

Jane Hutt AC/AM

Y Trefnydd a'r Gweinidog dros Gydraddoldebau a Phlant
Minister for Assembly Business, Equalities and Children



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our ref

Janet Davies AM
Chair, Audit Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

24 October 2006

Dear Janet

AUDIT COMMITTEE REPORT (2) -6-06

**AGW REPORT ON THE MERLIN CONTRACT (Enabling the National Assembly to
change its business processes through ICT)**

I have pleasure in enclosing a copy of the Assembly Government's response to the above report and I can confirm that the response will be laid before the Table Office on October 24th 2006.

On behalf of the Assembly Cabinet, I would like to thank you and the Committee once again for the careful and considered way in which you undertook the investigation and produced the report.

Yours sincerely

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Ffôn * Tel 02920 82 5111
Ffacs * Fax 029 2089 8475
ps.jane.hutt@wales.gsi.gov.uk

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The Welsh Assembly Government is grateful for the report. We welcome the findings and offer the following response to the 10 recommendations in the report.

1 Recommendation

The Assembly Government should consider its need for external advisors early in the procurement process to avoid delays caused by appointing advisors by open competition midway through the procurement. To minimise the costs of such advisers, the Assembly Government should deploy a range of payment methods, such as daily rather than hourly rates for advice.

Accepted. We will ensure that, for future major procurements, the need for external advisors and the most appropriate payment measures are assessed early on in the procurement strategy planning process. The need to appoint such advisors, for example, professional procurement experts and external lawyers, to assist officials in commercial negotiations, will be considered at the outset of the contract.

2 Recommendation

To enable more rigorous scrutiny of future procurement costs, procurement teams should present quarterly financial data on individual components of major procurements to the procurement programme board.

Accepted. We will ensure that financial information, showing the key individual components of the procurement, will be presented regularly – quarterly, or more often, if warranted – to the appropriate board. This will enable different aspects of expenditure, such as the cost of external advisors, to be monitored and challenged.

3 Recommendation

In preparing to replace Merlin, the Assembly Government should actively involve users in specifying ICT and business change requirements, for example through workshops, site visits and networks with relevant organisations, both public and private sector, to identify the potential to use ICT to deliver business change.

Accepted. Greater use will be made of different user groups from across the organisation to ensure that they are involved in specifying ICT and Business Change requirements.

4 Recommendation

The Assembly Government should use all five OGC Gateway Reviews to bring independent review and assurance to each key stage of future major procurements.

Accepted. For future major procurements, we will ensure that all five OGC Gateway reviews will be conducted by teams of independent, experienced practitioners who can apply their knowledge and skills to identify the key issues that need to be addressed for the projects to succeed.

Quite apart from the deployment of our Internal Audit Services and other project support services, the Gateway review process will help provide added assurance to senior responsible owners of projects or programmes on issues such as the ability of the project or programme to progress successfully to its next stage of development.

5 Recommendation

Assembly Government officials should ensure they have sufficient time towards the end of Merlin to determine the procurement strategy for its replacement in the light of what is then known about handling procurements involving an incumbent supplier and the current market for the supply of the services they need.

Accepted. A procurement strategy for the replacement of Merlin will be planned and detailed in sufficient time before the Merlin contract ends. We will ensure that this is at least three years prior to expiry of the contract.

6 Recommendation

Assembly Government officials should ensure that service improvement remains a key item on the agenda of the Merlin Partnership Board until the Alliance delivers significant, measurable improvements in the current standard of performance.

Accepted. Service improvement remains a key standing item on each Merlin Partnership Board agenda, with regular reports being provided to indicate improvements to date. A Continuous Service Improvement Plan has also been agreed by the Assembly and Siemens Business Services and is the main repository for service improvements that will enable appropriate actions to be taken.

7 Recommendation

Assembly Parliamentary Service officials should involve Assembly Members and their staff in specifying their ICT requirements, service standards and measures of user satisfaction, to enable the measurement of progress.

Accepted. This is a matter for the House Committee, but the majority of these activities are already underway.

There is an ICT Sub Group of House Committee which includes Members from each party represented in the Assembly and which meets regularly to consider the matters suggested in the recommendation. Members and their staff are advised of ICT issues and consulted regularly about service standards. Any concerns expressed by Members and their staff are recorded and used to inform service standards. The Assembly Parliamentary Service has a dedicated team of staff working on ICT services along with an intelligent client to ensure that proposed solutions are in the best interests of Members and parliamentary staff.

8 Recommendation

The Assembly Government's internal audit services should monitor payments made for new users and the adequacy of the controls framework after the various mergers. Similarly, Assembly Parliamentary Service officials should develop procedures for controlling ICT costs as they assume responsibility for their own ICT budget.

