythir gan effeithiau clwy'r traed a'r genau. Mae'r Cynulliad Cenedlaethol wedi darparu arian, i'w weinyddu gan lywodraeth leol, a fydd yn mynd i gwmnïau—busnesau bach a chanolig eu maint yn bennaf, mae rhywun yn amau, ond nid o reidrwydd—a bydd rheol *de minimus* yr Undeb Ewropeaidd yn berthnasol a bydd angen iddynt fod oddi mewn i derfyn o 100,000 o ewros dros dair blynedd. Efallai y bydd arian yn dod iddynt o Fwrdd Croeso Cymru, efallai y bydd arian ar ffurf benthyciadau di-log os daw'r system honno drwodd, yn ogystal â'n harian ein hunain. Pwy sydd yn gyfrifol am sicrhau ein bod yn cadw at y rheoliadau Ewropeaidd mewn amgylchiadau o'r fath?

Mr Shortridge: Ultimately, if the Assembly is putting in money of its own, then it must be us. Over the past few weeks we have, as you would expect, been in close contact with colleagues in London and Europe on just such issues.

Mr Shortridge: Yn y pen draw, os yw'r Cynulliad yn rhoi ei arian ei hun i mewn, rhaid i ni fod. Dros yr wythnosau diwethaf hyn buom, fel y disgwyliech, mewn cysylltiad agos â chydweithwyr yn Llundain ac Ewrop ar faterion o'r union fath hwnnw.

Mr Pavelin: May I just amplify that, Mr Wigley? We have run across cases like this in the past with various industrial grants going out to small organisations and we can understand the difficulties. At the end of the day, what has to happen is that the person giving a grant now has to add up and check the grants that have been

Mr Pavelin: A gaf ymhelaethu ar hynny, Mr Wigley? Daethom ar draws achosion fel hyn yn y gorffennol gyda gwahanol grantiau diwydiannol a oedd yn mynd at fudiadau bach a gallwn ddeall yr anawsterau. Yn y diwedd, yr hyn sydd yn gorfod digwydd yw bod y sawl sydd yn rhoi grant yn awr yn gorfod adio a gwirio'r grantiau a roddwyd yn y

given in the past and recognise the three-year rolling figure that is running. Sometimes by adjusting the date on which you make a payment to a small or medium-sized organisation, you can get it caught by the state aid rules or you can make sure that it stays outside the state aid rules. There are tricks to be learned in all of this. Colleagues with whom I work who work on this understand the system and what we have to do in order to give the maximum grant assistance possible, but within the state aid rules.

[71] **Alun Cairns:** Paragraph 3.17 of the report refers to two cases where quangos should have sought ratification from the Assembly prior to incurring expenditure. You mentioned in your response to the state aid question that you would expect quangos to liaise with the Assembly, depending on the size of their grant. Can you tell me about the nature of these two cases that are raised in the report?

Mr Shortridge: One was in relation to the Qualifications, Curriculum and Assessment Authority for Wales, ACCAC, and the other was in relation to the WDA. As I understand it, in ACCAC's case there were three occasions when it had gone out to tender, but only one tenderer returned with a bid. It had assumed that, under those circumstances, it had complied with the tendering requirements and could give the contract to that firm. The Auditor General rightly pointed out that, actually, in those circumstances it nonetheless had to seek the Assembly's—in this case Assembly officials'—approval for accepting that bid, because it was over £50,000. That was the one case. I think that that was perhaps an understandable misunderstanding about where responsibilities lay, and that is being sorted. The other case was a single tender accepted by the WDA for over £50,000. My understanding is that in that case discussions are ongoing with us to see whether we will give retrospective approval.

[72] **Alun Cairns:** What steps are you taking, therefore, to prevent such ambiguities in the future?

Mr Shortridge: If I can generalise and then come back to detail, whenever we learn—either through the Auditor General's reports, or through the

gorffennol ac adnabod y ffigur treiglol tair blynedd sydd yn rhedeg. Weithiau, drwy newid y dyddiad pan wnewch daliad i fudiad bach neu ganolig ei faint, gallwch beri iddo gael ei ddal gan y rheolau cymorth gwladol neu gallwch sicrhau ei fod yn aros y tu allan i'r rheolau cymorth gwladol. Mae triciau i'w dysgu yn hyn oll. Mae cydweithwyr yr wyf yn gweithio gyda hwy sydd yn gweithio ar hyn yn deall y system a'r hyn yr ydym yn gorfod ei wneud er mwyn rhoi'r cymorth grant mwyaf posibl, ond oddi mewn i'r rheolau cymorth gwladol.

[71] **Alun Cairns:** Mae paragraff 3.17 yn yr adroddiad yn cyfeirio at ddau achos lle y dylai cwangos fod wedi ceisio cadarnhad gan y Cynulliad cyn mynd i wariant. Soniasoch yn eich ymateb i'r cwestiwn am gymorth gwladol y byddech yn disgwyl i gwangos gysylltu â'r Cynulliad, gan ddiybnu ar faint eu grant. A allwch ddweud wrthyf am natur y ddau achos hyn a godir yn yr adroddiad?

Mr Shortridge: Yr oedd un mewn perthynas ag Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru, ACCAC, ac yr oedd y llall mewn perthynas â'r WDA. Fel yr wyf fi'n ei deall, yn achos ACCAC yr oedd tri achlysur pan oedd wedi gosod gwaith ar dendr, ac ni ddaeth ond un tendrwr yn ôl â chais. Yr oedd wedi rhagdybio ei fod, o dan yr amgylchiadau hynny, wedi cydymffurfio â'r gofynion tendro ac y gallai rhoi'r contract i'r busnes hwnnw. Nododd yr Archwilydd Cyffredinol yn briodol fod yn rhaid iddo, mewn gwirionedd, er hynny, geisio cymeradwyaeth gan y Cynulliad—swyddogion y Cynulliad yn yr achos hwn—i dderbyn y cais hwnnw, oherwydd yr oedd dros £50,000. Yr oedd hwnnw'n un achos. Credaf fod hynny efallai'n gamddealltwriaeth ddealladwy ynghylch lle'r oedd y cyfrifoldebau, ac mae hynny'n cael ei ddatrys. Tendr unigol oedd yr achos arall a dderbyniwyd gan y WDA am fwy na £50,000. Yr wyf yn deall bod trafodaethau'n parhau â ni yn yr achos hwnnw i weld a fyddwn yn rhoi cymeradwyaeth ôl-weithredol.

[72] **Alun Cairns:** Pa gamau yr ydych yn eu cymryd, felly, i atal amwysterau o'r fath yn y dyfodol?

Mr Shortridge: Os caf gyffredinoli ac wedyn ddod yn ôl at y manylion, pryd bynnag y cawn wybod—un ai drwy adroddiadau'r Archwilydd

annual reports of the sponsored bodies' internal auditors—of non-compliance issues such as these, which we regard as serious, we take those up with the individual body concerned. We have sponsoring divisions in the Assembly and it is their responsibility to ensure that their sponsored bodies act in compliance with their financial memoranda and associated agreements. So, on an individual basis, it comes to the central finance group, we ask the policy division to sort it out and it sorts it out. The other thing that happens is that the corporate governance committee that I chair receives a report annually on the compliance issues that have come out of the various audits of these sponsored bodies. We are told what follow-up action has been taken in relation to the specifics, and we also have the opportunity to consider whether there are more generic issues that need to be addressed across the piece. In this case, where we had two really quite anomalous issues, I did not take the judgment that there was a systemic failure there that needed to be addressed.

[73] **Alun Cairns:** You have partly answered my next question, but I would like you to confirm this point. Do your staff follow up all matters to ensure that effective remedial measures are taken in such instances?

Mr Shortridge: Yes. I will answer quickly, because I do not want to repeat too much. The process is that these reports, which have come from the Auditor General, come to Mr Pavelin as chief accountant. The annual reports of internal auditors of the individual sponsored bodies come to the chief of internal audit. Both those key officials examine the contents of those reports and decide what, if any, remedial action needs to be taken, and that action is taken. Those issues then come before my corporate governance committee, so that we have the opportunity annually to review the detailed failings, if I can put it that way, of the individual sponsored bodies to see whether there are important wider issues that need to be addressed. For the most part, and I think that this comes out of the Auditor General's report, for the year in question, he did not identify significant systemic problems across the piece.

[74] **Alun Cairns:** If a procedural issue were to be identified in the sponsored bodies, or within the Assembly, what monitoring is put in place to ensure that action is followed through?

Cyffredinol, neu drwy adroddiadau blynyddol archwilwyr mewnol y cyrff a noddir—am faterion peidio â chydymffurfio fel y rhain, a ystyriwn yn ddifrifol, yr ydym yn eu codi gyda'r corff unigol dan sylw. Mae gennym is-adrannau noddi yn y Cynulliad a hwy sydd yn gyfrifol am sicrhau bod eu cyrff noddedig yn gweithredu'n unol â'u memoranda ariannol a'r cytundebau cysylltiedig. Felly, yn unigol, daw i'r grwp cyllid canolog, gofynnwn i'r is-adran bolisi ei ddatrys ac mae'n ei ddatrys. Y peth arall sydd yn digwydd yw bod y pwyllgor llywodraethu corfforaethol yr wyf yn gadeirydd arno yn derbyn adroddiad bob blwyddyn ar y materion cydymffurfio a gododd o'r gwahanol archwiliadau ar y cyrff noddedig hyn. Dywedir wrthym ba gamau dilynol a gymerwyd mewn perthynas â'r manylion, ac mae gennym gyfle hefyd i ystyried a oes materion mwy generig y mae angen eu hystyried yn gyffredinol. Yn yr achos hwn, lle'r oedd gennym ddau fater eithaf afreolaidd mewn gwirionedd, ni ddyfernais fod methiant systemig yno yr oedd angen rhoi sylw iddo.

[73] **Alun Cairns:** Yr ydych wedi ateb fy nghwestiwn nesaf yn rhannol, ond hoffwn ichi gadarnhau'r pwynt hwn. A yw'ch staff yn canlyn yr holl faterion i sicrhau y gweithredir mesurau cywirol effeithiol mewn achosion o'r fath?

