

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Cyfrifon Cyhoeddus

Adroddiad ar amcangyfrif o incwm
a gwariant Swyddfa Archwilio Cymru
ar gyfer y flwyddyn a ddaw i ben ar
31 Mawrth 2012

Tachwedd 2010



Cynulliad Cenedlaethol Cymru yw'r corff sy'n cael ei ethol yn ddemocrataidd i gynrychioli buddiannau Cymru a'i phobl, i ddeddfu ar gyfer Cymru ac i ddwyn Llywodraeth Cymru i gyfrif.

Gallwch weld copi electronig o'r adroddiad hwn ar wefan y Cynulliad Cenedlaethol:
www.cynulliadcymru.org

Gellir cael rhagor o gopiau o'r ddogfen hon mewn ffurfiau hygyrch, yn cynnwys Braille, print bras, fersiwn sain a chopïau caled gan:

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Ceir atgynhyrchu testun y ddogfen hon am ddim mewn unrhyw fformat neu gyfrwng cyn belled ag y caiff ei atgynhyrchu'n gywir ac na chaiff ei ddefnyddio mewn cyd-destun camarweiniol na difriol. Rhaid cydnabod mai Comisiwn Cynulliad Cenedlaethol Cymru sy'n berchen ar hawlfraint y deunydd a rhaid nodi teitl y ddogfen.

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Y Pwyllgor Cyfrifon Cyhoeddus

Mae'r Pwyllgor Cyfrifon Cyhoeddus yn sicrhau bod gwariant Llywodraeth Cymru'n cael ei archwilio'n briodol ac yn drylwyr, a bod yr holl gyrff cyhoeddus yng Nghymru yn glynu wrth y safonau uchaf posibl wrth reoli eu materion ariannol. Mae'n gwneud hyn er mwyn i bobl Cymru allu teimlo'n hyderus bod eu harian yn cael ei wario'n synhwyrol ac yn dda.

Gellir cael rhagor o wybodaeth am aelodau, cylch gwaith a chyhoeddiadau blaenorol y Pwyllgor yn: www.cynulliadcymru.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-ac-home.htm

Pwerau

Sefydlwyd y Pwyllgor ar 26 Mehefin 2007 fel un o bwyllgorau'r Cynulliad. Mae ei bwerau wedi'u gosod allan yn Rheolau Sefydlog Llywodraeth Cynulliad Cymru, a Rheol Sefydlog13 yn benodol. Mae'r rhain ar gael yn www.cynulliadcymru.org.

Aelodau'r Pwyllgor



Jonathan Morgan
(Cadeirydd)
Gogledd Caerdydd
Plaid Geidwadol Cymru



Lorraine Barrett
De Caerdydd a Phenarth
Llafur



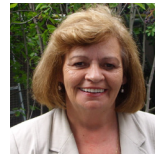
Peter Black
Gorllewin De Cymru
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Delyn
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Nick Ramsay
Sir Fynwy
Plaid Geidwadol Cymru



Janet Ryder
Gogledd Cymru
Plaid Cymru

Cyflwyniad

1. Yn unol â Rheol Sefydlog 27.13,¹ a gofynion *Deddf Llywodraeth Cymru 2006*,² ar 29 Hydref 2010,³ cyflwynodd Archwilydd Cyffredinol Cymru ('yr Archwilydd Cyffredinol') ei amcangyfrif i ni o incwm a gwariant Swyddfa Archwilio Cymru ar gyfer y flwyddyn a ddaw i ben ar 31 Mawrth 2012.
2. Cyflwynodd yr Archwilydd Cyffredinol fersiwn ddiwygiedig o'i amcangyfrif ar 18 Tachwedd 2010. Mae'r fersiwn hon yn trafod rhai o'r pwyntiau a godwyd yn ystod cyfarfod y Pwyllgor Cyfrifon Cyhoeddus ar 11 Tachwedd 2010, ond ni wnaethpwyd unrhyw newidiadau i'r ffigurau a amcangyfrifwyd. Dyma'r fersiwn o'r amcangyfrif a osodwyd gerbron Cynulliad Cenedlaethol Cymru ('y Cynulliad').
3. Mae tair agwedd ar gyllideb amcangyfrifedig yr Archwilydd Cyffredinol y mae'r Pwyllgor Cyfrifon Cyhoeddus yn eu hystyried ac sy'n gofyn am gael eu hawdurdodi gan y Cynulliad. Y tair agwedd yw:
 - yr adnoddau sydd i'w defnyddio gan yr Archwilydd Cyffredinol;
 - yr adnoddau sy'n cronni i'r Archwilydd Cyffredinol y gall eu cadw (yn hytrach na'u talu i mewn i Gronfa Gyfunol Cymru); a
 - y swm y gellir ei dalu o Gronfa Gyfunol Cymru i'r Archwilydd Cyffredinol.