Accepted. The Human Resources IT system will be the master index of staff numbers and will be used to validate ICT user costs. When users transfer to or from departments, the system will be updated and the Commercial and Contracts Unit sent monthly information to ensure the ICT user costs are aligned with the number of staff within the organisation.

In order to minimise the risk of poor cost control arising from inaccurate records of users and their locations, Internal Audit Services has made provision in its future plans for periodic audits that will examine payments made for new users and the adequacy of the controls in the area.

This is a matter for the House Committee, but Assembly Parliamentary Service officials have already implemented some new controls. They are awaiting the

introduction of the master index and the resultant redelegation of ICT budgets prior to setting up further measures.

9 Recommendation

The Assembly Government should accelerate skills transfer through the contract by encouraging the Alliance to work with and coach a wider group of officials to develop and sustain a professional group of project and programme managers. There should be formal monitoring of progress with discussions with Alliance partners should there be no measurable improvement in the pace of skills transfer by the end of the 2006 calendar year.

Accepted. The Assembly Government has already introduced a number of new initiatives to monitor progress with skills transfer and to maximise the development of staff. Examples include a skills tracking process; master classes and other training activities on programme and project management; networking with other organisations; and plans to develop a Centre of Excellence.

1 Recommendation

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To facilitate the negotiation of projects and evaluation of their outcomes, the Assembly Government should develop a documented methodology and guidance on measuring the costs and benefits, both financial and non-financial, of change projects. This framework should be linked explicitly to medium-term financial planning, and budgets should change to reflect such financial impacts arising from business change projects.

Accepted. The framework for assessing the costs and benefits of government projects, including change projects, is set out in the HM Treasury Green Book "Appraisal and Evaluation in Central Government" and Office of Government Commerce guidance. The Business Development Department is working with the Finance Department to draw up a tailored approach to support the identification of costs and benefits for the Business Development Portfolio. This portfolio encompasses a number of other programmes in addition to the ICT-enabled Business Change (Merlin) Programme and the methodology will ensure that benefits are not double-counted at portfolio level. Within this framework, the senior responsible owners for individual programmes and projects will be responsible for ensuring that the costs and benefits for their programme or project are identified and that plans make specific provision for the delivery of benefits.

Ymateb Llywodraeth Cynulliad Cymru i adroddiad Pwyllgor Archwilio'r Cynulliad Cenedlaethol; ar Contract Merlin - Galluogi'r Cynulliad Cenedlaethol i newid ei brosesau busnes drwy TGCh - Adroddiad Pwyllgor (2) 06-06

Mae Llywodraeth Cynulliad Cymru yn ddiolchgar am yr adroddiad. Croesawn y canfyddiadau a chynigiwn yr ymateb canlynol i'r deg argymhelliad yn yr adroddiad.

1 Argymhelliad

Dylai Llywodraeth y Cynulliad , yn gynnar yn y broses gaffael, drafod ei hangen am ymgynghorwyr allanol er mwyn osgoi'r oedi a ddaw yn sgil penodi ymgynghorwyr drwy gystadleuaeth agored pan fydd y broses gaffael ar ei hanner. Er mwyn lleiafu cost yr ymgynghorwyr hyn, dylai Llywodraeth y Cynulliad ddefnyddio nifer o ffyrdd o dalu, megis talu am yngor wrth y dydd yn hytrach nag wrth yr awr.

Derbynnir. Byddwn yn sicrhau, ar gyfer caffaeliadau mawr yn y dyfodol, bod yr angen am ymgynghorwyr allanol a'r mesurau talu mwyaf priodol, yn cael eu hasesu'n fuan yn y broses o gynllunio strategaeth gaffael ynghyd â'r mesurau talu priodol. Caiff yr angen i benodi cynghorwyr o'r fath, er enghraifft, arbenigwyr caffael proffesiynol a chyfreithwyr allanol, i helpu swyddogion gyda thrafodaethau masnachol, ei ystyried ar ddechrau'r contract.

2 Argymhelliad

I alluogi craffu manylach ar gostau caffael yn y dyfodol, dylai'r timau caffael gyflwyno data ariannol bob chwarter ar rannau unigol prosiectau caffael mawr i frwdd y rhaglen gaffael.

Derbynnir. Byddwn yn sicrhau bod gwybodaeth ariannol, yn dangos prif gydrannau unigol y caffael, yn cael ei chyflwyno'n rheolaidd - yn chwarterol, neu'n amlach os gellir cyfiawnhau hynny - i'r bwrdd priodol. Bydd hyn yn galluogi monitro a herio gwahanol agweddau ar wariant, fel cost cynghorwyr allanol.

3 Argymhelliad

Wrth baratoi i lenwi lle Merlin, dylai Llywodraeth y Cynulliad sicrhau bod gan y defnyddwyr ran weithredol wrth nodi anghenion TGCh a newid busnes, er enghraifft drwy weithdai, ymweliadau safle a rhwydweithiau â sefydliadau perthnasol, yn y sector cyhoeddus a'r sector preifat ill dau, i weld posibiliadau defnyddio TGCh i gyflwyno newid busnes.