Mr Shortridge: Ydynt. Atebaf yn gyflym, oherwydd ni ddymunaf ailadrodd yn ormodol. Y broses yw bod yr adroddiadau hyn, a ddaeth oddi wrth yr Archwilydd Cyffredinol, yn dod i Mr Pavelin fel y prif gyfrifydd. Daw adroddiadau blynyddol archwilwyr mewnol y cyrff unigol a noddir i bennaeth yr archwiliad mewnol. Mae'r ddau swyddog allweddol hynny'n archwilio cynnwys yr adroddiadau hynny ac yn penderfynu pa gamau cywirol y mae angen eu cymryd, os oes rhai, a chymerir y camau hynny. Wedyn daw'r materion hynny o flaen fy mhwyllgor llywodraethu corfforaethol, fel y cawn gyfle bob blwyddyn i adolygu canfyddiadau manwl, os caf ei roi felly, y cyrff unigol a noddir i weld a oes materion ehangach pwysig y mae angen rhoi sylw iddynt. At ei gilydd, a chredaf fod adroddiad yr Archwilydd Cyffredinol am y flwyddyn dan sylw yn amlygu hynny, ni chanfu broblemau systemig sylweddol drwyddo draw.

[74] **Alun Cairns:** Pe canfyddid mater gweithdrefnol yn y cyrff a noddir, neu oddi mewn i'r Cynulliad, pa fonitro a roddir ar waith i sicrhau cyflawni'r camau hynny?

Mr Shortridge: In the case of issues arising from the internal audit reports, by definition, where there is an internal audit report, an action plan must be agreed with management to put in place the necessary remedial actions. In the case of issues that have come out through the Auditor General, in turn, there is an expectation that where those are in his management letters to those bodies, that they will put in place a satisfactory action plan to deal with the issues that he has identified. The audit process is designed not just to pick up mistakes but to provide assurance that they are being rectified.

Mr Shortridge: Yn achos materion sydd yn codi o adroddiadau'r archwiliadau mewnol, drwy ddiffiniad, lle y mae adroddiad archwiliad mewnol, rhaid cytuno ar gynllun gweithredu gyda'r rheolwyr i roi'r camau cywirol angenrheidiol ar waith. Yn achos materion a ddaeth i'r golwg drwy'r Archwilydd Cyffredinol, yn ei dro, mae disgwyliad, lle y mae'r rheini yn ei lythyrau rheoli at y cyrff hynny, y byddant yn rhoi cynllun gweithredu boddhaol ar waith i ymdrin â'r materion a ddynododd. Bwriad y broses archwilio yw nid yn unig sylwi ar gamgymeriadau ond rhoi sicrhad eu bod yn cael eu cywiro.

[75] **Alun Cairns:** In relation to all the answers that you gave me on internal audit, may I assume that the same would be the case in relation to external audit?

[75] **Alun Cairns:** Mewn perthynas â'r holl atebion a roesoch i mi ar archwilio mewnol, a allaf gymryd y byddai'r un peth yn wir mewn perthynas ag archwilio allanol?

Mr Shortridge: Yes. There are two systems operating in parallel.

Mr Shortridge: Gallwch. Mae dwy system yn gweithredu'n gyfochrog.

[76] **Janet Davies:** We will now break for coffee.

[76] **Janet Davies:** Cawn egwyl yn awr am goffi.

[Cynhaliwyd egwyl goffi rhwng 3.30 p.m. a 3.47 p.m.]

[A coffee break was held between 3.30 p.m. and 3.47 p.m.]

[77] **Janet Davies:** Welcome back. Before we move on to questions on corporate governance, I will raise a question that I hope that you do not think is too much of a googly. In two years' time, we will be looking to replace health authorities with local health groups. I was wondering to what extent you have had a chance to think about how you are going to handle the finances when that happens. I cannot think of any other time to fit in that question.

[77] **Janet Davies:** Croeso'n ôl. Cyn inni symud ymlaen at gwestiynau ar lywodraethu corfforaethol, codaf gwestiwn y gobeithiaf nad ydych yn credu ei fod yn ormod o gwgli. Ymhen dwy flynedd, byddwn yn disgwyl rhoi grwpiau iechyd lleol yn lle awdurdodau iechyd. Yr oeddwn yn meddwl tybed i ba raddau y cawsoch gyfle i feddwl ynghylch sut y byddwch yn trafod y materion cyllidol pan ddigwydd hynny. Ni allaf feddwl am unrhyw adeg arall i roi'r cwestiwn hwnnw i mewn.

Mr Shortridge: Well, it is going to get a straight answer. We have had very little time to address that as yet, in part because until there is greater clarity as to the nature of the structures that will need to be put in place and where certain responsibilities will go, I think that it would just be unnecessary contingent thinking. However, clearly, it will be yet another challenge to which we will have to respond positively.

Mr Shortridge: Wel, caiff ateb syml. Ychydig iawn o amser a gawsom i roi sylw i hynny hyd yn hyn, yn rhannol oherwydd, hyd nes bod mwy o eglurdeb ynghylch natur y strwythurau y bydd angen eu rhoi ar waith ac i ble yr aiff cyfrifoldebau penodol, credaf na fyddai hynny'n ddim ond meddwl amodol diangen. Fodd bynnag, mae'n amlwg y bydd yn her arall eto y bydd yn rhaid inni ymateb yn gadarnhaol iddi.

[78] **Janet Davies:** If we turn then to the issues of corporate governance, the report states that you will be required to include a full statement of internal control within the Assembly's accounts for 2003-04 at the latest. How are you preparing for this and do you intend an earlier implementation?

Mr Shortridge: First of all, I welcome the moves towards much more comprehensive corporate governance and having explicit arrangements within any public organisation, but certainly within the Assembly, for the management of risk, which is essentially what we are talking about in terms of the statements of internal control. The 2003-04 deadline is one that is being imposed by the Treasury. It is rolling out these procedures across the whole of government, in its wider sense. It issued an instruction, at the end of December I think, setting out its timetable and its expectations of everyone.

May I just say how I am responding to that at the moment within the Assembly? What I am seeking to do is to end up with a risk framework in place probably towards the end of the year—in November, say. In order to draw that up, I am taking both a top-down and a bottom-up approach. I am asking all the heads of group to submit their views by the end of April on what significant risks they think that they have responsibility for managing. At the same time, I will be using my management board—without conferring with the heads of group, if I can put it that way—to identify from a top-down perspective what risks they think that we have to manage. By bringing these two sets of thought processes together—and we will probably have to have some sort of a workshop to test and challenge them—I hope to end up with a risk register towards the end of this calendar year which will set out the main strategic risks that I think that I personally, through the management board, must have a responsibility for managing. We will then, through that process also, identify those subordinate risks that I will expect my group directors, and possibly heads of division, to be managing. We will then have to have, alongside those risk registers, clear reporting systems in place, so that the way in which those risks are being managed can be properly monitored and the risks only signed off, if ever, when the necessary and required outcomes have been achieved.

[78] **Janet Davies:** Os trown wedyn at faterion llywodraethu corfforaethol, dywed yr adroddiad y bydd gofyn ichi gynnwys datganiad llawn o reolaeth fewnol oddi mewn i gyfrifon y Cynulliad am 2003-04 fan bellaf. Sut yr ydych yn paratoi ar gyfer hyn ac a fwriadwch ei weithredu'n gynt?

Mr Shortridge: Yn gyntaf oll, croesawaf y camau at lywodraethu corfforaethol mwy cynhwysfawr o lawer a chael trefniadau pendant oddi mewn i unrhyw gorff cyhoeddus, ond yn sicr oddi mewn i'r Cynulliad, er mwyn rheoli risg, sef yr hyn yr ydym yn sôn amdano yn y bôn o ran y datganiadau o reolaeth fewnol. Mae'r terfyn amser yn 2003-04 yn un a osodir gan y Trysorlys. Mae'n lledaenu'r gweithdrefnau hyn drwy'r cyfan o lywodraeth, yn ei hystyr ehangach. Cyhoeddodd gyfarwyddyd, ddiwedd Rhagfyr yr wyf yn credu, gan nodi ei amserlen a'r hyn y mae'n ei ddisgwyl gan bawb.

A gaf ddweud yn unig sut yr wyf yn ymateb i hynny ar y funud oddi mewn i'r Cynulliad? Yr hyn y ceisiaf ei wneud yw cael fframwaith risg yn ei le tua diwedd y flwyddyn yn ôl pob tebyg—ym mis Tachwedd, dyweder. Er mwyn paratoi hwnnw, yr wyf yn ymgymryd ag ymagwedd o'r pen i lawr ac o'r gwaelod i fyny. Yr wyf yn gofyn i'r holl benaethiaid grwp gyflwyno eu barn erbyn diwedd Ebrill ar ba risgiau sylweddol y credant eu bod yn gyfrifol am eu rheoli. Ar yr un pryd, byddaf yn defnyddio fy mwrdd rheoli—heb ymgynghori â'r penaethiaid grwp, os caf ei roi felly—i ddynodi o safbwynt o'r pen i lawr pa risgiau y credant fod yn rhaid i ni eu rheoli. Drwy ddod â'r ddwy set hyn o brosesau meddwl at ei gilydd—a byddwn yn cael rhyw fath o weithdy, yn ôl pob tebyg, i roi prawf arnynt a'u herio—gobeithiaf gael cofrestr risg erbyn tua diwedd y flwyddyn galendr hon a fydd yn nodi'r prif risgiau strategol y credaf fod yn rhaid i mi'n bersonol, drwy'r bwrdd rheoli, fod yn gyfrifol am eu rheoli. Byddwn wedyn, drwy'r broses honno hefyd, yn dynodi'r risgiau is hynny y byddaf yn disgwyl i'm cyfarwyddwyr grwp, a'm penaethiaid is-adran o bosibl, eu rheoli. Wedyn, ochr yn ochr â'r cofrestrau risg hynny, bydd yn rhaid inni sefydlu systemau adrodd eglur, fel y gellir monitro'n briodol y risgiau hynny a reolir ac fel mai ond pan sicrhair y canlyniadau angenrheidiol a gofynnol yr arwyddir bod y risgiau ar ben, os digwydd hynny byth.