Adnoddau

4. O ran adnoddau, mae'r Archwilydd Cyffredinol yn gofyn am £4.853 miliwn ar gyfer gweinyddu Swyddfa Archwilio Cymru a chyflawni ei swyddogaethau statudol yn 2011-12. Mae hyn yn ostyngiad o 3.8 y cant ar yr amcangyfrif ar gyfer 2010-11, ac yn gyfystyr â gostyngiad o £194,000 ar yr amcangyfrif ar gyfer 2010-11.
5. Amcangyfrifon diweddaraf y Swyddfa Cyfrifoldeb Cyllidebol am chwyddiant Mynegai Prisiau Defnyddwyr (CPI) ar gyfer 2011-12 yw 2.6 y cant.⁴ Yn seiliedig ar hyn, mae cais amcangyfrifedig yr Archwilydd

¹ [Cynulliad Cenedlaethol Cymru, Rheolau Sefydlog Cynulliad Cenedlaethol Cymru, Hydref 2010](#)

² [Deddf Llywodraeth Cymru 2006 \(c.32\)](#)

³ [Archwilydd Cyffredinol Cymru, Amcangyfrif o incwm a gwariant Swyddfa Archwilio Cymru ar gyfer y flwyddyn a ddaw i ben ar 31 Mawrth 2012, Hydref 2010](#)

⁴ [Swyddfa Cyfrifoldeb Cyllidebol, Supplementary forecast information: CPI inflation, 20 Hydref 2010](#)

Cyffredinol yn gyfystyr â gostyngiad refeniw real o 6.4 y cant yn 2011-12.

Cronni adnoddau

6. Mae'r Archwilydd Cyffredinol hefyd yn gofyn am gadw £8.024 miliwn mewn adnoddau o ffioedd ac incwm arall (ac eithrio adnoddau sy'n cronni mewn perthynas â pheth gwaith llywodraeth leol nad oes angen i'r Cynulliad eu hawdurdodi) i'r Archwilydd Cyffredinol ei ddefnyddio at wasanaethau cysylltiedig ac i weinyddu Swyddfa Archwilio Cymru yn 2011-12. Mae hyn yn ostyngiad o 26 y cant ar yr amcangyfrif ar gyfer 2010-11 ac yn gyfystyr â gostyngiad o £2.748 miliwn ar yr amcangyfrif ar gyfer 2010-11.

Gofyniad arian parod

7. Gofyniad arian parod net yr Archwilydd Cyffredinol o Gronfa Gyfunol Cymru i dalu'r symiau net sy'n ddyledus i'w talu yn ystod 2011-12 yw £4.753 miliwn. Mae hyn yn ostyngiad o 6.3 y cant ar yr amcangyfrif ar gyfer 2010-11 ac yn gyfystyr â gostyngiad o £321,000 ar yr amcangyfrif ar gyfer 2010-11.