Derbynnir. Gwneir mwy o ddefnydd o'r gwahanol grwpiau o ddefnyddwyr o bob rhan o'r sefydliad i wneud yn siwr eu bod yn ymwneud â manylu ar ofynion TGCh a Newid Busnes.

4 **Argymhelliad**

Dylai Llywodraeth y Cynulliad ddefnyddio pob un o bum Adolygiad Gateway Swyddfa Masnach y Llywodraeth i ddod â sicrhad ac adolygiad annibynol i bob cyfnod allweddol o raglenni caffael mawr yn y dyfodol.

Derbynnir. Ar gyfer caffaeliadau mawr yn y dyfodol byddwn yn sicrhau bod pob un o bum Adolygiad Gateway Swyddfa Masnach y Llywodraeth yn cael ei gynnal gan dimau o ymarferwyr profiadol ac annibynol, a all gymhwyso eu gwybodaeth a'u sgiliau i adnabod y materion allweddol y mae angen ymdrin â hwy er mwyn i'r prosiectau lwyddo.

Ar wahân i ddefnyddio ein Gwasanaethau Archwilio Mewnol a gwasanaethau eraill i gynorthwyo prosiectau, bydd proses Adolygiadau Gateway yn helpu i roi rhagor o sicrwydd i brif berchenogion cyfrifol prosiectau neu raglenni ar faterion fel gallu'r prosiect neu'r rhaglen i symud ymlaen yn llwyddiannus i gam nesaf ei ddatblygiad.

5 **Argymhelliad**

Dylai swyddogion Llywodraeth y Cynulliad sicrhau tua diwedd Merlin fod ganddynt ddigon o amser i benderfynu ar strategaeth gaffael cyflenwr yn ei le, a hynny yng ngoleuni'r hyn fydd yn hysbys ar y pryd ynghylch trafod caffael sy'n cynnwys cyflenwr presennol ac ynghylch nature y farchnad sy'n cyflenwi'r gwasanaethau angenrheidiol ar yr adeg honno.

Derbynnir. Caiff strategaeth gaffael i ddisodli Merlin ei chynllunio a'i pharatoi'n fanwl mewn digon o bryd cyn i gontract Merlin ddod i ben. Byddwn yn sicrhau bod hyn o leiaf dair blynedd cyn y daw'r contract i ben.

6 **Argymhelliad**

Dylai swyddogion Llywodraeth y Cynulliad sicrhau bod gwella'r gwasanaeth yn parhau'n eitem alweddol ar agenda Bwrdd Partneriaeth Merlin nes i'r Alliance gyflwyno gwelliannau sylweddol, mesuradwy ar safon y perfformiad ar hyn o bryd.

Derbynnir. Mae gwella gwasanaethau yn dal i fod yn eitem sefydlog allweddol ar bob agenda o eiddo Bwrdd Partneriaeth Merlin, a darperir adroddiadau rheolaidd i dangos gwelliannau hyd yma. Cymeradwywyd Cynllun Gwella Gwasanaeth Parhaus gan y Cynulliad a Gwasanaethau Busnes Siemens a dyma'r brif ystorfa ar gyfer gwelliannau o ran gwasanaethau a fydd yn galluogi cymryd camau gweithredu priodol.

7 **Argymhelliad**

Dylai swyddogion Gwasanaeth Seneddol y Cynulliad gynnwys Aelodau'r Cynulliad a'u staff wrth nodi'u gofynion TGCh, safonau gwasanaeth a dulliau mesur bodlonrwydd y cwsmer, er mwyn sicrhau bod cynnydd yn gallu cael ei fesur.

Derbynnir. Materion y Pwyllgor y Ty, ond mae'r mwyafrif o'r gweithgareddau hyn eisoes ar y gweill.

Mae Is Grwp TGCh o Bwyllgor y Ty sy'n cynnwys Aelodau o bob plaid a gynrychiolir yn y Cynulliad ac sy'n cwrdd yn rheolaidd i ystyried y materion a awgrymir yn yr argymhelliad. Rhoddir gwybod i Aelodau a'u staff am faterion TGCh ac ymgynghorir â hwy'n rheolaidd am safonau gwasanaeth. Cofnodir unrhyw bryderon a fynegir gan Aelodau a'u staff a'u defnyddio i fwydo safonau gwasanaethau. Mae gan Wasanaeth Seneddol y Cynulliad dîm ymroddedig o staff sy'n gweithio ar wasanaethau TGCh ynghyd â chleient deallus i sicrhau bod atebion arfaethedig o'r lles pennaf i Aelodau a staff seneddol.

8 **Argymhelliad**

Dylai gwasanaethu archwilio mewnol Llywodraeth y Cynulliad fonitro'r taliadau ar gyfer defnyddwyr newydd a digonolrwydd y fframwraith rheoli ar ôl y gwahanol gyfuniadau. Yn yr un modd, dylai swyddogion Gwasanaeth Seneddol y Cynulliad ddatblygu gweithdrefnau ar gyfer rheoli costau TGCh wrth iddynt gymryd cyfrifoldeb am eu cyllideb TGCh eu hunain.

Derbynnir. System TG adnoddau dynol fydd y meistr fynegai o niferoedd staff ac fe'i defnyddir i ddilysu costau defnyddwyr TGCh. Pan fydd defnyddwyr yn trosglwyddo i adrannau neu ohonynt, caiff y system ei diweddarau ac anfonir gwybodaeth fisol i'r Uned Fasnachol a Chontractau i wneud yn siwr bod costau defnyddwyr TGCh yn cael eu halinio â nifer y staff o fewn y sefydliad.

Er mwyn lleihau i'r eithaf y risg o reoli gwael ar gostau oherwydd cofnodion anghywir am ddefnyddwyr a'u lleoliadau, mae'r Gwasanaethau Archwilio Mewnol wedi darparu yn eu cynlluniau ar gyfer archwiliadau rheolaidd yn y dyfodol a fydd yn archwilio taliadau a wnaed ar gyfer defnyddwyr newydd a digonolrwydd y rheoliadau yn y maes.

Materion y Pwyllgor y Ty, ond mae swyddogion Gwasanaeth Seneddol y Cynulliad eisoes wedi rhoi rhai rheoliadau newydd ar waith. Maent yn aros i'r meistr fynegai gael ei gyflwyno ac am yr ail-ddirprwyo yn dilyn hynny ar gyllidebau TGCh cyn gosod mesurau newydd yn eu lle.

9 *Argymhelliad*

Dylai Llywodraeth y Cynulliad, drwy'r contract, gyflymu trosglwyddo sgiliau drwy annog yr Alliance i weithio gyda grwp ehangach o swyddogion a'u hyfforddi i ddatblygu a chynnal grwp proffesiynol o reolwyr prosiectau a rhaglenni. Dylai fod monitor ffurfiol ar y cynnydd a thrafodaethau â phartneriaid yr Alliance pe na bai gwella mesuradwy yng nghyflymder y trosglwyddo sgiliau erbyn diwedd y flwyddyn galendr 2006.

Derbynnir. Mae Llywodraeth y Cynulliad eisoes wedi cyflwyno nifer o fentrau newydd i fonitro cynnydd o ran trosglwyddo sgiliau ac i gynyddu datblygu staff i'r eithaf. Er enghraifft proses olrhain trywydd sgiliau; dosbarthiadau a gweithgareddau hyfforddi yn ymwneud â rheolaeth rhaglenni a prosiectau; trafodaethau gyda sefydliadau allanol; a cynlluniau i ddatblygu Canolfan Rhagoriaeth.

10 *Argymhelliad*

Er mwyn hyrwyddo negodi contractau a gwerthuso'r deilliannau, dylai Llywodraeth y Cynulliad ddatblygu methodoleg a chanllawiau ysgrifenedig ar fesur costau a manteision prosiectau newid, boed y rheiny'n rhai ariannol neu fel arall. Dylai'r fframwaith hwn fod â chysylltiad amlwg â chynllunio ariannol tymor canolig, a dylai cyllidebau newid i adlewyrchu'r effeithiau ariannol sy'n deillio o brosiectau newid busnes.

Derbynnir. Mae'r fframwaith ar gyfer asesu costau a manteision prosiectau'r llywodraeth, gan gynnwys prosiectau newid, wedi ei osod allan yn Llyfr Gwyrdd Trysorlys EM, "Appraisal and Evaluation in Central Government" ac yng nghanllawiau Swyddfa Masnach y Llywodraeth. Mae'r Adran Datblygu Busnes yn cydweithio â'r Adran Gyllid i lunio ymagwedd benodol i gynorthwyo adnabod costau a manteision ar gyfer y Portffolio Datblygu Busnes. Mae'r portffolio hwn yn cwmpasu nifer o raglenni eraill yn ogystal â'r Rhaglen Newid Busnes (Merlin) ar sail TGCh - a bydd y fethodoleg yn sicrhau nad yw'r manteision yn cael eu cyfrif ddwywaith ar lefel portffolio. O fewn y fframwaith hwn, bydd y prif berchenogion cyfrifol yn achos rhaglenni a phrosiectau unigol yn gyfrifol am sicrhau y caiff costau a manteision eu rhaglen neu brosiect eu nodi a bod cynlluniau'n darparu'n benodol ar gyfer sicrhau manteision.