So, in terms of the accounts that you will be seeing for 2000-01, I will be reporting on the arrangements that I have in place for the future. In the 2001-02 accounts, I will report on the extent to which I am satisfied that we are managing risks within the Assembly. I do not think that, in the first year of operating this system, I will be able to say definitively that this new system is working perfectly. However, I would hope that, by 2002-03, which is the year before the deadline being set by the Treasury, we will have in place risk management arrangements in which I will have confidence and in which I would hope that you would have confidence.

[79] **Janet Davies:** Do you feel that you are able to give an illustration of any key risks that have been identified in extending the scope from financial controls to all internal controls, or is it a bit early to do that?

Mr Shortridge: I can give you some illustrations, but they are no more than illustrations. It seems to me that there are certain generic risks. There are organisational risks associated with making sure that we have the right number of people in post, who are adequately trained in order to be able to provide the service that the Assembly expects of its officials. There are all the risks around financial accounting and so on, which we manage at the moment, but which we do not manage in the context of such an explicit risk management process. There are individual projects that have substantial risks associated with them, such as the new Assembly building and such as the fact that we are in the process of renewing our information technology contract, which is a very complex and long-term project, but one that must be properly managed.

There are then risks associated with the functions of the Assembly, and I think that it is in this area where the greater emphasis on risk management will be potentially most productive. For example—as we all know to our cost—there are significant risks for the Assembly, and public bodies more generally, concerning animal health. There are also issues concerning public health and civil emergencies. I would hope that the process that I have explained will help to tease out all of these issues, and we will take a view as officials on what we think we have a responsibility for identifying as risks and to have arrangements in place for managing them properly. As I said at the

Felly, o ran y cyfrifon a welwch am 2000-01, byddaf yn adrodd ar y trefniadau sydd gennyf ar waith ar gyfer y dyfodol. Yng nghyfrifon 2001-02, byddaf yn adrodd ar y graddau yr wyf yn sicr ein bod yn rheoli risgiau oddi mewn i'r Cynulliad. Ni chredaf, yn y flwyddyn gyntaf o weithredu'r system hon, y byddaf yn gallu dweud yn ddiamod fod y system newydd hon yn gweithio'n berffaith. Fodd bynnag, gobeithiwn, erbyn 2002-03, sef y flwyddyn cyn y terfyn amser a osodir gan y Trysorlys, y bydd gennym drefniadau rheoli risg ar waith y bydd gennyf ffydd ynddynt ac y gobeithiwn y byddai gennych chi ffydd ynddynt.

[79] **Janet Davies:** A deimlwch eich bod yn gallu rhoi enghraifft o unrhyw risgiau allweddol a ddynodwyd wrth ehangu'r maes o reolaethau ariannol i'r holl reolaethau mewnol, neu a yw braidd yn fuan i wneud hynny?

Mr Shortridge: Gallaf roi rhai enghreifftiau i chi, ond nid ydynt yn fwy na hynny. Ymddengys i mi fod rhai risgiau generig. Mae risgiau trefniadaethol sydd yn gysylltiedig â sicrhau bod y nifer priodol o bobl gennym wrth eu gwaith, sydd wedi'u hyfforddi'n ddigonol er mwyn gallu darparu'r gwasanaeth y mae'r Cynulliad yn ei ddisgwyl gan ei swyddogion. Dyna'r holl risgiau ynghylch cyfrifo ariannol ac yn y blaen, a reolwn ar hyn o bryd, ond nad ydym yn eu rheoli yng nghyd-destun proses rheoli risg mor bendant. Mae prosiectau unigol sydd â risgiau sylweddol yn gysylltiedig â hwy, fel adeilad newydd y Cynulliad ac fel y ffaith ein bod ar ganol adnewyddu ein contract technoleg gwybodaeth, sydd yn brosiect tymor hir a chymhleth iawn, ond yn un y mae'n rhaid ei reoli'n briodol.

Wedyn mae risgiau'n gysylltiedig â swyddogaethau'r Cynulliad, a chredaf mai yn y maes hwn y gallai'r pwyslais cryfach ar reoli risg fod yn fwyaf cynhyrchiol. Er enghraifft—fel y gwyddom er gofid i ni—mae risgiau sylweddol i'r Cynulliad, a chyrrff cyhoeddus yn fwy cyffredinol, ynghylch iechyd anifeiliaid. Mae materion hefyd yn ymwneud ag iechyd cyhoeddus ac argyfyngau sifil. Gobeithiwn y bydd y broses a eglurais yn helpu i amlygu'r holl faterion hyn, a byddwn yn barnu fel swyddogion ynghylch yr hyn y credwn ein bod yn gyfrifol am ei ddynodi'n risgiau ac yn rhoi trefniadau ar waith i'w rheoli'n briodol. Fel y dywedais ar y dechrau, credaf fod hwn yn newid

outset, I think that this is a very important innovation that will enhance the quality of public administration, not just within the Assembly but more widely. So I really welcome it.

[80] **Jocelyn Davies:** Paragraph 5.13 of the general report, on page 17, indicates that your corporate governance committee received and reviewed some 50 returns from heads of division to enable you to report on the effectiveness of internal financial control for 1999-2000. What action was taken as a result of that review and what lessons have been learnt?

Mr Shortridge: I think that, overall, that review, which is reflected in the words that appear in the accounts in my name, on the overall effectiveness of our financial control systems, demonstrated that, with really comparatively few exceptions, our divisions were compliant. There were a few areas where heads of division acknowledged that, for example, payments were not sufficiently timely. Parts of the office were not declaring sufficiently when gifts and hospitality had been received and such issues of detail. However, the process itself of the heads of division having to identify, account and sign for the quality of their controls and organisation is, to a very significant extent, a self-policing exercise. They know that they are doing this on my behalf, and that I am relying upon them to account accurately for, not just what they are doing well, but also for the comparatively small number of areas where their systems are not good enough. The process is one of self-reporting and self-correction, done in the knowledge that they have to report on the situation again in the following year.

Mr Richards: If I may just add to that, Chair, the results were compiled and put together by our internal audit unit and we fed back the summary results to all the senior managers in the Assembly with the request that they look out particularly for these areas. Certainly, as the internal audit team goes around divisions through the year, it will have, at the back of its mind, the particular issues that came up. It will be looking particularly at those issues.

[81] **Jocelyn Davies:** Page 10, figure 2 of the general report suggests that the NHS in Wales is ahead of other public sector bodies in Wales when

pwysig iawn a fydd yn gwella ansawdd gweinyddu cyhoeddus, nid yn unig oddi mewn i'r Cynulliad ond yn ehangach. Felly yr wyf yn wirioneddol ei groesawu.

[80] **Jocelyn Davies:** Mae paragraff 5.13 yn yr adroddiad cyffredinol, ar dudalen 17, yn nodi bod eich pwyllgor llywodraethu corfforaethol wedi derbyn ac adolygu rhyw 50 o ffurflenni oddi wrth benaethiaid is-adran i'ch galluogi i adrodd ar effeithiolrwydd rheolaeth ariannol fewnol am 1999-2000. Pa gamau a gymerwyd o ganlyniad i'r adolygiad hwnnw a pha wersi a ddysgwyd?

Mr Shortridge: Credaf fod yr adolygiad hwnnw, at ei gilydd, ac adlewyrchir hynny yn y geiriau sydd yn ymddangos yn y cyfrifon yn fy enw i, ar effeithiolrwydd cyffredinol ein systemau rheoli ariannol, yn dangos, gyda nifer cymharol fach o eithriadau mewn gwirionedd, fod ein hisadrannau'n cydymffurfio. Yr oedd ychydig o feysydd lle'r oedd penaethiaid is-adran yn cydnabod, er enghraifft, nad oedd taliadau'n ddigon prydlon. Yr oedd rhannau o'r swyddfa nad oeddent yn gwneud datganiad digonol pan dderbynnid rhoddion a lletygarwch a materion o'r fath ynghylch manylion. Fodd bynnag, mae'r broses ei hun o benaethiaid is-adran yn gorfod dynodi, egluro a llofnodi dros ansawdd eu rheolaethau a'u trefniadaeth, i raddau helaeth iawn, yn ymarfer hunanreoli. Gwyddant eu bod yn gwneud hyn ar fy rhan i, ac fy mod yn dibynnu arnynt i roi cyfrif manwl, nid yn unig am yr hyn a wnânt yn dda, ond am y nifer cymharol fach o feysydd lle nad yw eu systemau'n ddigon da. Proses o hunanadrodd a hunangywirow yw hon, a wneir dan wybod eu bod yn gorfod adrodd ar y sefyllfa eto yn y flwyddyn ganlynol.

Mr Richards: Os caf ychwanegu ychydig at hynny, Gadeirydd, casglwyd y canlyniadau a'u rhoi at ei gilydd gan ein huned archwilio mewnol a phorthasom y canlyniadau crynodeb yn ôl i'r holl uwch reolwyr yn y Cynulliad gyda chais iddynt roi sylw arbennig i'r meysydd hyn. Yn sicr, wrth i'r tîm archwilio mewnol fynd o gwmpas yr is-adrannau drwy'r flwyddyn, bydd ganddo, yng nghefn ei feddwl, y materion penodol a gododd. Bydd yn edrych yn benodol ar y materion hynny.

[81] **Jocelyn Davies:** Mae tudalen 10, ffigur 2 yn yr adroddiad cyffredinol yn awgrymu bod yr NHS yng Nghymru ar y blaen i gyrff sector cyhoeddus

it comes to developing corporate governance arrangements. What further steps do NHS bodies need to undertake to comply with the recommendations of the Turnbull Committee?

Mr Shortridge: Sorry, did you say page 10?