Sylwebaeth

8. Rydym yn cymeradwyo'r Archwilydd Cyffredinol am ddod o hyd i'r arbedion hyn tra'n parhau i ddarparu'r un lefel o wasanaeth, ac rydym yn cytuno gyda'i asesiad a roddodd wrth gyflwyno'i amcangyfrif i ni ar 11 Tachwedd:

'As the auditor general, I am always conscious that I have a duty and a function to perform, and that I need to do it well. I need to do it well for the sake of the people of Wales and for you; you demand nothing less. However, at the same time, in delivering it, I cannot be insensitive to two things: first, that this is a time of unprecedented restraint in public expenditure, and I do not think that the Wales Audit Office ought to be immune to that; and, secondly, that our fees are a part of the costs of the bodies that we audit. I have therefore deliberately set a tough target for the office.'⁵

Craffu ar yr amcangyfrif

9. Ar 11 Tachwedd 2010, buom yn craffu ar amcangyfrif yr Archwilydd Cyffredinol.⁶ Fel y nodwyd uchod, rydym yn croesawu'r amcangyfrif is a gyflwynwyd i ni. Mae'r amcangyfrif yn cynnwys gwybodaeth gyd-destunol ddefnyddiol. Fodd bynnag, roeddem o'r farn

⁵ Cofnod o'r Trafodion, 11 Tachwedd 2010, Paragraff 178

⁶ Cofnod o'r Trafodion, 11 Tachwedd 2010

y gallai fod wedi darparu rhagor o wybodaeth am rai meysydd a gofynnwyd am hyn gan yr Archwilydd Cyffredinol yn ystod y cyfarfod.

10. Un o'r meysydd y gofynnwyd am ragor o eglurder yn ei gylch oedd y cynnig ar sut i fynd i'r afael â'r cynllun diswyddiadau cynnar yn y cyfrifon blynyddol, sydd wedi'i nodi yn ail baragraff y papur amcangyfrif. Byddwn yn aros am ganfyddiadau ymchwiliad y Swyddfa Archwilio Genedlaethol am y mater hwn cyn dod i gasgliad ar sut y dylid mynd i'r afael ag ef, ond rydym yn croesawu cadarnhad cynnar yr Archwilydd Cyffredinol y bydd yn ystyried gofynion Llawlyfr Adroddiadau Ariannol a Safon Cyfrifyddu Rhyngwladol 8 (IAS 8) yn llawn wrth gynnwys gwallau'r blynyddoedd blaenorol yn y cyfrifon.

11. Gofynnwyd hefyd am ragor o wybodaeth am y canlynol:

- Faint o dwyll sydd wedi cael ei atal a'i ganfod, a faint o'r twyll a ganfuwyd sydd wedi'i adennill.
- Faint yw gwerth yr arbedion effeithlonrwydd sydd wedi'u nodi yn yr amcangyfrif - arbedion sydd eisioes wedi'u gwireddu ac arbedion arfaethedig.
- Gwerth amcangyfrifedig y gwaith sydd wedi'i nodi fel gwaith archwilio ychwanegol ar gyfer 2011-12, o dan baragraff 16 i 27, yn ôl yr wyth is-bennawd yn yr adran hon.

12. Darparodd yr Archwilydd Cyffredinol y wybodaeth ychwanegol hon ar 18 Tachwedd 2010. Mae wedi ei hatodi fel Atodiad A i'r adroddiad hwn. Rydym yn ddiolchgar i'r Archwilydd Cyffredinol am ddarparu'r wybodaeth hon yn brydlon.

Ansicrwydd

13. Roedd yr Archwilydd Cyffredinol yn glir nad oedd yr amcangyfrif hwn yn rhoi llawer o hyblygrwydd iddo. Nododd nifer o feysydd lle roedd cryn ansicrwydd yn parhau a meysydd lle bydd yn rhaid iddo chwilio am adnoddau newydd rywbryd yn y dyfodol. Mae'r prif faes y mae ansicrwydd amdano yn ymwneud â threfniadau gorbwyso Treth ar Werth a'r incwm o ffioedd gan nad yw'r rownd nesaf o drafod ffioedd wedi dechrau eto.

14. Rydym yn bwriadu monitro'r digwyddiadau hyn yn ofalus ac rydym wedi gofyn i'r Archwilydd Cyffredinol ein hysbysu o unrhyw ddatblygiadau sy'n deillio o ganlyniad i'r angen am arian ychwanegol yn 2011-12.

Casgliad

15. Rydym yn cymeradwyo amcangyfrif yr Archwilydd Cyffredinol o incwm a gwariant Swyddfa Archwilio Cymru ar gyfer y flwyddyn a ddaw i ben ar 31 Mawrth 2012, fel y'i gosodwyd ar 22 Tachwedd 2010, ac yn hapus iddo gael ei osod gerbron y Cynulliad i Weinidogion Cymru er mwyn ei gynnwys yng nghynnig ffurfiol y gyllideb ar gyfer 2011-12.

Atodiad A



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Wales Audit Office / Swyddfa Archwilio Cymru

Date: 18th November 2010
Our ref: HVT/1162/fgb
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Mr Jonathan Morgan AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Dear Chair

QUERIES FROM PAC 11 NOVEMBER 2010

At last week's PAC, I agreed to provide you with the following information.

1. *An analysis of the £4.5 million of fraud and overpayments, set out in paragraph 4a of my estimate paper, that had been prevented and detected (and recovered) in Welsh public bodies due to the National Fraud Initiative (NFI) exercise for 2008-09.*
 - o The Committee considered our NFI report for 2008-09 at its meeting on 20 May 2010. In terms of the amount of fraud and overpayments that have been detected and prevented, exhibit 3 on page 10 of our report provides an analysis of the numbers of cases identified by type in 2008-09, and exhibit 4 on page 11 provides an analysis of cases identified by value in 2008-09.
 - o The amount of overpayments detected and prevented referred to in the report includes both the amount of detected overpayments and forward savings (prevented overpayments). Forward savings are based on standard industry calculations, consistent with the approach applied by the Audit Commission. Forward savings are included where it is reasonable to assume that fraudulent or erroneous overpayments would have continued had they not been detected as part of the NFI exercise. The methodology for calculating forward savings is complex and differs for each type of overpayment.
 - o The breakdown of the £4.5 million between amounts detected and prevented is £2.1 million and £2.4 million respectively. Participants in the NFI have indicated that some £1.45 million of the detected overpayments has either already been recovered, or that they intend to pursue recovery.

Recovery of overpayments is the responsibility of participating organisations, and may take some time, such as in cases where individuals are making repayments over an extended period.

- The figures identified in the report are the overpayments reported as at 31 March 2010. Work to identify further fraudulent or erroneous overpayments related to the NFI 2008-09 matches will continue until all investigations are satisfactorily concluded.
 - Inevitably, such work as the NFI exercise will also have an unquantifiable deterrent effect on potential perpetrators of fraud.
2. *Further details on the value of efficiency savings (both those made to date and those that are proposed).*
- Paragraph 34 of my estimate paper states that cumulative audited savings of at least £988,000 had been generated by 2009-10. We have applied the Making the Connections efficiency definition to our declared savings, and these were achieved as follows:
 - Efficiencies absorbed by not including full inflationary uplift into fees increases - £660,000
 - Implementation of new time recording system - £80,000
 - Staff restructuring as part of workforce planning - £68,000
 - Renegotiation of stationery contract - £35,000
 - Implementation of new HR and payroll system - £34,000
 - Estate reconfiguration (running costs reduced follow consolidation of office accommodation) - £32,000
 - Renegotiation of IT support contract (revised and reduced specification) - £30,000
 - IT procurement savings on new laptops - £23,000
 - Renegotiation of IT support contract (smarter procurement) - £14,000
 - Revised insurance arrangements - £9,000
 - Introduction of online payslips - £2,000
 - Revision of staffing contracts to transfer staff from temporary to permanent roles - £1,000

As explained at the PAC meeting, my staff are also conducting a root and branch review of our expenditure, and have already identified further savings in the current year, including around £25,000 from various internal economies. The review is ongoing and, as set out in my estimate paper, I plan to make further savings from the fleet review and voluntary severance exercise, as well as exploring a range of other areas including the use of consultants, external meeting rooms, and estate rationalisation.