[82] **Jocelyn Davies:** Yes, figure 2.

Mr Shortridge: I have to confess that I am not an expert on the corporate governance arrangements in the NHS. Until very recently, I have not had any Accounting Officer responsibility for the NHS. Therefore, this is not something in which I personally had a detailed involvement. However, on my corporate governance committee I have a place that up until now has been for the Director of Finance in the NHS, representing the Director of the NHS. In the future Ann Lloyd may sit on that committee. What I will be seeking to do through the corporate governance committee is to ensure that, on the one hand, I have the opportunity, as we develop our own thinking on corporate governance, to feed the ideas and the experience that are coming out of the NHS into that consideration. Equally, the Director of the NHS or her representative must have her thoughts on how to develop governance in the NHS as a result of how our thinking is developing. I am not sufficiently qualified to go into more detail on that this afternoon. If you would like more detail, I will let you have it separately.

[83] **Jocelyn Davies:** Okay. Staying with Turnbull's recommendations for a moment, how are you guiding the Assembly's sponsored public bodies as they prepare to implement those recommendations? Do you know what their state of readiness is and will they be able to comply with the Treasury's timetable for implementation?

Mr Shortridge: We sent all the directors of finance of our ASPBs a copy of the Treasury letter setting out the requirements for the statement of internal control. Mr Pavelin sent that to them at the beginning of February. In that letter, he made clear what the Treasury's requirements and, indeed, our requirements were on the whole question of risk management. What we are proposing to do is to meet them around

eraill yng Nghymru o ran datblygu trefniadau llywodraethu corfforaethol. Pa gamau pellach y mae angen i gyrff NHS eu cymryd i gydymffurfio ag argymhellion Pwyllgor Turnbull?

Mr Shortridge: Mae'n ddrwg gennyf, ai tudalen 10 a ddywedasoeh?

[82] **Jocelyn Davies:** Ie, ffigur 2.

Mr Shortridge: Rhaid imi gyfaddef nad wyf yn arbenigwr ar y trefniadau llywodraethu corfforaethol yn yr NHS. Hyd yn ddiweddar iawn, nid oedd gennyf unrhyw gyfrifoldeb fel Swyddog Cyfrifo dros yr NHS. Felly, nid yw hyn yn rhywbeth lle'r wyf fi'n bersonol yn cymryd rhan fanwl. Fodd bynnag, ar fy mhwyllgor llywodraethu corfforaethol mae gennyf le sydd hyd yn hyn ar gyfer y Cyfarwyddwr Cyllid yn yr NHS, yn cynrychioli Cyfarwyddwr yr NHS. Yn y dyfodol gall Ann Lloyd eistedd ar y pwyllgor hwnnw. Yr hyn y byddaf yn ceisio'i wneud drwy'r pwyllgor llywodraethu corfforaethol yw sicrhau bod gennyf, ar un llaw, y cyfle, wrth inni ddatblygu ein meddwl ein hunain ar lywodraethu corfforaethol, i borthi'r syniadau a'r profiad a ddaw o'r NHS i'r ystyriaeth honno. I'r un graddau, mae'n sicr bod gan Gyfarwyddwr yr NHS neu ei chynrychiolydd syniadau am y modd i ddatblygu llywodraethu yn yr NHS o ganlyniad i'r modd y mae ein meddwl ni'n datblygu. Nid wyf yn ddigon cymwys i fynd i fwy o fanylion ar hynny y prynhawn yma. Os hoffech gael rhagor o fanylion, gadawaf ichi gael hynny ar wahân.

[83] **Jocelyn Davies:** O'r gorau. Ac aros gydag argymhellion Turnbull am funud, sut yr ydych yn arwain y cyrff cyhoeddus a noddir gan y Cynulliad wrth iddynt baratoi i roi'r argymhellion hynny ar waith? A wyddoch pa mor barod ydynt ac a fyddant yn gallu cydymffurfio ag amserlen y Trysorlys ar gyfer gweithredu?

Mr Shortridge: Anfonasom gopi o lythyr y Trysorlys a oedd yn nodi'r gofynion am y datganiad o reolaeth fewnol at holl gyfarwyddwyr cyllid y cyrff cyhoeddus a noddir gan y Cynulliad. Anfonodd Mr Pavelin hwnnw atynt ddechrau Chwefror. Yn y llythyr hwnnw, rhoddodd ar ddeall beth yw gofynion y Trysorlys ac, yn wir, ein gofynion ni ar holl fater rheoli risg. Yr hyn y bwriadwn ei wneud yw cwrdd â hwy tua mis

June or July to find out precisely what their proposals are for taking forward the risk management requirements. That will include their timescales for introduction and their nomination of a person whom we call a risk manager, so that we will have a clear point of contact with them. So that liaison work is in place, and we have set out clearly what our expectations of them are.

Mehefin neu fis Gorffennaf i ganfod beth yn union yw eu cynigion ar gyfer bwrw ymlaen â'r gofynion rheoli risg. Bydd hynny'n cynnwys eu hamserlenni ar gyfer eu cyflwyno ac enwebiad ganddynt o rywun a alwn yn rheolwr risg, fel bod gennym bwynt cyswllt pendant â hwy. Felly mae'r gwaith cysylltu hwnnw'n mynd rhagddo, ac yr ydym wedi nodi'n eglur yr hyn a ddisgwyliwn ganddynt.

On top of that, I have two meetings a year with all the accounting officers of the sponsored bodies. My next meeting will be at the end of April or the beginning of May. One of the items on the agenda for that meeting will be for me to review with them the whole question of how they will comply with these new requirements, what their present state of readiness is, and to discuss with them any particular difficulties. As of now, we are on target, but until I have had the opportunity for that meeting I will not know for sure the extent of the problems that they will face. I personally cannot see why their problems should be any greater than mine, and I would certainly hope that they would embrace this development in the same way that I do.

Ar ben hynny, caf ddau gyfarfod y flwyddyn gyda holl swyddogion cyfrifo'r cyrff a noddir. Bydd fy nghyfarfod nesaf ddiwedd Ebrill neu ddechrau Mai. Un o'r eitemau ar yr agenda ar gyfer y cyfarfod hwnnw fydd imi adolygu gyda hwy holl fater y modd y byddant yn cydymffurfio â'r gofynion newydd hyn, pa mor barod ydynt, a thrafod unrhyw anawsterau arbennig gyda hwy. Ar hyn o bryd, yr ydym ar amser, ond hyd nes y cânt gyfle i fod yn y cyfarfod hwnnw ni fyddaf yn gwybod yn sicr am faint y problemau y byddant yn eu hwynebu. Yn bersonol, ni allaf weld pam y dylai eu problemau fod yn fwy na fy rhai i, a byddwn yn sicr yn gobeithio y byddent yn croesawu'r datblygiad hwn fel yr wyf fi.

[84] **Ann Jones:** All the bodies covered in the general report now have audit committees to advise their accounting officers. How do you see the work of those committees developing in terms of monitoring and reviewing the corporate governance process?

[84] **Ann Jones:** Erbyn hyn mae gan yr holl gyrff yr ymdrinnir â hwy yn yr adroddiad cyffredinol bwyllgorau archwilio i gynghori eu swyddogion cyfrifo. Sut y credwch y bydd gwaith y pwyllgorau hynny'n datblygu o ran monitro ac adolygu'r broses llywodraethu corfforaethol?

Mr Shortridge: I am pausing before I reply because I have not made that connection before in my mind.

Mr Shortridge: Yr wyf yn oedi cyn ateb oherwydd nid wyf wedi gwneud y cysylltiad hwnnw yn fy meddwl o'r blaen.

[85] **Ann Jones:** The corporate governance committee advises you.

[85] **Ann Jones:** Mae'r pwyllgor llywodraethu corfforaethol yn eich cynghori chi.

Mr Shortridge: I think that the point is that we are talking about sponsored bodies's internal audits here. The internal audit teams of the sponsored bodies will have their own internal audit plans that, in turn, should be based on an assessment of risk, but risk defined in quite narrow financial terms. As these new corporate governance arrangements roll out, you are right that there will be an expectation that internal auditors in all organisations will need to review the timeliness and effectiveness of the

Mr Shortridge: Credaf mai'r pwynt yw ein bod yn sôn am archwiliadau mewnol y cyrff a noddir yn y fan hyn. Bydd gan dimau archwilio mewnol y cyrff a noddir eu cynlluniau archwilio mewnol eu hunain a ddylai fod yn seiliedig, yn eu tro, ar asesu risg, ond risg a ddiffinnir mewn geiriau ariannol eithaf cyfyng. Wrth i'r trefniadau llywodraethu corfforaethol newydd hyn ledaenu, yr ydych yn iawn wrth ddweud y bydd disgwyl y bydd angen i'r archwilwyr mewnol ym mhob corff adolygu amseroldeb ac effeithiolrwydd y

arrangements that are being put in place. However, that is two years down the track, as we are still in the developmental stage in terms of risk management in its widest sense. This is something that we will need to raise with sponsored bodies as part of my discussions with their accounting officers. I will need to be satisfied that this is being built into their audit risk assessment and is being taken forward by their internal auditors.

[86] **Ann Jones:** Internal audit is a vital component of any internal control arrangements. Figure 5 in the general report indicates that the private sector provides internal audit services to almost half the bodies covered by this report. Is the current mix of internal audit providers working well, do you think?

Mr Shortridge: I have no reason to suppose that it is not, but I will defer to Mr Pavelin because he is the person who has the closest operational link between the internal auditors and our own financial people.

Mr Pavelin: The real difficulty that our ASPBs have is that many of them are quite small organisations. To have an internal audit function they would need perhaps one person's, or part of a person's, time. It is very difficult for them to maintain their own internal audit, and keep it to the relevant professional standards, given that small size. When that happens, we encourage them to contract with the private sector rather than to set up their own arrangements, which could disappear if the person responsible decides to leave.

When ASPBs contract with the private sector the head of internal audit at the Assembly is always part of the appointment process for the internal auditors. The auditors are required to audit to the standards set out in the Government's internal audit manual. Each year the appointed auditors are required to produce an annual statement of the work that they have done and present it to the audit body. That is also copied in to us, so we have an opportunity to look at the detail of that. If necessary, if we have any concerns, we will look at the detailed report they have produced. In addition, whenever a private sector firm is

trefniadau a roddir ar waith. Fodd bynnag, mae hynny ddwy flynedd i'r dyfodol, gan ein bod yn dal i fod yn y cyfnod datblygu o ran rheoli risg yn ei ystyr ehangaf. Mae hyn yn rhywbeth y bydd angen inni ei godi gyda chyrrff a noddir fel rhan o'm trafodaethau gyda'u swyddogion cyfrifo. Bydd arnaf angen bod yn sicr y caiff hyn ei gynnwys yn yr asesiad risg yn eu harchwiliad a bydd eu harchwilwyr mewnol yn bwrw ymlaen â hyn.

[86] **Ann Jones:** Mae archwilio mewnol yn elfen holl bwysig mewn unrhyw drefniadau rheoli mewnol. Mae ffigur 5 yn yr adroddiad cyffredinol yn dangos bod y sector preifat yn darparu gwasanaethau archwilio mewnol i bron hanner y cyrrff yr ymdrinnir â hwy yn yr adroddiad hwn. A yw'r cymysgedd presennol o ddarparwyr archwilio mewnol yn gweithio'n dda, yn eich barn chi?

Mr Shortridge: Nid oes gennyf reswm i gredu nad ydyw, ond ildiaf i Mr Pavelin oherwydd ef yw'r un sydd â'r cysylltiad gweithredol agosaf rhwng yr archwilwyr mewnol a'n pobl ariannol ni.

Mr Pavelin: Y gwir anhawster sydd gan y cyrrff cyhoeddus a noddir gan y Cynulliad yw bod llawer ohonynt yn gyrrff eithaf bach. Er mwyn cael swyddogaeth archwilio mewnol, byddai arnynt angen amser, neu ran o amser, un person. Mae'n anodd iawn iddynt gynnal eu harchwiliad mewnol eu hunain, a'i gadw at y safonau proffesiynol perthnasol, o ystyried y maint bach hwnnw. Pan ddigwydd hynny, yr ydym yn eu hannog i wneud contract â'r sector preifat yn hytrach na sefydlu eu trefniadau eu hunain, a allai ddiflannu os yw'r un sydd yn gyfrifol yn penderfynu gadael.

Pan yw cyrrff cyhoeddus a noddir gan y Cynulliad yn gwneud contract â'r sector preifat, mae'r pennaeth archwilio mewnol yn y Cynulliad bob amser yn rhan o'r broses penodi ar gyfer yr archwilwyr mewnol. Mae'n ofynnol i'r archwilwyr archwilio yn ôl y safonau a nodir yn llawlyfr archwilio mewnol y Llywodraeth. Bob blwyddyn mae'n ofynnol i'r archwilwyr penodedig gynhyrchu datganiad blynyddol o'r gwaith a wnaethant a'i gyflwyno i'r corff archwilio. Anfonir copi ohono atom ni hefyd, felly mae gennym gyfle i edrych ar fanylion hynny. Os oes angen, os oes gennym unrhyw

appointed, the head of the internal audit at the Assembly undertakes a professional review of the standards applied by that firm. He will visit the firm, look at its working papers, talk to the auditors and provide a report to us in the Assembly that the appointment is actually working fairly well.

bryderon, byddwn yn edrych ar yr adroddiad manwl a gynyrchasant. Yn ogystal â hynny, pryd bynnag y penodir busnes sector preifat, mae pennaeth yr archwiliad mewnol yn y Cynulliad yn cynnal adolygiad proffesiynol o'r safonau a gymhwysir gan y busnes hwnnw. Bydd yn ymweld â'r busnes, yn edrych ar ei bapurau gweithio, yn siarad â'r archwilyr ac yn rhoi adroddiad i ni yn y Cynulliad fod y penodiad yn gweithio'n eithaf da mewn gwirionedd.

The other backup that we have is that, for all of our ASPBs, the Auditor General for Wales not only undertakes an audit of the accounts but an extended audit. One part of the extended audit assignment that he undertakes is to look at the quality, the extent and the adequacy of the internal audit function in the Assembly sponsored public body. So Mr Shortridge actually receives a report from the Auditor General for Wales on the adequacy of the internal audit. If there are any problems or any issues arising, we are alerted through those means. However, in practice, the Auditor General's staff tend to tip us off if there are any particular problems arising. We can then investigate, go in, follow up, chase people up or, if needs be, take alternative action.

Y mesur arall sydd gennym wrth gefn yw, ar gyfer yr holl gyrff cyhoeddus a noddir gan y Cynulliad, fod Archwilydd Cyffredinol Cymru yn ymgymryd nid yn unig ag archwiliad o'r cyfrifon ond archwiliad estynedig. Un rhan o'r aseiniad archwilio estynedig y mae'n ymgymryd ag ef yw edrych ar ansawdd, maint a digonolrwydd y swyddogaeth archwilio mewnol yn y cyrff cyhoeddus a noddir gan y Cynulliad. Felly mae Mr Shortridge yn derbyn adroddiad oddi wrth Archwilydd Cyffredinol Cymru ar ddigonolrwydd yr archwiliad mewnol. Os oes unrhyw broblemau neu unrhyw faterion yn codi, fe'n rhybuddir drwy'r cyfrwng hwnnw. Fodd bynnag, yn ymarferol, mae staff yr Archwilydd Cyffredinol yn tueddu i roi rhybudd i ni os oes unrhyw broblemau penodol yn codi. Wedyn gallwn ymchwilio, mynd i mewn, canlyn y mater, mynd ar ôl pobl neu, os bydd angen, gymryd camau amgen.

[87] **Ann Jones:** So are we sure that there is a consistency of standards by using a mix of audit?

[87] **Ann Jones:** Felly a ydym yn sicr bod cysondeb mewn safonau drwy ddefnyddio cymysgedd o archwiliadau?

Mr Pavelin: Yes, I think that we are. Inevitably, there will always be slight divergences in standards from body to body. However, whenever we come across an instance where the audit work is not up to standard, the body concerned will either pursue the auditors to make sure that they do the job properly or, when the contract goes out for tender next time, that organisation will not be included on the tender list. I can recall that, some years ago, one firm was not doing particularly well and it was deliberately excluded from the tender list the next time around. It was also pursued at the time to make sure that the work that it did was a bit nearer to the required standard.

Mr Pavelin: Ydym, credaf ein bod. Mae'n anorfod y bydd gwahaniaethau bach bob amser mewn safonau rhwng gyrff a'i gilydd. Fodd bynnag, pryd bynnag y deurn ar draws achos lle nad yw'r gwaith archwilio'n cyrraedd y safon, bydd y corff dan sylw un ai'n mynd ar ôl yr archwilyr i sicrhau eu bod yn gwneud y gwaith yn iawn neu, pan osodir y contract ar dendr y tro nesaf, na chynhwysir y corff hwnnw ar y rhestr tendro. Gallaf gofio, rai blynyddoedd yn ôl, fod un busnes nad oedd yn gwneud yn arbennig o dda ac fe'i cadwyd allan yn fwriadol o'r rhestr tendro y tro wedyn. Aethpwyd ar ei ôl hefyd ar y pryd i sicrhau bod y gwaith a wnaeth ychydig yn agosach at y safon ofynnol.

[88] **Janet Davies:** Thank you. Alison, do you want to come in on this?

[88] **Janet Davies:** Diolch. Alison, a ydych am ddod i mewn ar hyn?

[89] **Alison Halford:** Yes. Mr Shortridge, you have been honest and frank enough to say that the new Assembly building is reasonably risky in terms of sticking to the budget. You have said that. All I am saying is that—

[89] **Alison Halford:** Ydwyf. Mr Shortridge, buoch yn ddigon gonest ac agored i ddweud bod cryn risg ynglyn ag adeilad newydd y Cynulliad o ran cadw at y gyllideb. Dywedasoeh hynny. Y cwbl a ddywedaf yw—

[90] **Ann Jones:** I do not think that he said that.

[90] **Ann Jones:** Ni chredaf iddo ddweud hynny.

[91] **Alison Halford:** We will read the transcript later. This is tricky, but the Turnbull report is new; it only came out in 1999. I am not trying to go over old ground but clearly lessons were learnt about risk management when it came to the accommodation arrangements. Do you and your staff really have the skills to ensure that we do not keep on going over budget? That would do enormous harm to the whole concept of the Assembly. Of course, the other thing that we have possibly inherited as an Assembly is the new Wales Millennium Centre. Do you really have the skills to ensure that you remain on budget, is the Turnbull report really worth the paper on which it is written, and what are your general views in relation to the fact that the Assembly cannot lose credibility by going over budget because we do not have the resources to bail us out perhaps?

[91] **Alison Halford:** Darllenwn y trawsgrifiad yn ddiweddarach. Mae hyn yn ddyrys, ond mae adroddiad Turnbull yn newydd; dim ond yn 1999 y daeth allan. Nid wyf yn ceisio mynd dros yr un tir eto ond mae'n amlwg y dysgwyd gwersi am reoli risg mewn perthynas â threfniadau'r adeiladau. A ydych chi a'ch staff yn meddu ar y medrau mewn gwirionedd i sicrhau nad ydym yn gwario mwy nag sydd yn y gyllideb o hyd? Gwnâi hynny niwed enfawr i holl gysyniad y Cynulliad. Wrth gwrs, y peth arall yr ydym wedi'i etifeddu o bosibl fel Cynulliad yw Canolfan Mileniwm newydd Cymru. A ydych yn meddu ar y medrau mewn gwirionedd i sicrhau eich bod yn cadw at y gyllideb, a oes unrhyw werth o gwbl i adroddiad Turnbull mewn gwirionedd, a beth yw'ch barn gyffredinol mewn perthynas â'r ffaith na all y Cynulliad gollu hygredded drwy wario mwy nag sydd yn y gyllideb am nad oes gennym mo'r adnoddau i'n hachub efallai?

[92] **Dafydd Wigley:** Further to that question, could I add a rider on the confidence that you have with regard to us going under budget and perhaps 2 per cent of our block grant not being spent, which is equally relevant in terms of the supply of services for the people of Wales?

[92] **Dafydd Wigley:** Ymhellach i'r cwestiwn hwnnw, a allwn ychwanegu atodiad ar yr hyder sydd gennych mewn perthynas â pheidio â gwario llai nag sydd yn y gyllideb a pheidio â gwario efallai 2 y cant o'n grant bloc, sydd yn un mor berthnasol o ran cyflenwi gwasanaethau i bobl Cymru?

Mr Shortridge: May I clarify the point about the new building? The new building is a major capital project and is an illustration of one of the few areas where, at the moment, the Assembly is incurring significant capital expenditure on its own behalf. The other main area will be roads, but we do not have a large road building scheme at the moment. Where you are incurring major capital expenditure on whatever project, you have to manage the risks associated with that, partly and largely because of the financial risk, but also for what is called the reputational risk. We must ensure that this landmark building is built successfully. That is a responsibility which, as officials, we have to inherit to a very significant

Mr Shortridge: A gaf roi gwedd eglurach ar y pwynt ynghylch yr adeilad newydd? Mae'r adeilad newydd yn brosiect cyfalaf mawr ac mae'n enghraifft o un o'r ychydig feysydd lle y mae'r Cynulliad, ar hyn o bryd, yn mynd i wariant cyfalaf sylweddol ar ei ran ei hun. Y prif faes arall fydd ffyrdd, ond nid oes gennym gynllun gwneud ffyrdd mawr ar hyn o bryd. Lle'r ydych yn mynd i wariant cyfalaf mawr ar ba bynnag brosiect, rhaid ichi reoli'r risgiau sydd yn gysylltiedig â hynny, yn rhannol ac yn bennaf oherwydd y risg ariannol, ond hefyd oherwydd yr hyn a elwir yn risg i enw da. Rhaid inni sicrhau y caiff yr adeilad pwysig hwn ei godi'n llwyddiannus. Mae hynny'n gyfrifoldeb y mae'n rhaid i ni, fel swyddogion, ei

extent. I think that it is important that one should have an understanding of that and put it into context.

etifeddu i raddau helaeth iawn. Credaf ei bod yn bwysig i rywun gael dealltwriaeth o hynny a'i roi yn ei gyd-destun.

The direct answer is 'no', we do not have all the skills. However, it would not be appropriate for us as officials to have all the skills that are required to oversee the one-off management of the construction of a landmark building. We have contracted in the skills that we need to ensure that this project is managed effectively and to a necessary standard. This project is also being overseen, not just by us as officials—although it is—but by a group of Assembly Members. I am satisfied, therefore, that we have the necessary arrangements in place for that building. However, it is an illustration of the fact that, as officials, we have to identify where the risks are—in this case, both financial and reputational—and make sure that they are being properly managed. Does that answer your question?

Yr ateb plaen yw 'nac ydym', nid ydym yn meddu ar yr holl fedrau. Fodd bynnag, ni fyddai'n briodol i ni fel swyddogion feddu ar yr holl fedrau sydd yn ofynnol i oruchwylio rheolaeth ar adeiladu adeilad pwysig un waith. Yr ydym wedi cael y medrau o dan contract i sicrhau rheoli'r prosiect hwn yn effeithiol ac at safon angenrheidiol. Goruchwylir y prosiect hwn hefyd, nid yn unig gennym ni fel swyddogion—er y gwneir hynny—ond gan grwp o Aelodau Cynulliad. Yr wyf yn sicr, felly, fod y trefniadau angenrheidiol gennym ar waith ar gyfer yr adeilad hwnnw. Fodd bynnag, mae'n dangos y ffaith bod yn rhaid i ni, fel swyddogion, ddynodi lle y mae'r risgiau—rhai ariannol a rhai enw da, yn yr achos hwn—a sicrhau eu bod yn cael eu rheoli'n briodol. A yw hynny'n ateb eich cwestiwn?

[93] **Alison Halford:** You are very confident that sticking to the Turnbull rules will ensure that overspend is kept to an absolute minimum, if at all?

[93] **Alison Halford:** Yr ydych yn ffyddiog iawn y bydd cadw at reolau Turnbull yn sicrhau'r gorwariant lleiaf posibl, os o gwbl?

Mr Shortridge: Going down the Turnbull course will enhance the quality of administration across the piece. The Turnbull report is addressing, or making us address or give greater priority to, non-financial risks, actually, but it does still embrace the financial risks, which is why I gave that as a particular illustration. The disciplines that will come with Turnbull will improve the quality of financial administration, but, taken across the piece and including all other parts of the public sector, will not necessarily mean that there will be no more capital overspends anywhere.

Mr Shortridge: Bydd dilyn llwybr Turnbull yn gwella ansawdd y gweinyddu drwyddo draw. Mae adroddiad Turnbull yn ymdrin, neu'n peri i ni ymdrin neu roi mwy o flaenoriaeth i, risgiau anariannol, mewn gwirionedd, ond mae'n dal i gwmpasu'r risgiau ariannol, a dyna pam y rhoddais hynny fel enghraifft benodol. Bydd y disgyblaethau a ddaw gyda Turnbull yn gwella ansawdd gweinyddu ariannol, ond, drwyddi draw a chan gynnwys holl rannau eraill y sector cyhoeddus, ni fydd o reidrwydd yn golygu na fydd rhagor o orwariant cyfalaf yn unman.

On Mr Wigley's point, obviously as Accounting Officer I want to ensure that the Assembly's resources are used to best effect. However, there is a balance between, on the one hand, going back to the bad old ways where you felt that there was political pressure to spend money in-year, because otherwise you would lose it; and, on the other hand, not ending up with an embarrassingly high underspend. I think that it is important, though, when you consider underspends, to consider them not simply in terms of their absolute size, but in terms of the time that it takes the Assembly, on average, to spend that sort of money. We are dealing here with an £8 billion to £9 billion

Ar bwynt Mr Wigley, mae'n amlwg fy mod i fel Swyddog Cyfrifo'n dymuno sicrhau y caiff adnoddau'r Cynulliad eu defnyddio i'r perwyl gorau. Fodd bynnag, mae angen cadw'r ddysgl yn wastad rhwng, ar un llaw, mynd yn ôl at yr hen ddulliau gwael lle'r oeddech yn teimlo bod pwysau gwleidyddol i wario arian oddi mewn i'r flwyddyn, am y byddech yn ei golli fel arall; ac, ar y llaw arall, peidio â gorffen â thanwariant annifyr o uchel. Credaf ei bod yn bwysig, er hynny, pan ystyriwch danwariannau, eu hystyried nid yn unig yn nhermau eu maint absoliwt, ond yn nhermau'r amser y cymer i'r Cynulliad wario arian o'r fath, ar gyfartaledd. Yr ydym yn trafod

budget, and if you address it like that—and I have not done the sum—I guess that we are talking about a few weeks' expenditure. I do not think that the issue should be overstated, but I do not want to get drawn into a political debate.

[94] **Dafydd Wigley:** Okay.

[95] **Janice Gregory:** You are in the home run now. I am the last one to ask questions, so you are allright. Paragraph 7.3 on page 20 of the report refers to the financial commitments included in 'Betterwales.com'. I am sure that we are all very familiar with those. In particular, it refers to the public bodies having to have asset management plans. They are becoming more and more important and we discuss them more and more in Committees. These plans must be in place by April 2002. Do you have any idea what the current stage of progress is against that target?

Mr Shortridge: Yes. We have a NAO secondee working for us who is looking at the standard of asset management that is going on across the whole of the public sector in Wales at present. That work has, I think, been completed, or largely completed, in the NHS and in local government and the focus is now on the Assembly itself. Essentially, what the study is doing is looking at whether these organisations know what assets they have, whether they have plans for their proper use and the maintenance of information associated with them, and also whether they have mechanisms for feeding that information into the budgetary process. The report of that study, which will essentially be a snapshot of where asset management is across the public sector in Wales, will come to my corporate governance committee shortly. So to that extent, we will certainly have delivered on this deadline of April 2002.

[96] **Janice Gregory:** So you are confident, are you?

Mr Shortridge: I am confident in the way that I have described it. However, I think that this is a continuous process, and once you have got all this

cyllideb rhwng £8 biliwn a £9 biliwn yn y fan hyn, ac os edrychwch arni felly—ac ni wneuthum y swm—tybiaf ein bod yn sôn am wariant ychydig o wythnosau. Ni chredaf y dylid gorbwysleisio'r mater, ond ni ddymunaf gael fy nhynnu i ddadl wleidyddol.

[94] **Dafydd Wigley:** O'r gorau.

[95] **Janice Gregory:** Yr ydych bron â chyrraedd pen y daith yn awr. Myfi yw'r olaf i ofyn cwestiynau, felly yr ydych yn iawn. Mae paragraff 7.3 ar dudalen 20 yr adroddiad yn cyfeirio at yr ymrwymadau ariannol a gynhwyswyd yn 'Gwelcymru.com'. Yr wyf yn sicr bod pawb ohonom yn gyfarwydd iawn â'r rheini. Yn benodol, cyfeiria at y rheidrwydd ar gyrff cyhoeddus i gael cynlluniau rheoli asedau. Maent yn dod yn fwyfwy pwysig ac yr ydym yn eu trafod fwyfwy mewn Pwyllgorau. Rhaid i'r cynlluniau hyn fod ar waith erbyn Ebrill 2002. A oes gennych unrhyw syniad i ble y cyrhaeddwyd yn erbyn y targed hwnnw?

Mr Shortridge: Oes. Mae gennym un sydd ar seconddiad o'r Swyddfa Archwilio Genedlaethol yn gweithio i ni sydd yn edrych ar safon y rheoli asedau sydd yn mynd ymlaen drwy'r cyfan o'r sector cyhoeddus yng Nghymru ar hyn o bryd. Mae'r gwaith hwnnw wedi'i gwblhau, neu'i gwblhau i raddau helaeth, yr wyf yn credu, yn yr NHS ac mewn llywodraeth leol ac mae'r pwyslais bellach ar y Cynulliad ei hun. Yn y bôn, yr hyn a wnaiff yr astudiaeth yw ystyried a yw'r gyrff hyn yn gwybod pa asedau sydd ganddynt, a oes ganddynt gynlluniau i'w defnyddio'n briodol ac i gadw gwybodaeth sydd yn gysylltiedig â hwy, a hefyd a oes ganddynt fecanweithiau i borthi'r wybodaeth honno i'r broses gyllidebol. Bydd yr adroddiad o'r astudiaeth honno, a fydd yn y bôn yn giplun o sefyllfa rheoli asedau ledled y sector cyhoeddus yng Nghymru, yn dod i'm pwyllgor llywodraethu corfforaethol cyn hir. Felly i'r graddau hynny, byddwn yn sicr wedi llwyddo o ran y terfyn amser hwn yn Ebrill 2002.

[96] **Janice Gregory:** Felly, yr ydych yn ffyddiog, a ydych?

Mr Shortridge: Yr wyf yn ffyddiog yn y modd a ddisgrifiais. Fodd bynnag, credaf fod hon yn broses barhaus, ac wedi ichi gael yr holl

information together and you can compare standards in one sector against another, you can start to ask awkward questions and drive up performance. I do not see this as a box to be ticked and forgotten about.

[97] **Janice Gregory:** Good. Thank you.

A number of new public bodies are about to come into existence, such as Education and Learning Wales, the Office of the Children's Commissioner for Wales and the Care Council for Wales. What steps have you taken to ensure that these bodies commence their operations with sound procedures for managing their financial affairs and corporate governance arrangements?

Mr Shortridge: I think that it is easier for me to answer that question in relation to ELWa rather than in relation to the Care Standards Agency because that is still a year down the track. However, we have very good corporate planning arrangements in place to ensure that the Care Standards Agency is established on time with all the necessary systems in place. That work is being done by Sherry Rees, who some of you will know, and for whom I have a very high regard.

In the case of ELWa, I wrote a letter to Steve Martin today appointing him as accounting officer for ELWa. I had previously appointed him as accounting officer both for the further and higher education funding councils for Wales. We have been working very closely with what is to become ELWa, over the last 12 months or so, on the wind-up of the training and enterprise councils. We have had very close working arrangements with ELWa. I have an accounting officer in place for that organisation who has experience of being an accounting officer, so I have a significant degree of assurance that ELWa will be established and operating, from April, in a way that will be satisfactory. However, it will be the case—it usually is the case with a new organisation—that there will be difficulties and problems that will need to be addressed and ironed out. That is why the sorts of systems about which we have talked this afternoon are important, whereby we have a close relationship with the body, as does the Auditor General and the NAO so that there is a triumvirate that will help iron out difficulties in-year rather than have them as residual difficulties

wybodaeth hon at ei gilydd a gallu cymharu safonau mewn un sector ag un arall, gallwch ddechrau gofyn cwestiynau annifyr a hybu perfformiad. Ni welaf hyn fel blwch sydd i'w dicio a'i anghofio.

[97] **Janice Gregory:** Da iawn. Diolch.

Mae nifer o gyrff cyhoeddus newydd ar fin dod i fodolaeth, fel Addysg a Dysgu Cymru, Swyddfa Comisiynydd Plant Cymru a'r Cyngor Gofal i Gymru. Pa gamau a gymerasoch i sicrhau bod y cyrff hyn yn dechrau eu gweithrediadau â gweithdrefnau cadarn ar gyfer rheoli eu materion ariannol a'u trefniadau llywodraethu corfforaethol?

Mr Shortridge: Credaf ei bod yn haws imi ateb y cwestiwn hwnnw mewn perthynas ag ELWa yn hytrach nag mewn perthynas â'r Asiantaeth Safonau Gofal oherwydd mae honno'n dal i fod yn flwyddyn i ffwrdd. Fodd bynnag, yr ydym wedi rhoi trefniadau cynllunio corfforaethol da iawn ar waith i sicrhau y caiff yr Asiantaeth Safonau Gofal ei sefydlu mewn pryd gyda'r holl systemau angenrheidiol yn eu lle. Gwneir y gwaith hwnnw gan Sherry Rees, y bydd rhai ohonoch yn ei hadnabod ac sydd yn rhywun y mae gennyf barch mawr iawn tuag ati.

Yn achos ELWa, ysgrifennais lythyr at Steve Martin heddiw yn ei benodi'n swyddog cyfrifo i ELWa. Yr oeddwn wedi'i benodi cyn hynny'n swyddog cyfrifo i'r cyngor cyllido addysg bellach a'r cyngor cyllido addysg uwch i Gymru. Buom yn gweithio'n agos iawn gyda'r hyn sydd i ddod yn ELWa, dros y 12 mis diwethaf fwy neu lai, ar ddirwyn i ben y cynghorau hyfforddi a menter. Bu gennym drefniadau gweithio agos iawn gydag ELWa. Mae gennyf swyddog cyfrifo wrth ei waith ar gyfer y corff hwnnw sydd â phrofiad o fod yn swyddog cyfrifo, felly mae gennyf gryn sicrwydd y bydd ELWa wedi'i sefydlu ac y bydd yn gweithredu, o Ebrill, mewn modd boddhaol. Fodd bynnag, yr hyn fydd yn digwydd—a'r hyn sydd yn digwydd fel arfer gyda chorff newydd—yw y bydd anawsterau a phroblemau y bydd angen rhoi sylw iddynt a'u datrys. Dyna pam y mae'r mathau o systemau y buom yn sôn amdanynt y prynhawn yma'n bwysig, fel y cawn berthynas agos â'r corff, fel sydd gan yr Archwilydd Cyffredinol a'r Swyddfa Archwilio Genedlaethol fel bod triwriaeth a fydd yn helpu i ddatrys anawsterau oddi mewn i'r flwyddyn yn

that cause problems in the accounts.

hytrach na'u cael yn anawsterau dros ben sydd yn achosi problemau yn y cyfrifon.

[98] **Janice Gregory:** So, of the new bodies, ELWa already exists, the others—

[98] **Janice Gregory:** Felly, o blith y cyrff newydd, mae ELWa yn bod eisoes, mae'r lleill—

Mr Shortridge: The Care Standards Agency is a year down the track. However, I think that it is the case that there is an awful lot of skill and experience bottled up in the Assembly. We have been through this process a number of times before, particularly in recent years. So, we do have all that experience and, in some cases, expertise, upon which to work. In the case of Sherry Rees, she was very closely involved in bringing what was Tai Cymru into the Assembly. She is now doing the reverse function in helping to create a new organisation, largely, but not wholly, from local government, and associated with the Assembly. She has a lot of skills and experience and she also knows all the key players in this building, including Mr Pavelin, who can help provide the assurance.

Mr Shortridge: Mae'r Asiantaeth Safonau Gofal flwyddyn i ffwrdd. Fodd bynnag, credaf ei bod yn wir bod llawer iawn o fedrusrwydd a phrofiad wedi cronni yn y Cynulliad. Buom drwy'r broses hon nifer o weithiau o'r blaen, yn enwedig yn y blynyddoedd diwethaf hyn. Felly, mae'r holl brofiad hwnnw gennym ac arbenigedd, mewn rhai achosion, i weithio arno. Yn achos Sherry Rees, yr oedd ganddi gysylltiad agos iawn â dod â'r hyn a oedd yn Dai Cymru i mewn i'r Cynulliad. Mae bellach yn cyflawni'r swyddogaeth o chwith wrth helpu i greu corff newydd, yn bennaf, ond nid yn gyfan gwbl, o lywodraeth leol, ac mewn cysylltiad â'r Cynulliad. Mae ganddi lawer o fedrau a phrofiad ac mae hefyd yn adnabod yr holl chwaraewyr allweddol yn yr adeilad hwn, gan gynnwys Mr Pavelin, sydd yn gallu helpu i ddarparu'r sicrwydd.

[99] **Janice Gregory:** My last question is in three parts. I will ask it all together. We have talked about ELWa and, as you know and have mentioned, it will take over most of the functions currently exercised by the four TECs and the Further Education Funding Council for Wales. What key issues do you have to address in creating this new body? You have touched on that. Will the TECs still exist as limited companies under the umbrella of Education and Learning Wales? If not, when will they be wound up and what work still needs to be done to meet this timetable?

[99] **Janice Gregory:** Mae tair rhan i'm cwestiwn olaf. Fe'i gofynnaf gyda'i gilydd. Yr ydym wedi sôn am ELWa ac, fel y gwyddoch ac fel y soniasoch, bydd yn cymryd drosodd y rhan fwyaf o'r swyddogaethau a arferir ar hyn o bryd gan y pedwar Cyngor Hyfforddi a Menter a Chyngor Cyllido Addysg Bellach Cymru. Beth yw'r materion allweddol y mae'n rhaid ichi ymdrin â hwy wrth greu'r corff newydd hwn? Cyfeiriasoch at hynny. A fydd y Cynghorau Hyfforddi a Menter yn dal i fodoli fel cwmnïau cyfyngedig o dan adain Addysg a Dysgu Cymru? Os na fyddant, pa bryd y cânt eu dirwyn i ben a pha waith y mae angen ei wneud o hyd i gwrdd â'r amserlen?

Mr Shortridge: I am tempted to say that you have saved the best until last. On the key issues in establishing ELWa—and I will ask my colleagues to help because I have not been directly involved in that work—when you wind up bodies and merge their responsibilities into a new body, you have a whole range of issues to address. You have to ensure that the assets and liabilities have been properly identified and dealt with. You have to ensure that the new body has all the systems that are required to operate effectively, not just the financial systems. Most importantly, in my view, you have to ensure that the issues concerning the

Mr Shortridge: Yr wyf yn cael fy nhemtio i ddweud eich bod wedi cadw'r gorau tan y diwedd. Ynghylch y materion allweddol wrth sefydlu ELWa—a gofynnaf i'm cydweithwyr helpu oherwydd ni fûm â rhan uniongyrchol yn y gwaith hwnnw—pan ydych yn dirwyn cyrff i ben ac yn cyfuno eu cyfrifoldebau mewn corff newydd, mae gennych amryw byd o faterion i'w trafod. Rhaid ichi sicrhau bod yr asedau a'r dyledion wedi'u dynodi'n briodol a'u trafod. Rhaid ichi sicrhau bod y corff newydd yn meddu ar yr holl systemau sydd yn ofynnol i weithredu'n effeithiol, nid yn unig y systemau ariannol. Yn

staff are properly, professionally, and fairly addressed.

In this case we also have to ensure that the training and enterprise councils themselves are properly wound-up. In the case of the TECs, my understanding is that—Mr Pavelin can correct me if necessary—what we are seeking to do is to make the four TECs wholly-owned subsidiaries of ELWa from the wind-up on. The reason, as I understand it, why we are doing that is that there will be some residual issues that have to be wound-up properly following the creation of ELWa. It was felt that the way to do that most effectively is to retain the TECs as legal entities in this sense, but wholly within the ownership and control of ELWa. In the past, when I was involved in the reorganisation of local government, we established a residuary, separate body to deal with all these residual issues. In this case, as I understand it, what we are doing is making the residual TECs—if I can put it that way—wholly owned by ELWa. They will not exercise responsibilities as such, but will ensure that there is a proper, timely, and effective wind-up of any outstanding assets and liabilities. Mr Pavelin may want to comment further on this.

Mr Pavelin: That is correct. In practice, what will happen is that on 31 March or 1 April the remaining staff at the TECs—those that are not leaving or going on to other responsibilities—together with their functions and any relevant assets, will, for the most part, transfer either to the WDA or to ELWa. In one or two instances, I believe that some functions will go to local authorities. However, that will leave the TEC companies with bills to pay and some remaining assets. There will then be two directors remaining for each of the TECs, one of which will be from ELWa as an organisation corporate, and the other is likely to be a board member or senior official of ELWa, so that the companies remain properly registered and operating. Over a period of time, the intention is to pay off any liabilities and collect any moneys that are due to the TECs so that an orderly wind-up can take place. An exact date for the actual finalisation of the wind-up has not been set for each of the TECs because there are one or two taxation issues surrounding property in relation to the TECs. We are seeking, if needs be, to shelter assets within those companies so that we do not have to pay out any capital gains tax on the particular properties. However, in reality, we hope that within a limited

bwysicaf oll, yn fy marn i, rhaid ichi sicrhau bod y materion mewn perthynas â'r staff wedi'u trafod yn briodol, yn broffesiynol ac yn deg.

Yn yr achos hwn, rhaid inni hefyd sicrhau y caiff y cynghorau hyfforddi a menter eu hunain eu dirwyn i ben yn briodol. Yn achos y Cynghorau Hyfforddi a Menter, yr wyf yn deall—gall Mr Pavelin fy nghywiro os bydd angen—mai'r hyn yr ydym yn ceisio ei wneud yw gwneud y pedwar Cyngor Hyfforddi a Menter yn is-gwmnïau sydd yn eiddo'n gyfan gwbl i ELWa ar ôl eu dirwyn i ben. Y rheswm pam yr ydym yn gwneud hynny, fel yr wyf yn ei deall, yw y bydd rhai materion dros ben y mae'n rhaid eu dirwyn i ben yn briodol ar ôl creu ELWa. Teimlwyd mai'r ffordd i wneud hynny'n fwyaf effeithiol yw cadw'r Cynghorau Hyfforddi a Menter fel endidau cyfreithiol yn yr ystyr hon, ond yn gyfan gwbl o dan berchnogaeth a rheolaeth ELWa. Yn y gorffennol, pan oeddwn yn gysylltiedig ag ad-drefnu llywodraeth leol, sefydlasom gorff gweddillol, ar wahân i drafod yr holl faterion dros ben. Yn yr achos hwn, fel yr wyf yn ei deall, yr hyn yr ydym yn ei wneud yw gwneud y CHMau gweddillol—os caf ei roi felly—yn eiddo'n gyfan gwbl i ELWa. Ni fyddant yn arfer cyfrifoldebau fel y cyfryw, ond byddant yn sicrhau y caiff unrhyw asedau a dyledion sydd dros ben eu dirwyn i ben yn briodol, yn amserol ac yn effeithiol. Efallai fod Mr Pavelin yn dymuno gwneud sylw pellach ar hyn.

Mr Pavelin: Mae hynny'n gywir. Yn ymarferol, yr hyn fydd yn digwydd ar 31 Mawrth neu 1 Ebrill yw y bydd y staff sydd ar ôl yn y Cynghorau Hyfforddi a Menter—y rheini nad ydynt yn gadael neu'n mynd ymlaen i gyfrifoldebau eraill—ynghyd â'u swyddogaethau ac unrhyw asedau perthnasol, yn cael eu trosglwyddo, gan mwyaf, un ai i'r WDA neu i ELWa. Mewn un neu ddau o achosion, credaf y bydd rhai swyddogaethau'n mynd i awdurdodau lleol. Fodd bynnag, bydd hynny'n gadael y cwmnïau CHM â biliau i'w talu a rhai asedau ar ôl. Bydd dau gyfarwyddwr yn aros wedyn ar gyfer pob un o'r Cynghorau Hyfforddi a Menter, y bydd un ohonynt o ELWa fel corff corfforaethol, ac mae'r llall yn debygol o fod yn aelod bwrdd neu'n uwch swyddog yn ELWa, fel bod y cwmnïau'n parhau i fod wedi'u cofrestru ac yn gweithredu'n briodol. Dros gyfnod o amser, y bwriad yw talu unrhyw ddyledion a chasglu unrhyw arian sydd yn ddyledus i'r Cynghorau Hyfforddi a Menter fel y gellir eu dirwyn i ben yn drefnus. Ni phennwyd yr union ddyddiad ar gyfer cwblhau'r dirwyn i ben i bob un o'r Cynghorau Hyfforddi a Menter am fod un neu ddau o faterion trethiant ynghylch eiddo mewn perthynas â'r Cynghorau Hyfforddi a Menter. Os bydd angen,

number of months, the businesses will have been effectively wound-up. One or two property assets may remain. Any balance of cash remaining with the TECs, which will be public funds, will either be surrendered directly to the Assembly or the Assembly will direct that the money be passed to ELWa or to one of the other public bodies taking on the functions of the TECs.

ceisiwn warchod asedau oddi mewn i'r cwmnïau hynny fel nad oes rhaid inni dalu unrhyw dreth enillion cyfalaf ar yr eiddo penodol hwnnw. Fodd bynnag, mewn gwirionedd, gobeithiwn y bydd y busnesau wedi'u dirwyn i ben i bob pwrpas o fewn ychydig fisoedd. Gallai un neu ddau o asedau eiddo aros. Bydd unrhyw weddill ariannol sydd gan y Cynghorau Hyfforddi a Menter, a fydd yn gyllid cyhoeddus, yn cael ei ildio'n uniongyrchol i'r Cynulliad neu bydd y Cynulliad yn cyfarwyddo bod yr arian i'w drosglwyddo i ELWa neu i un o'r cyrff cyhoeddus eraill sydd yn ymgymryd â swyddogaethau'r Cynghorau Hyfforddi a Menter.

[100] **Janice Gregory:** Finally, although there has not been a definite date given for this, it is obvious why everything will be wound down in the way that it will and there will be an end, eventually, to it all?

[100] **Janice Gregory:** Yn olaf, er na roddwyd dyddiad pendant ar gyfer hyn, mae'n amlwg pam y caiff pob dim ei ddirwyn i ben fel hyn ac y bydd diwedd, yn y pen draw, ar y cwbl?

Mr Pavelin: Yes, indeed.

Mr Pavelin: Ydyw'n wir.

[101] **Janet Davies:** Thank you very much. We have come to the end of the evidence-taking session. I did not realise that capital gains tax applied to government departments, so I have learned something this session. I thank the witnesses for their very full and helpful answers. As you know, a draft transcript will be sent to you so that you can check its factual accuracy. That transcript will be published as part of the minutes and when the report is published it will be included as an annex.

[101] **Janet Davies:** Diolch yn fawr. Daethom i ddiwedd y sesiwn cymryd tystiolaeth. Ni sylweddolais fod treth enillion cyfalaf yn berthnasol i adrannau llywodraeth, felly dysgais rywbeth yn y sesiwn hwn. Diolchaf i'r tystion am eu hatebion llawn a buddiol iawn. Fel y gwyddoch, anfonir trawsgrifiad drafft atoch fel y gallwch wirio ei gywirdeb ffeithiol. Cyhoeddir y trawsgrifiad hwnnw yn rhan o'r cofnodion a phan gyhoeddir yr adroddiad fe'i cynhwysir ar ffurf atodiad.

*Daeth y sesiwn gymryd tystiolaeth i ben am 4.25 p.m.
The evidence-taking session ended at 4.25 p.m.*

ANNEX B

THE AUDIT COMMITTEE

The National Assembly's Audit Committee ensures that proper and thorough scrutiny is given to the Assembly's expenditure. In broad terms, its role is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions. The responsibilities of the Audit Committee are set out in detail in Standing Order 12.

The membership of the Committee as appointed on 9 November 2000 is:

Janet Davies (Plaid Cymru) - Chair
Alan Cairns (Conservative)
Jocelyn Davies (Plaid Cymru)
Alison Halford (Labour)
Ann Jones (Labour)
Peter Law (Labour)
Lynne Neagle (Labour)
Dafydd Wigley (Plaid Cymru)
Kirsty Williams (Liberal Democrat)

Further information about the Committee can be obtained from:

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