3. I understand that in private session, the PAC asked Ian Summers to pursue some of the accounting treatment issues with Kevin Thomas – particularly around the estimated cash requirement for 2011-12. As a result:
- Whilst the cash requirement set out in table 3 on page 20 of the estimate paper does not need to be amended, the description "movement of in year-end debtors, creditors and deferred income" should be amended to "movement of in year-end debtors and work in progress, creditors and provisions, and deferred income" to provide greater clarity.
 - In addition, I have arranged for the word "freeze" to be amended to "restraint" in note vii on page 19 of the estimate paper in line with the statement I gave to the PAC on the 11 November.
 - IAS 8 will be observed in regularising the accounts for 2010-11.

I attach a revised version of the estimate paper incorporating the two changes highlighted above, in both English and Welsh, to this letter.

4. You also requested some further detail in terms of the split between the request for resources to deal with additional audit work and work to strengthen the internal mechanisms of the Wales Audit Office, as set out on pages 10 and 11 of the estimates paper:
- *Work to ensure continuation of data matching to prevent and detect fraud in Wales and deal with the other consequences of the Audit Commission* – the current net cost of the NFI to the WAO is around £50,000 after recharges have been made to Welsh public bodies. As set out in paragraph 4a of my estimate paper, the cost of the NFI exercise might increase by as much as £350,000 in total following the demise of the Audit Commission, and this cost would need to be split between the remaining participating audit bodies. Inevitably, a decision would need to be taken on whether to amend the level of recharge currently made to Welsh public bodies.

- *Increasing the number of cross-cutting studies* – cross-cutting studies lead to a greater call on resources for the reasons set out in paragraph 18 of my estimate paper, but it is very difficult to estimate what that cost might be before deciding on what those studies will be, and would depend on the nature of the work required as well as the skill mix necessary.
- *Enhancing the Good Practice Exchange and other good practice sharing mechanisms* – the current cost of this initiative is around £200,000 but in order to ensure that information is kept up to date, as well as to build on, enhance and develop my good practice initiative, I estimate that a further investment of up to £75,000 needs to be made.
- *Work to meet enhanced transparency and openness requirements* – I have set out in paragraph 4d that I expect the cost of responding to information requests made under the Freedom of Information Act to increase to around £50,000 in 2011-12.
- *Developing arrangements in response to the equalities legislation* - it is important that Wales Audit Office complies with the requirements of the Equality Act 2010, including forthcoming secondary legislation that places the Auditor General under both General and Specific Public Sector Equality Duties. The General Duty will require the Auditor General in the exercise of his functions to have due regard to the need to eliminate discrimination and other conduct prohibited by the Act, to advance equality and to foster good relations. We therefore need to undertake a review of all our work to ensure that it meets these requirements, but we particularly need to thoroughly review the scoping of our studies. The Specific Public Sector Duty will require us to develop specific equality objectives and undertake impact assessments of our work. The objectives must be publicised in an accessible equality scheme, and we will be required to involve persons representing individuals with protected characteristics in the setting of equality objectives and more widely. We will have to publish an assessment report setting out the likely impact of our proposed policies and practices, and we will have to report annually relevant employment and pay information. We will also have to have regard to the inclusion of considerations of compliance with the General Duty in procurement processes. We estimate that initial internal preparations in 2011-12 will amount to some £50,000 to £75,000, and additional external facing work (for example, as part of studies) will be of the same order.
- *Further strengthening of corporate governance* – the measures that I am proposing were described to the PAC at its meeting on 7 October, and I estimate that the additional costs will be around £50,000 per annum.

- *Further development of anti-money laundering arrangements* – we plan to undertake additional work in order to check that auditors are reporting suspicions of dealings in the proceeds of crime (such as fraud) in accordance with the legislation. In particular, we plan to review all the match reports produced during the NFI exercise (once public bodies have annotated these with their investigation findings) and to report suspicions accordingly. The level of work, and hence the cost, cannot be reliably estimated until the next round of NFI reports has been run, and the initial results received, during 2011. However, on the basis of a brief review of the 2008-09 exercise, we consider the cost will be in the region of some £15,000.
- *Enhancement of IT* – the planned expenditure for the enhancement of our IT in 2011-12, including improved security measures, is around £80,000.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES