

## Agenda – Y Pwyllgor Cyfrifon Cyhoeddus

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Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 3 – y Senedd	Fay Buckle
Dyddiad: Dydd Mawrth, 6 Hydref 2015	Clerc y Pwyllgor
Amser: 09.00	0300 200 6565
	<a href="mailto:SeneddArchwilio@Cynulliad.Cymru">SeneddArchwilio@Cynulliad.Cymru</a>

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### 1 Cyflwyniadau, ymddiheuriadau a dirprwyon

(09:00)

### 2 Papurau i'w nodi

(09:00 – 09:05)

(Tudalennau 1 – 4)

**Craffu ar Gyfrifon 2014–15: Gwybodaeth ychwanegol gan Llyfrgell Genedlaethol Cymru**

(Tudalennau 5 – 115)

### 3 Craffu ar Gyfrifon 2014–15: Cyfrifon Blynyddol Cyfunol Llywodraeth Cymru 2014–2015

(09:05 – 10:35)

(Tudalennau 116 – 188)

PAC(4)–25–15 Papur 1

Briff Ymchwil

Syr Derek Jones – Ysgrifennydd Parhaol, Llywodraeth Cymru

David Richards – Cyfarwyddwr Llywodraethu, Llywodraeth Cymru

Peter Kennedy – Cyfarwyddwr Adnoddau Dynol, Llywodraeth Cymru

Gawain Evans – Dirprwy Gyfarwyddwr Cyllid, Llywodraeth Cymru

### 4 Cwrdd â'r Heriau Ariannol sy'n Wynebu Llywodraeth Leol yng Nghymru: Gohebiaeth y Pwyllgor

(10:35–10:45)

(Tudalennau 189 – 194)



PAC(4)-25-15 Papur 2 – Llythyr gan Owen Evans, Dirprwy Ysgrifennydd Parhaol, Y Grwp Addysg a Gwasanaethau Cyhoeddus, Llywodraeth Cymru (14 Medi 2015)

PAC(4)-25-15 Papur 3 – Llythyr gan Archwilydd Cyffredinol Cymru (29 Medi 2015)

**5 Ymateb i Ddiwygio Lles yng Nghymru: Llythyr gan Archwilydd  
Cyffredinol Cymru**

(10:45–10:50)

(Tudalennau 195 – 198)

PAC(4)-25-15 Papur 4

**6 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y  
cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:**

(10:50)

Eitem 7 ac eitemau 1 a 2 o'r cyfarfod ar 12 Hydref 2015

**7 Craffu ar Gyfrifon 2014–15: Trafod y dystiolaeth a ddaeth i law**

(10:50 – 11:00)

## Cofnodion cryno – Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:

Gellir gwyllo'r cyfarfod ar [Senedd TV](#) yn:

Ystafell Bwyllgora 3 – y Senedd

<http://senedd.tv/cy/3236>

Dyddiad: Dydd Mawrth, 29 Medi 2015

Amser: 09. – 11.01

### Yn bresennol

Categori	Enwau
Aelodau'r Cynulliad:	<p>Darren Millar AC (Cadeirydd)</p> <p>Mohammad Asghar (Oscar) AC</p> <p>Jocelyn Davies AC</p> <p>Mike Hedges AC</p> <p>Aled Roberts AC</p> <p>Keith Davies AC (yn lle Julie Morgan AC)</p> <p>Gwyn R Price AC (yn lle Sandy Mewies AC)</p> <p>David Rees AC (yn lle Jenny Rathbone AC)</p>
Tystion:	<p>David Melding AC, Y Dirprwy Lywydd</p> <p>Nicola Callow, Cyfarwyddwr Cyllid</p> <p>Claire Clancy, Prif Weithredwr a Chlerc</p> <p>Peter Curran, Sports Wales</p> <p>Sarah Powell, Chwaraeon Cymru</p>
Staff y Pwyllgor:	<p>Fay Buckle (Clerc)</p> <p>Claire Griffiths (Dirprwy Clerc)</p>



	Joanest Varney–Jackson (Cynghorydd Cyfreithiol) Matthew Coe (Swyddfa Archwilio Cymru) Huw Vaughan Thomas (Swyddfa Archwilio Cymru) Steve Wyndham (Swyddfa Archwilio Cymru)
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## TRAWSGRIFIAD

Gweld [trawsgrifiad o'r cyfarfod](#).

### 1 Cyflwyniadau, ymddiheuriadau a dirprwyon

- 1.1 Estynnodd y Cadeirydd groeso i'r Aelodau i'r cyfarfod.
- 1.2 Cafwyd ymddiheuriadau gan Sandy Mewies oherwydd ei chyfrifoldebau fel un o Gomisiynwyr y Cynulliad (Rheol Sefydlog 18.9). Roedd Gwyn Price yn dirprwyo ar ei rhan.
- 1.3 Cafwyd ymddiheuriadau gan Julie Morgan a Jenny Rathbone. Dirprwyodd Keith Davies a David Rees ar eu rhan.

### 2 Papurau i'w nodi

- 2.1 Nodwyd y papurau.

### 3 Craffu ar Gyfrifon 2014 – 15: Comisiwn y Cynulliad

- 3.1 Trafododd y Pwyllgor gyfrifon blynyddol Comisiwn y Cynulliad ar gyfer 2014–15, gan holi David Melding AC, Comisiynydd y Cynulliad Dros Dro, Claire Clancy, Prif Weithredwr a Chlerc y Cynulliad a Nicola Callow, Cyfarwyddwr Cyllid Cynulliad Cenedlaethol Cymru.
- 3.2 Cytunodd Claire Clancy i anfon yr Adolygiad Archwilio Mewnol o effeithiolrwydd y Comisiwn, ynghyd â'r cynllun gweithredu sy'n cyd-fynd ag ef.
- 3.3 Cytunodd Nicola Callow i anfon manylion am y cyllidebau sydd wedi'u neilltuo i'r meysydd gwaith cenedlaethol Menywod mewn Bywyd Cyhoeddus a Pleidleisio@16?.
- 3.3 Cytunodd Claire Clancy i anfon nodyn ar berfformiad incwm gwirioneddol y Pierhead yn erbyn y perfformiad incwm a ragwelwyd.

## 4 Craffu ar Gyfrifon 2014 – 15: Chwaraeon Cymru

4.1 Mae'r tabl a ganlyn yn dangos datganiadau'r Aelodau a wnaed yn ystod yr eitem hon:

Jocelyn Davies	Merch yn hyfforddwraig chwaraeon
Mike Hedges	Aelod o sawl clwb pêl-droed, rygbi a chriced, ac mae rhai ohonynt wedi cael arian gan y loteri
Keith Davies	Aelod o glwb rygbi a Bwrdd Llywodraethwyr Ysgol Mab yn hyfforddwr rygbi
Aled Roberts	Aelod o Ymddiriedolaeth Cefnogwyr Pêl-droed Wreccsam ac yn llywodraethwr ysgol
David Rees	Mae pwll nofio sydd mewn perygl o orfod cau yn ei etholaeth

4.2 Trafododd y Pwyllgor gyfrifon blynyddol Chwaraeon Cymru ar gyfer 2014–15, gan holi Sarah Powell, Prif Swyddog Gweithredol a Peter Curran, Cyfarwyddwr Cyllid, Chwaraeon Cymru.

## 5 Gwaith Caffael a Rheoli Gwasanaethau Ymgynghori: Adroddiad Blynyddol y Gwasanaeth Caffael Cenedlaethol ar gyfer 2014–15

5.1 Nododd yr Aelodau Adroddiad Blynyddol cyntaf y Gwasanaeth Caffael Cenedlaethol ar gyfer 2014–15 ynghyd â'r canllawiau a'r fframweithiau.

5.2 Cytunodd yr Aelodau y dylai Adroddiad Etifeddiaeth y Pwyllgor awgrymu bod y Pwyllgor nesaf yn ystyried y gwaith y mae'r Archwilydd Cyffredinol yn bwriadu ei wneud ar gaffael cyhoeddus yn y Gwasanaeth Caffael Cenedlaethol.

## **6 Gwasanaeth Awyr oddi mewn i Gymru – Caerdydd i Ynys Môn: Trafod ymateb Llywodraeth Cymru**

6.1 Nododd yr Aelodau ymateb Llywodraeth Cymru i Adroddiad y Pwyllgor a sylwadau'r Archwilydd Cyffredinol yn ei gylch.

6.2 Cytunodd yr Aelodau y dylai'r Cadeirydd ysgrifennu at Lywodraeth Cymru i ofyn am ragor o eglurhad ynglŷn ag ymateb y llywodraeth i argymhellion yr Adroddiad.

## **7 Ymateb i Ddiwygio Lles yng Nghymru: Trafod ymateb Llywodraeth Cymru**

7.1 Nododd yr Aelodau ymateb Llywodraeth Cymru i Adroddiad y Pwyllgor. Dywedodd Archwilydd Cyffredinol Cymru wrth y Pwyllgor y byddai'n ysgrifennu at y Cadeirydd yn ddiweddarach yr wythnos hon gyda'i sylwadau.

## **8 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:**

8.1 Derbyniwyd y cynnig.

## **9 Craffu ar Gyfrifon 2014 – 15: Trafod y dystiolaeth a ddaeth i law**

9.1 Trafododd yr Aelodau y dystiolaeth a ddaeth i law.

# *Llyfrgell Genedlaethol Cymru*

## Adolygiad allanol annibynnol

Gorffennaf 2015

### TERFYNOL



# Cynnwys

Crynodeb gweithredol .....	3
Canfyddiadau .....	6
Argymhellion .....	14
Atodiad 1: Trefn digwyddiadau.....	15
Atodiad 2: Trefn digwyddiadau fanwl .....	16
Atodiad 3: Methodoleg .....	22



# Crynodeb gweithredol

## Cefndir

Yn ei gyfarfod ar 13 Mawrth 2015 cytunodd Bwrdd Ymddiriedolwyr Llyfrgell Genedlaethol Cymru (y Llyfrgell) i gomisiynu adolygiad allanol annibynnol mewn perthynas â gweithredu polisi disgyblu'r Llyfrgell a arweiniodd at wrandawriad gerbron Tribiwnlys Cyflogaeth a diswyddo dau aelod o staff yn annheg.

Diben yr adolygiad oedd asesu'n feirniadol y prosesau a'r penderfyniadau a wnaed gan staff a chynrychiolwyr y Llyfrgell a arweiniodd at ddyfarniad y tribiwnlys o blaid y ddau hawliwr. Yn benodol, amcanion yr adolygiad oedd:

- Gwerthuso dyfarniad a barn y Tribiwnlys gan roi sylw penodol i (1) gweithdrefnau'r Llyfrgell a (2) ymddygiad ei swyddogion cyflogedig.
- Asesu ymchwiliadau'r Llyfrgell a'r ffordd y cafodd ei pholisi disgyblu ei gymhwyso a'i ddehongli gan y swyddogaeth Adnoddau Dynol a'r Prif Weithredwr a Llyfrgellydd.
- Ystyried y cyngor a gafodd y Llyfrgell gan ei chynghorwyr cyfreithiol yng ngoleuni sylwadau a barn y Barnwr Cyflogaeth.
- Gwneud argymhelliad/argymhellion ynglŷn ag unrhyw fater(ion) lle mae angen i'r Llyfrgell, fel cyflogwr, adolygu ei pholisi disgyblu a/neu ei gweithdrefnau cyfredol.
- Asesu digonolrwydd perfformiad a threfniadau archwilio mewnol y Llyfrgell.
- Asesu digonolrwydd sgiliau a galluoedd rheolwyr o ran ymdrin â materion o'r fath.
- Asesu gweithdrefnau rheoli perfformiad ac arfarnu staff y Llyfrgell yn feirniadol.

Penodwyd PricewaterhouseCoopers i gynnal yr adolygiad ac mae'r adroddiad hwn yn nodi ein canfyddiadau. Penododd Bwrdd yr Ymddiriedolwyr weithgor hefyd i gydgyssylltu a hwyluso'r adolygiad arfaethedig. Disgrifir ein methodoleg yn Atodiad 3.

## Canfyddiadau allweddol

Mae ein hadolygiad wedi nodi y gellid bod wedi ymdrin â'r broses ddisgyblu a'r hawliadau canlynol a'r Tribiwnlys Cyflogaeth yn fwy effeithiol. Nodir materion yn yr adolygiad sy'n ymwneud â threfniadau llywodraethu a diwylliant y Llyfrgell a all atal y Llyfrgell rhag symud ymlaen os na fydd yn ymdrin â hwy.

## Ni lwyddodd polisiâu na gweithdrefnau'r Llyfrgell i hwyluso proses o ymdrin â'r materion a nodwyd yn effeithiol

Roedd diffyg polisiâu a gweithdrefnau cyfredol a chlir yn ffactor a gyfrannodd at y ffordd yr ymdriniwyd â'r materion a nodwyd mewn perthynas â'r ddau gyflogai gan y Llyfrgell.

Mae polisi a gweithdrefn ddisgyblu'r Llyfrgell yn aneglur mewn sawl ffordd. Nid yw'n gwahaniaethu'n glir rhwng y prosesau ar gyfer rheoli materion disgyblu sy'n ymwneud ag aelodau o'r uwch dîm rheoli a'r rhai sy'n ymwneud ag aelodau eraill o staff. O ganlyniad, yn achos y ddau gyflogai, cafodd elfennau o'r polisi disgyblu sy'n ymwneud ag uwch reolwyr eu cyfuno ag elfennau sy'n ymwneud ag aelodau eraill o staff. Arweiniodd y dull gweithredu cymysg hwn at amryfusedd, yn enwedig i'r ddau gyflogai a chafodd y Llyfrgell ei hamlygu i her. Byddai wedi bod yn well pe bai'r diffyg eglurder hwn wedi cael ei gydnabod a phe bai'r dull gweithredu a fabwysiadwyd a'r rhesymeg drosto wedi cael eu hesbonio'n glir i'r cyflogaion. Ni ddigwyddodd hyn bob amser.

Mae angen diffinio rôl y panel disgyblu. Arweiniodd y diffyg eglurder at anawsterau a thensiynau sylweddol yn y broses.

Nid yw'r Polisi Disgyblu yn nodi'n benodol y meysydd lle mae Cod Ymarfer ACAS - Gweithdrefnau Disgyblu a Chwyno a chanllawiau ACAS ar Ddisgyblu a Chwynion yn y gweithle yn gymwys a sut y dylai'r rhain gael eu hystyried yn ystod y broses.

Nid oes gan y Llyfrgell Bolisi Twyll cyfredol. Mae gan y Llyfrgell bolisi Gwrth-Lwgrwobrwyo ac mae Rheoliadau Ariannol y Llyfrgell yn amlinellu'r broses i'w dilyn pan fydd achos o afreoleidd-dra sy'n ymwneud ag arian parod, storfeydd neu eiddo arall i'r Llyfrgell wedi digwydd neu y credir ei fod wedi digwydd. Fodd bynnag, nid oes proses glir i'w dilyn pan amheuir achos posibl o dwyll.

Lle roedd gan aelodau o'r staff a'r rheolwyr bryderon ynglŷn â'r prosesau a ddilynwyd a'r camau a gymerwyd, ni ddefnyddiwyd polisi chwythu'r chwiban y Llyfrgell ganddynt i fynegi eu pryderon. Yn wir, ni fu unrhyw weithgarwch chwythu'r chwiban yn y Llyfrgell yn ystod y pum mlynedd diwethaf. Gall y defnydd o bolisi chwythu'r chwiban i fynegi pryderon fod wedi arwain at her arall i'r camau a oedd yn cael eu cymryd.

Cafodd polisi'r Llyfrgell ei ddatblygu ym mis Tachwedd 2010 ac roedd disgwyl iddo gael ei ddiweddarau ym mis Tachwedd 2013. Ni ddigwyddodd hyn. Nid yw'r polisi cyfredol wedi cael ei ddiweddarau i adlewyrchu newidiadau deddfwriaethol. Rydym ar ddeall bod polisi chwythu'r chwiban y Llyfrgell wrthi'n cael ei ddiwygio.

## *Mae angen datblygu sgiliau a galluoedd rheolwyr ymhellach*

Nid yw'r Llyfrgell eto wedi'i llywodraethu na'i rheoli mewn ffordd sy'n gyson â chymhwyso arfer gorau. Mae'r Llyfrgell yn sefydliad balch a diwylliannol, y mae angen iddi symud yn ei blaen bellach er mwyn ateb yr heriau a wynebir ganddi. Mae cydnabyddiaeth ymhlith y Tîm Gweithredol a Bwrdd yr Ymddiriedolwyr o'r cyfeiriad y mae angen ei ddilyn fel y'i nodwyd yn y cynllun strategol ar gyfer 2014-17, '*Gwybodaeth i Bawb*', ond canfu ein hadolygiad fod angen i'r Llyfrgell ddatblygu sgiliau a galluoedd rheoli ei staff er mwyn sicrhau y gall gyflawni ei chynlluniau ar gyfer y dyfodol.

Canfu ein hadolygiad na chafodd opsiynau amgen a oedd ar gael ar bob cam na'r risgiau cysylltiedig eu hystyried na'u hasesu bob amser. Nid ymgynghorwyd â'r uwch dîm rheoli ar y cyd bob amser ac ni chafodd ei gynnwys yn y drafodaeth hon.

Ni ddilynwyd proses adrodd ac ôl-drafod Archwilio Mewnol arferol. Gellid bod wedi ymdrin â'r adroddiad Archwilio Mewnol drafft mewn ffordd a fyddai wedi'i gwneud yn bosibl i argymhellion gael eu gweithredu'n gynt.

O ystyried bod canfyddiadau'r adolygiad Archwilio Mewnol yn cael eu hystyried yn rhai mor arwyddocaol fel eu bod yn cyfiawnhau ymchwiliad a phroses ddisgyblu, mae'n achos pryder nad aethpwyd i'r afael â'r argymhellion risg uchel eu trin yn ddi-oed er budd y Llyfrgell.

Ceisiwyd cyngor drwy gydol y broses gan Geldards, cynghorwyr cyfreithiol y Llyfrgell. Fodd bynnag, nid ymgynghorodd y Prif Weithredwr â'i dim rheoli na Bwrdd yr Ymddiriedolwyr ac ni cheisiodd gyngor ganddynt cyn gwneud penderfyniadau allweddol.

Gwnaeth y Prif Weithredwr nifer o benderfyniadau a chymerodd nifer o gamau a oedd yn golygu bod y Llyfrgell yn agored i her. Roedd y rhain yn cynnwys:

- Atal y ddau gyflogai dros dro ychydig cyn y panel disgyblu a'r ffordd y cawsant eu hysbysu am y penderfyniad i'w hatal dros dro. Er mai'r rheswm dros atal y ddau unigolyn dros dro ar ôl y gwrandawriad disgyblu oedd er mwyn rhoi amser iddynt baratoi ar gyfer y panel disgyblu yn ôl pob golwg, ni chafodd hyn ei gyfleu yn y llythyr at yr unigolion. Hefyd, roedd un o'r cyflogeion eisoes yn absennol o'r Llyfrgell oherwydd salwch. O edrych yn ôl, mae'r Prif Weithredwr yn cydnabod y gallai cyfnod o absenoldeb fod wedi bod yn fwy priodol.
- Nid oedd unrhyw asesiad ysgrifenedig cadarn o'r gwahanol gosbau y gellid bod wedi'u rhoi, na'u risgiau cysylltiedig, ar ôl penderfyniad y panel disgyblu i beidio â dyfarnu o blaid achos o gamymddwyn difrifol.
- Er bod y Prif Weithredwr yn hyderus bod gan y Llyfrgell achos cadarn, bu diffyg ystyriaeth ddifrifol ac ymgynghori ynglŷn â'r opsiynau posibl i setlo'r hawliad a gwneud gwrthgynigion i'r unigolion cyn y Tribiwnlys Cyflogaeth.

- Bu diffyg asesiad cadarn o risgiau a buddiannau penderfyniadau ac opsiynau er budd y Llyfrgell. Er i'r Prif Weithredwr roi rhai diweddariadau ar lafar, ni fu unrhyw adroddiadau ffurfiol yn breifat i'r Bwrdd rhwng yr hawliad i'r Tribiwnlys Cyflogaeth a dyfarniad y Tribiwnlys Cyflogaeth.
- Yr unig gyngor cyfreithiol a roddwyd i'r Llyfrgell oedd drwy Geldards ac, ar ôl i'r ymchwiliad disgyblu gael ei gwblhau, yn bennaf gan un cynrychiolydd o Geldards. Nid ymgynghorwyd ag unrhyw gynghorydd cyfreithiol ar wahân ac ni phenodwyd cynghorydd cyfreithiol ar wahân i gynrychioli'r Llyfrgell yn y Tribiwnlys Cyflogaeth.

## *Ni chaiff prosesau rheoli perfformiad ac arfarnu staff eu cymhwyso'n gadarn nac yn gyson er mwyn sicrhau gwelliant*

Anghyson fu ansawdd a thryloywder y broses o arfarnu perfformiad. Er bod y system rheoli perfformiad yn dda, nid yw'n cael ei defnyddio'n effeithiol drwy'r sefydliad cyfan i fynd i'r afael â pherfformiad gwael ac anghenion datblygu. Mae angen i'r asesiadau ansawdd gan Adnoddau Dynol o arfarniadau perfformiad fod yn fwy cadarn.

Mae'n amlwg trwy ein adolygiad na chafodd pryderon ynglŷn â pherfformiad unigolion penodol eu cofnodi ar system rheoli perfformiad y Llyfrgell nac ar gofnodion personél. Nid oes camau wedi cael eu cymryd i fynd i'r afael â'r pryderon hyn.

Nid yw gweithdrefn safonau perfformiad y Llyfrgell yn adlewyrchu'r newidiadau sylweddol y mae'r Llyfrgell wedi'u gwneud i'w threfniadau rheoli perfformiad ac arfarnu staff. Nid yw'r weithdrefn hon yn cael ei defnyddio'n effeithiol i ymdrin â phryderon ynglŷn â pherfformiad.

## *Mae angen i'r diwylliant newid er mwyn i'r Llyfrgell symud ymlaen*

Mae'r Llyfrgell yn sefydliad clos. Er y gall diwylliant clos fod yn fanteisiol, mae'n effeithio ar ei gallu i weithredu diwylliant rheoli perfformiad cadarn. Rydym ar ddeall bod nifer o bryderon wedi cael eu mynegi am rai materion yn ymwneud ag ymddygiad ond ni allem weld unrhyw dystiolaeth bod y rhain wedi cael eu cofnodi gan Adnoddau Dynol na bod unrhyw gamau gweithredu dilynol priodol wedi cael eu cymryd.

Dylai'r diwylliant presennol yn y Llyfrgell gael ei ystyried yn ofalus i weld a yw'n cefnogi cynaliadwyedd parhaus y Llyfrgell. Mae'r diwylliant yn cael ei greu gan haen uchaf y sefydliad ac mae ein hadolygiad o'r broses ddisgyblu wedi canfod bod diffyg ymgynghori â'r Tîm Gweithredol, sef yr Uwch Dîm Rheoli gynt. Ni chafodd y tîm ei annog i ddod ynghyd ac ystyried y materion mewn ffordd gyfunol.

## *Y ffordd ymlaen*

Mae penderfyniad ymhlith Ymddiriedolwyr y Bwrdd a'r Tîm Gweithredol i sicrhau bod y Llyfrgell yn dysgu gwersi o'r broses ddisgyblu a arweiniodd at ddyfarniad o ddiswyddo dau aelod o staff yn annheg. Maent yn awyddus i sicrhau bod y trefniadau llywodraethu yn cael eu gwella. Mewn ymateb i'r adroddiad hwn mae'r Llyfrgell yn datblygu cynllun gweithredu er mwyn mynd i'r afael â'r argymhellion. Mae'n beth cadarnhaol bod y Llyfrgell yn mynd ati'n rhagweithiol i wneud hyn. Mae'n rhaid iddi sicrhau bod systemau ac adnoddau effeithiol yn cael eu rhoi ar waith er mwyn hwyluso'r gwaith o fonitro'r cynllun gweithredu hwn a'i roi ar waith. Er mwyn datblygu'r gwelliannau yn unol â'r argymhellion bydd angen ymdrech ac ymrwymiad o du'r holl Ymddiriedolwyr a'r staff.

# Canfyddiadau

## Ni lwyddodd polisiâu na gweithdrefnau'r Llyfrgell i hwyluso proses o ymdrin â'r materion a nodwyd yn effeithiol

### Mae'r Polisi a'r Weithdrefn Ddisgyblu yn aneglur ac nid yw'n adlewyrchu egwyddorion Cod Ymarfer na chanllawiau ACAS yn ddigonol

Mae polisi a gweithdrefn ddisgyblu'r Llyfrgell yn aneglur mewn sawl ffordd. Nid yw'n gwahaniaethu'n glir rhwng y prosesau ar gyfer rheoli materion disgyblu sy'n ymwneud ag aelodau o'r uwch dîm rheoli a'r rhai sy'n ymwneud ag aelodau eraill o staff. O ganlyniad, yn achos y ddau gyflogai, cafodd elfennau o'r polisi disgyblu sy'n ymwneud ag uwch reolwyr eu cyfuno ag elfennau sy'n ymwneud ag aelodau eraill o staff. Er enghraifft, cynhaliwyd gwrandawriad disgyblu. Ni nodir hyn yn benodol fel opsiwn o ran uwch reolwyr ond fe'i nodir yn y polisi disgyblu fel rhan o'r broses ar gyfer aelodau eraill o staff.

Mae geiriad y polisi yn agored i ddehongliad. Mae hyn yn amlwg iawn ym mhenderfyniad y Prif Weithredwr i gynnal gwrandawriad disgyblu yn hytrach na gwneud penderfyniad yn seiliedig ar asesiad o ganfyddiadau adroddiad yr ymchwiliad, ac yna hefyd gynnwys panel disgyblu. Er ein bod yn deall i'r Prif Weithredwr gynnal gwrandawriad disgyblu er mwyn rhoi cyfle arall i'r cyflogaion ddadlau eu hachos, achosodd y dull gweithredu cymysg hwn amryfusedd, yn enwedig i'r ddau gyflogai a chafodd y Llyfrgell ei hamlygu i her. Gellid dadlau iddo hefyd ddyblygu proses yr ymchwiliad disgyblu, a oedd eisoes wedi rhoi cyfle i'r cyflogaion gyflwyno eu hachos. Byddai wedi bod yn well pe bai'r diffyg eglurder yn y polisi disgyblu wedi cael ei gydnabod a phe bai'r dull gweithredu a fabwysiadwyd a'r rhesymeg drosto wedi cael eu hesbonio'n glir i'r cyflogaion. Ni ddigwyddodd hyn bob amser.

Nid yw'r paragraffau (paragraff 5.5) sy'n ymwneud ag aelodau'r Uwch Dîm Rheoli yn sôn am wrandawriad disgyblu, ond mae'r polisi disgyblu yn cynnwys adran ar wahân (paragraff 5.2) sy'n sôn yn benodol am wrandawriad disgyblu. Nid yw'n amlwg a all paragraff 5.2 gael ei gymhwyso at uwch reolwyr ac aelodau eraill o staff. Mae angen i'r opsiynau a'r broses i'w dilyn gan y Swyddog Dynodedig, sef y Llyfrgellydd/Prif Weithredwr yn achos materion disgyblu sy'n ymwneud ag aelod o'r uwch dîm rheoli, gael eu nodi'n glir. Byddai'n ddefnyddiol pe bai'r Polisi Disgyblu yn cynnwys diagramau llif ar wahân sy'n dangos y broses ar gyfer uwch reolwyr ac aelodau eraill o staff.

Mae'r Polisi Disgyblu yn nodi, pan fydd mater disgyblu posibl yn codi o ran aelod o'r Uwch Dîm Rheoli, y bydd aelod arall o'r Uwch Dîm Rheoli yn gweithredu fel Swyddog Ymchwilio. O ystyried maint bach yr Uwch Dîm Rheoli a'r ymdeimlad o gymuned o fewn y sefydliad, mae hyn yn eithaf cyfyngol ac yn codi materion o ran cymhwysedd ac annibyniaeth. Bu hyn yn fater penodol o ran yr ymchwiliadau disgyblu i'r ddau aelod o staff. Cynhaliwyd yr ymchwiliadau disgyblu gan y Cyfarwyddwraig Casgliadau, sy'n gyfrifol am yr adran fwyaf yn y Llyfrgell ac a oedd wedi gweithio gyda'r Cyfarwyddwr Adnoddau Cyhoeddus am amser maith.

Awgrymodd y cyngor a roddwyd gan Geldards opsiynau amgen ynghylch pwy a allai fod yn swyddog ymchwilio yn yr achos hwn. Cwestiynodd p'un a ddylai aelod arall o'r Uwch Dîm Rheoli gynnal yr ymchwiliad. Bu trafodaethau hefyd rhwng y Prif Weithredwr a Geldards ynglŷn â gallu a sgiliau'r Cyfarwyddwraig Casgliadau i gynnal yr ymchwiliad. Byddai unrhyw wyriad oddi wrth y Polisi Disgyblu i ddefnyddio rhywun o'r tu allan i'r Uwch Dîm Rheoli i gynnal yr ymchwiliad wedi gofyn am drafodaeth gyda'r ddau gyflogai a'u cytundeb o bosibl. Nid oedd y Cyfarwyddwraig Casgliadau na'r Ysgrifennydd a Phennaeth Llywodraethiant yn ymwybodol o'r cyngor cyfreithiol a roddwyd i'r Llyfrgell a oedd yn cynnwys materion a oedd yn ymwneud â phenodi swyddog ymchwilio nes bod yr ymchwiliadau wedi hen ddechrau.

Roedd yr ymchwiliadau disgyblu a gynhaliwyd gan y Cyfarwyddwraig Casgliadau yn gynhwysfawr ac yn drylwyr. Fodd bynnag, cymerwyd deufis i'w cwblhau. Cynhaliodd y Cyfarwyddwraig Casgliadau yr ymchwiliadau yn ychwanegol at ei swyddogaethau a'i chyfrifoldebau arferol. Dylai ymchwiliad disgyblu gael ei gynnal mor fuan ac mor effeithiol â phosibl. Felly, rydym yn awgrymu y dylid diwygio'r Polisi Disgyblu i ganiatáu i bobl eraill gynnal yr ymchwiliad lle mae'n ymwneud ag aelodau o'r uwch dîm rheoli. Byddai hyn hefyd yn lleihau'r risg o herio annibyniaeth ac yn hwyluso'r broses o gynnal ymchwiliad heb oedi afresymol.

At hynny, nid yw'r broses ddisgyblu yn nodi cylch gorchwyl y panel disgyblu na'r ffordd y dylai gael ei gynnal. Arweiniodd y diffyg eglurder ynglŷn â rôl a phwerau'r panel disgyblu at anawsterau a thensiynau sylweddol yn y broses.

Prif ddiben y panel disgyblu, i bob diben, yw penderfynu a yw diswyddo'n briodol. Mae hyn yn unol â rôl y panel diswyddo a amlinellir ym mharagraff 5.3.4 o'r polisi disgyblu, sy'n ymwneud ag aelodau eraill o staff. Felly, mae teitl y panel disgyblu yn gamarweiniol (ac yn achos aelodau eraill o staff, cyfeirir at y panel fel y panel diswyddo). Er bod y polisi disgyblu yn nodi nifer o gamau gweithredu neu gosbau posibl y gellir eu hystyried mewn achos disgyblu, nid yw'n amlwg pwy na pha gorff sydd â'r pŵer i wneud y penderfyniad ynglŷn â chosbau. Dylai rôl a chylech gwaith y panel disgyblu a'r ffordd y caiff ei gynnal gael eu nodi'n glir yn y Polisi Disgyblu.

Mae'r Polisi Disgyblu'n cyfeirio'n gwbl briodol at ddeddfwriaeth Cyflogaeth a'r disgwyliad y bydd cyflogwyr yn cydymffurfio â Chod Ymarfer Statudol ACAS ar faterion disgyblu a chwynion. Fodd bynnag, nid yw'r polisi yn nodi'n benodol y meysydd lle mae Cod Ymarfer a chanllawiau ACAS yn gymwys a sut y dylai'r rhain gael eu hystyried yn ystod y broses. Er enghraifft, mae'r polisi disgyblu yn nodi diraddio fel cosb bosibl. Fodd bynnag, nid yw'n esbonio nad oes gan y Llyfrgell bŵer unochrog i ddiraddio ac yn unol â chyfraith achosion, ymarfer cwsmeriaid a chanllawiau ACAS ar ddisgyblu a chwynion yn y gwaith gall cosbau, megis diraddio ond gael eu rhoi os caniateir hynny yng nghontract y cyflogai neu gyda chytundeb y cyflogai. Mae angen i'r polisi disgyblu gael ei adolygu a'i ddiweddarau er mwyn adlewyrchu cyfraith achosion a'r egwyddorion a nodir yng nghod a chanllawiau ACAS, yn enwedig o ran priodoldeb cosbau a'r ffactorau y mae angen eu hystyried wrth roi'r cosbau hyn.

Mae'n galonogol bod y Llyfrgell eisoes wedi dechrau adolygu ei pholisi disgyblu.

## *Nid oes gan y Llyfrgell Bolisi Twyll cyfredol y cytunwyd arno*

Nid oes gan y Llyfrgell Bolisi Twyll cyfredol. Mae gan y Llyfrgell bolisi Gwrth-Lwgrwobrwyo ac mae Rheoliadau Ariannol y Llyfrgell yn amlinellu'r broses i'w dilyn pan fydd achos o afreoleidd-dra sy'n ymwneud ag arian parod, storfeydd neu eiddo arall i'r Llyfrgell wedi digwydd neu y credir ei fod wedi digwydd. Fodd bynnag, mae'n arfer da bod gan sefydliad Bolisi a Gweithdrefn benodol ynglŷn â Thwyll.

Byddai polisi twyll penodol yn hwyluso'r broses o ddatblygu rheolaethau a fydd yn helpu i ganfod ac atal twyll yn erbyn y Llyfrgell. Byddai hefyd yn rhoi canllawiau clir ac yn neilltuo cyfrifoldeb am ddatblygu rheolaethau a chynnal ymchwiliadau, gan gynnwys cyfrifoldebau ymchwilio, cyfrinachedd, awdurdodi ymchwiliadau i achosion o dwyll a amheuir, trefniadau adrodd a therfynu.

## *Nid yw polisi chwythu'r chwiban cyfredol y Llyfrgell yn adlewyrchu'r newidiadau deddfwriaethol mwyaf diweddar ac ni chaiff ei ddefnyddio gan staff*

Nid yw polisi chwythu'r chwiban cyfredol y Llyfrgell yn mynd i'r afael â newidiadau diweddar mewn deddfwriaeth. Mae Deddf Datgelu er Budd y Cyhoedd 1998 yn ddarn allweddol o ddeddfwriaeth ynglŷn â chwythu'r chwiban. Mae hon wedi cael ei diwygio gan ddeddfwriaeth arall, gan gynnwys Deddf Menter a Diwygio Rheoleiddio 2013. Fel enghraifft, mae polisi'r Llyfrgell yn dal i gyfeirio at ddatgeliadau yn ddiwyll yn hytrach na datgeliadau er budd y cyhoedd. Cafodd polisi'r Llyfrgell ei ddatblygu ym mis Tachwedd 2010 ac roedd disgwyl iddo gael ei ddiweddarau ym mis Tachwedd 2013. Ni ddigwyddodd hyn. Rydym ar ddeall bod polisi chwythu'r chwiban y Llyfrgell wrthi'n cael ei ddiwygio.

Mae pwysigrwydd trefniadau chwythu'r chwiban effeithiol wedi cael ei danlinellu gan nifer o ddiwyddiadau nodedig yn ystod yr ychydig flynyddoedd diwethaf, gan gynnwys ymchwiliad NHS Mid Staffordshire.

Ni fu unrhyw weithgarwch chwythu'r chwiban yn y Llyfrgell yn ystod y pum mlynedd diwethaf. Rydym yn ymwybodol bod pryderon ynglŷn â'r ffordd yr ymdriniwyd â'r achos disgyblu ond ni chafodd y pryderon hyn eu mynegi drwy ddefnyddio gweithdrefnau chwythu'r chwiban.

Mae polisi chwythu'r chwiban y Llyfrgell ar gael ar fewnwyd y Llyfrgell. Caiff aelodau newydd o staff eu hysbysu am fodolaeth y polisi fel rhan o'r broses sefydlu. Nid oes dim wedi cael ei wneud i godi ymwybyddiaeth o fodolaeth y polisi ymhlith aelodau eraill o staff.

## ***Mae angen i weithdrefn safonau perfformiad y Llyfrgell gael ei diwygio ac mae angen mwy o wahaniaethu rhwng y weithdrefn hon a'r polisi disgyblu***

Mae gan y Llyfrgell weithdrefn safonau perfformiad a ddatblygwyd ym mis Hydref 2008. Mae'r Llyfrgell wedi gwneud newidiadau sylweddol i'r trefniadau rheoli perfformiad ers i'r weithdrefn hon gael ei llunio, gan gynnwys gweithredu system rheoli perfformiad ar-lein sy'n seiliedig ar gymhwysedd. Nid yw'r weithdrefn yn adlewyrchu'r trefniadau hyn. Cawsom ein hysbysu y caiff y weithdrefn ei hadolygu yn ystod 2015/16.

Mae'n beth cadarnhaol bod gan y Llyfrgell weithdrefn safonau perfformiad lle mae'n nodi ymrwymiad a chyfrifoldebau staff i gyrraedd safonau perfformiad uchel. Fodd bynnag, mae'r adolygiad wedi tynnu sylw at y ffaith nad yw'r weithdrefn hon yn cael ei defnyddio'n effeithiol i ymdrin â phryderon ynglŷn â pherfformiad. Mae'r adolygiad hefyd wedi tynnu sylw at yr angen i atgyfnerthu rôl a phwysigrwydd y weithdrefn hon a'r cysylltiad rhyngddi a pholisi disgyblu'r Llyfrgell ac, yn wir, y gwahaniaeth rhwng y ddau.

## ***Mae angen datblygu sgiliau a gymwyseddau rheolwyr ymhellach***

Mae brwdfrydedd ac ymrwymiad y staff yn y Llyfrgell wedi cael eu nodi gan lawer o'r bobl a gyfwelwyd fel rhan o'r adolygiad. Fodd bynnag, mynegwyd y farn hefyd bod angen datblygu sgiliau rheoli ehangach staff er mwyn helpu i hyrwyddo dyfodol y Llyfrgell. Mae ein hadolygiad o'r broses a'r digwyddiadau a arweiniodd at ddiswyddo dau aelod o staff yn annheg yn cefnogi'r farn hon. Rydym ar ddeall bod y Llyfrgell yn rhoi cynlluniau ar waith i wella sgiliau rheoli ei staff a rhoi cyfleoedd i aelodau iau o staff gael profiad sy'n berthnasol i rôl rheoli. Byddai'n fuddiol i'r Llyfrgell pe bai'n nodi'r meysydd mwyaf arwyddocaol a gwneud yr hyfforddiant hwn yn orfodol. Byddai hyn yn helpu i nodi'r hyn a ddisgwylir gan reolwyr yn unol â'r cymwyseddau sydd wedi'u datblygu eisoes. Dylid monitro'r ffordd y caiff yr hyfforddiant hwn ei gwblhau a'i effaith fel rhan o weithdrefn rheoli perfformiad y Llyfrgell. Mae ein hadolygiad hefyd wedi nodi'r angen i ddatblygu sgiliau a gymwyseddau rheoli rhai aelodau o'r Tîm Gweithredol.

Mae'n amlwg nad yw'r Llyfrgell eto wedi'i llywodraethu na'i rheoli mewn ffordd sy'n gyson â chymhwyso arfer gorau. Mae'r Llyfrgell yn sefydliad balch a diwylliannol, y mae angen iddi symud yn ei blaen bellach er mwyn ateb yr heriau a wynebir ganddi. Ceir cydnabyddiaeth ymhlith y Tîm Gweithredol a Bwrdd yr Ymddiriedolwyr o'r cyfeiriad y mae angen ei ddilyn, ond mae ein hadolygiad wedi canfod bod angen i'r Llyfrgell ddatblygu sgiliau a gymwyseddau rheoli ei staff er mwyn sicrhau y gall gyflawni ei chynlluniau ar gyfer y dyfodol. Canfu'r adolygiad na chafodd opsiynau amgen a oedd ar gael ar bob cam na'r risgiau cysylltiedig eu hystyried na'u hasesu bob amser. Nid ymgynghorwyd â'r uwch dîm rheoli ar y cyd bob amser ac ni chafodd ei gynnwys yn y drafodaeth hon. Ni chafodd y cyngor a gynigiwyd ei ystyried yn briodol bob amser neu ni weithredwyd arno. Canfu'r adolygiad nifer o enghreifftiau lle nad ymgynghorodd yr arweinyddiaeth ag uwch reolwyr eraill cyn gwneud penderfyniadau. Er enghraifft, o ran penderfyniadau i gynnal gwrandawriad disgyblu a phanel disgyblu. Ni chafodd y risgiau i'r sefydliad eu hasesu'n gadarn bob amser.

Awgryma ein hadolygiad y gellid bod wedi ymdrin â'r holl fater yn wahanol ar ôl i'r adroddiad Archwilio Mewnol drafft ddod i law er mwyn osgoi amryfusedd a'i gwneud yn bosibl i'r argymhellion gael eu gweithredu'n gynt ac i adroddiad ffurfiol gael ei gyflwyno i'r Pwyllgor Archwilio. Yn sgil pryderon ynglŷn â diffyg rheolaethau wrth awdurdodi anfoneb a oedd yn ymwneud â chylchgrawn yr heddlu Blue Line, y canfuwyd ei bod yn gysylltiedig â thwyll ar ôl ymchwiliad, gofynnodd y Swyddog Cyfrifyddu Dros Dro i'r Archwilwyr Mewnol gynnal adolygiad o gaffael yn yr adran farchnata. Gofynnwyd am yr adolygiad fel rhan o Gynllun Archwilio Mewnol 2013-14. Fodd bynnag, roedd y contract â'r Archwilwyr Mewnol wedi gorffen ar ddiwedd 2012-13 ac nid oedd yr

archwilwyr mewnol ar gyfer y cyfnod 2013-14 wedi'u penodi. Er i archwiliad safonol yn seiliedig ar systemau yn canolbwyntio ar reolaethau a chydymffurfiaeth â'r rheolaethau hyn gael ei gynnal gan yr Archwilwyr Mewnol, mae amseriad ac amgylchiadau comisiynu'r adolygiad yn awgrymu bod ymdeimlad bod angen ei gynnal ar fyrder.

Yn sgil y pryderon a nodwyd gan yr Archwilwyr Mewnol yn eu hadroddiad drafft cyntaf, roedd y Swyddog Cyfrifyddu Dros Dro yn pryderu y gallai gweithgarwch twyllodrus fod wedi digwydd. Gofynnodd i'r Archwilwyr Mewnol gynnal gwiriadau ychwanegol, a hynny'n gwbl briodol. Mae hyn yn gyson â Rheoliadau Ariannol y Llyfrgell sy'n nodi pryd bynnag y bydd unrhyw fater yn codi sy'n ymwneud ag achos o afreoleidd-dra ynglŷn ag arian parod, storfeydd neu eiddo arall i'r Llyfrgell neu y credir ei fod yn ymwneud â hynny bydd y Cyfarwyddwr Adnoddau Corfforaethol yn cymryd y cyfryw gamau ag sy'n angenrheidiol yn ei farn ef i ymchwilio i'r mater a chyflwyno adroddiad arno, a'r tebyg yw y bydd yn galw ar wasanaethau'r Archwilwyr Mewnol.

Roedd gweithredoedd y Swyddog Cyfrifyddu Dros Dro ar ôl cael yr adroddiad archwilio mewnol drafft cyntaf yn debyg i ymchwiliad rhagarweiniol i achos o dwyll. Fodd bynnag, nid oes gan y Llyfrgell Bolisi Twyll cyfredol sy'n nodi'r gweithdrefnau a fyddai'n cael eu dilyn ar gyfer ymchwiliad o'r fath. Ni chafodd y gwaith ychwanegol a gynhaliwyd gan yr Archwilwyr Mewnol ei amlinellu yn yr adroddiad archwilio mewnol terfynol.

Dechreuwyd ar ymchwiliad i ganfod y ffeithiau ym mis Gorffennaf 2013 ar ôl i'r adroddiad Archwilio Mewnol drafft gael ei drafod yn y Pwyllgor Archwilio ar 8 Gorffennaf 2013. Bu cryn oedi rhwng derbyn yr adroddiad archwilio mewnol drafft ar ddechrau mis Mai a chyfarfodydd yr ymchwiliad i ganfod y ffeithiau ym mis Gorffennaf 2013. Ni welodd y ddau gyflogai y fersiwn drafft ar yr adroddiad archwilio mewnol a fodolai ar y pryd nes bod yr ymchwiliad i ganfod y ffeithiau wedi dechrau.

Roedd yr adroddiad Archwilio Mewnol yn cynnwys nifer o ganfyddiadau ac argymhellion nad oeddent yn ymwneud yn benodol ag ymddygiad y ddau gyflogai. Ar ôl i'r ymchwiliad i ganfod y ffeithiau ddod i ben, gallai argymhellion yr Archwilwyr Mewnol nad oeddent yn ymwneud â materion ymddygiad fod wedi cael eu llunio'n derfynol, eu rhoi ar waith a'u hadrodd i'r Pwyllgor Archwilio.

Roedd dyddiad gweithredu'r saith argymhelliad risg uchel a nodwyd yn yr adroddiad Archwilio Mewnol terfynol yn amrywio o rhwng mis Ionawr i fis Ebrill 2014; ychydig yn llai na blwyddyn ar ôl i ddrafft cyntaf yr adroddiad Archwilio Mewnol gael ei rannu gyda'r Swyddog Cyfrifyddu Dros Dro. O ystyried bod canfyddiadau'r adolygiad Archwilio Mewnol yn cael eu hystyried yn rhai mor arwyddocaol fel eu bod yn cyfiawnhau ymchwiliad a phroses ddisgyblu, mae'n syndod nad aethpwyd i'r afael â hwy lawer yn gynt er budd y Llyfrgell.

Ni chyflwynwyd yr adroddiad Archwilio Mewnol terfynol dyddiedig 30 Ionawr 2014 i'r Pwyllgor Archwilio tan fis Ebrill 2015 mewn gwirionedd.

Dechreuodd y Prif Weithredwr presennol yn ei swydd ym mis Awst 2013, ar ôl bod yn un o Ymddiriedolwyr y Bwrdd ac yn fwy diweddar, yn Is-Lywydd. Yn ystod ei wythnos gyntaf yn ei swydd bu'n rhaid iddo ymdrin â'r pryderon a godwyd ynglŷn â dau aelod o staff, yr oedd un ohonynt yn aelod o'i uwch dîm rheoli. Y mater hwn oedd rôl gyntaf y Prif Weithredwr fel Prif Weithredwr. Er ei fod wedi cael profiad o fod yn rhan o ymchwiliadau disgyblu yn ei gyflogaeth flaenorol gan gynnwys rhai a oedd wedi mynd gerbron Tribiwnlys Cyflogaeth, gwnaeth y Prif Weithredwr nifer o benderfyniadau a chymerodd nifer o gamau a oedd yn golygu bod y Llyfrgell yn agored i her.

Er iddo ofyn am gyngor gan Geldards yn aml, ni wnaeth y Prif Weithredwr fanteisio ar sgiliau a phrofiad ei dîm ei hun ac nid ymgynghorodd â hwy na cheisio eu cyngor, na chyngor ei Ymddiriedolwyr, cyn gwneud penderfyniadau allweddol, yn enwedig ar ôl yr ymchwiliad disgyblu. Er enghraifft, gwnaeth Ysgrifennydd a Phennaeth Llywodraethiant y Llyfrgell, sy'n ymarferydd Adnoddau Dynol siartredig a chymwysedig, hysbysu'r Prif Weithredwr am y gofyniad cyfreithiol i sicrhau cytundeb y naill ochr a'r llall i ddiraddio yn unol â chanllawiau ACAS a chyfraith cyflogaeth gyfredol. Rydym ar ddeall i'r Prif Weithredwr drafod hyn gyda Geldards ond cynghorwyd bod cosbau'r Weithdrefn Ddisgyblu yn 'cael eu caniatáu' yng nghontract cyflogaeth y Llyfrgell. Fodd bynnag, anghytunodd barnwr y Tribiwnlys Cyflogaeth â hyn.

Ni chyflwynwyd unrhyw adroddiadau ffurfiol i Fwrdd yr Ymddiriedolwyr nac i'r Tîm Gweithredol ynglŷn â'r Tribiwnlys Cyflogaeth, y risgiau a oedd yn gysylltiedig ag ef a'r opsiynau i setlo'r achos.

Er nad yw polisi disgyblu'r Llyfrgell yn glir, ni wnaeth y Prif Weithredwr ddogfennu na chyfleu'n glir ei resymau dros wneud y penderfyniadau a wnaeth. Mae ei benderfyniad i gynnal gwrandawriad disgyblu yn nodedig o hynny. Yn ôl dehongliad y Prif Weithredwr o'r Polisi Disgyblu, roedd cynnal gwrandawriad disgyblu o fewn ei bwerau.

At hynny, y rheswm dros atal y ddau unigolyn dros dro ar ôl y gwrandawriad disgyblu oedd er mwyn rhoi amser iddynt baratoi ar gyfer y panel disgyblu yn ôl pob golwg, ond ni chafodd y rheswm hwn ei gyfleu yn y llythyr at yr unigolion. O edrych yn ôl, mae'r Prif Weithredwr yn cydnabod y gallai cyfnod o absenoldeb fod wedi bod yn fwy priodol. Mae cod ACAS yn pwysleisio y dylai cyfnod o atal dros dro fod mor fyr â phosibl ac y dylai gael ei adolygu'n barhaus. Mae Polisi Disgyblu'r Llyfrgell hefyd yn nodi y dylai cyfnod o atal dros dro gael ei adolygu'n barhaus. Mewn llythyr at gyfreithwyr yr unigolion ym mis Rhagfyr 2013 nodwyd, er bod oedi cyn trefnu cyfarfodydd y panel disgyblu, fod y Llyfrgell yn dal i gredu y dylai'r cyfnod o atal dros dro barhau gan ei bod yn teimlo y byddai effaith ar allu'r unigolion i weithio yn y ffordd arferol.

Ar ôl y gwrandawriad disgyblu, penderfynodd y Prif Weithredwr gyfeirio'r mater at Banel Disgyblu am ei fod yn teimlo ei bod yn briodol diswyddo'r ddau unigolyn. Rydym eisoes wedi nodi nad yw polisi disgyblu'r Llyfrgell yn nodi rôl na chylch gwaith y panel hwn na'r ffordd y câi ei gynnal. Mae'r llythyrau at yr unigolion yn amlinellu bod panel disgyblu yn cael ei gynnull am fod y Prif Weithredwr o'r farn y gall diswyddo fod yn briodol. Fodd bynnag, ni soniodd y llythyr yn benodol ei fod yn teimlo bod honiadau posibl o gamymddwyn difrifol. Soniwyd am hyn yn benodol am y tro cyntaf yn ystod ei gyflwyniad llafar i'r panel disgyblu.

Roedd cyflwyniad llafar y Prif Weithredwr i'r panel disgyblu yn fyr. Rydym ar ddeall bod aelodau'r panel yn teimlo na chyflwynodd achos cynhwysfawr ac nad ymhelaethodd ar yr honiadau er mwyn esbonio pam bod y rhain yn gyfystyr â chamymddwyn difrifol. Mae honiad o gamymddwyn difrifol yn un difrifol iawn a dylai'r rhesymau drosto gael eu nodi'n glir i bob parti gan gynnwys yr unigolion y gwnaed yr honiadau yn eu herbyn. Ni ddigwyddodd hynny.

Ni roddwyd asesiad ysgrifenedig cadarn o'r cosbau i'r panel disgyblu. Nid yw'n glir pam nad ystyriwyd bod rhybuddion ysgrifenedig terfynol yn ddigonol. Ni chafodd difrifoldeb posibl y gosb hon ei ystyried yn llawn nac ychwaith yr opsiwn i gyfuno hyn â gweithdrefnau rheoli perfformiad.

Bu diffyg ystyriaeth ddifrifol hefyd o'r posibilrwydd o setlo'r hawliad a gwneud gwrthgynigion i'r unigolion cyn y Tribiwnlys Cyflogaeth. Er y credid bod gan y Llyfrgell achos cadarn, ni chynhaliwyd unrhyw ddadansoddiad risg na chost a budd, er enghraifft i ystyried risgiau i enw da'r sefydliad.

Byddai wedi bod disgwyliad bod angen i'r Llyfrgell gael cymeradwyaeth Llywodraeth Cymru cyn y gellid cyflwyno cynnig i setlo. Fodd bynnag, er y cafwyd trafodaeth gychwynnol â Llywodraeth Cymru ynglŷn â'r achos ac er i'r Llyfrgell gael ei chynghori y byddai trafod setliad posibl â chynrychiolydd yr Undeb Llafur yn bragmatig, ni fu unrhyw ymgynghori ffurfiol â Llywodraeth Cymru ynglŷn â setlo'r achos tan ar ôl dyfarniad y Tribiwnlys Cyflogaeth.

## ***Ni chaiff prosesau rheoli perfformiad ac arfarnu staff eu cymhwyso'n gadarn nac yn gyson er mwyn sicrhau gwelliant***

Mae'n amlwg trwy ein adolygiad na chafodd pryderon ynglŷn â perfformiad unigolion penodol eu cofnodi ar system rheoli perfformiad y Llyfrgell nac ar gofnodion personél. Nid oes camau wedi cael eu cymryd i fynd i'r afael â'r pryderon hyn. Mae'n amlwg hefyd na chafodd y broses arfarnu perfformiad ei chwblhau'n briodol i bawb y llynedd. Roedd hyn yn bennaf o ganlyniad i'r tân, y gwaith ailstrwythuro a chyfranogiad yr uwch dîm reoli yn y broses o ddisgyblu dau gyn-aelod o staff. Rydym wedi cael sicrwydd bod y broses yn cael ei hailsefydlu.

Yn gyffredinol, awgryma hyn na all y Llyfrgell ymdrin â phryderon ynglŷn â pherfformiad yn effeithiol. Mae disgwyliadau mwy gan Lywodraeth Cymru ynglŷn â rôl y Llyfrgell ac mae wedi pennu targedau heriol i'r Llyfrgell eu cyflawni. Bydd datblygu diwylliant cadarn o reoli perfformiad yn allweddol i wneud hyn yn llwyddiannus. Mae angen i'r Ymddiriedolwyr a'r rheolwyr fod yn barod i gynnal sgysiau anodd â staff, a gallu



gwneud hynny, pan fo angen. Mae angen hefyd i anghenion hyfforddiant a datblygu gael eu trafod, eu nodi a'u diwallu. Tanlinellwyd pwysigrwydd hyn gan y broses ddisgyblu mewn perthynas â'r ddau gyn-aelod o staff.

Rhoddodd y Llyfrgell fframwaith yn seiliedig ar gymhwysedd yn 2012 a chyflwynwyd pecyn meddalwedd, *TalentLab*, hefyd. Mae'r system electronig hon yn hwyluso'r gwaith o olrhain a monitro cwblhau arfarniadau perfformiad a nodi anghenion hyfforddiant. Mae adolygiadau perfformiad chwe-misol yn rhan o'r system ac mae rheolwyr yn cael eu hatgoffa i gynnal yr adolygiadau hyn. Caiff adroddiadau sy'n nodi'r aelodau hynny o staff nad ydynt wedi cwblhau eu harfarniadau perfformiad eu cyflwyno i'r Uwch Dîm Rheoli.

Mae hyfforddiant ar gymwyseddau, pennu targedau a *TalentLab* wedi cael eu rhoi i'r staff. Mae'r tîm Adnoddau Dynol wedi cynnal gwiriadau ar hap ac wedi adolygu sampl o arfarniadau er mwyn canfod pa mor dda mae staff yn ymdopi â'r system. Rydym ar ddeall i'r adolygiad hwn hefyd gynnwys gwiriadau i weld a oedd materion a ddygwyd i sylw'r tîm Adnoddau Dynol yn flaenorol wedi cael eu cofnodi drwy'r broses arfarnu. Er gwaethaf hyn, y farn gyffredinol a fynegwyd yn ystod ein gwaith maes oedd mai cymysg fu ansawdd a chadernid y broses o weithredu arfarniadau perfformiad. Mae angen i'r asesiadau ansawdd a gynhelir gan Adnoddau Dynol fod yn fwy cadarn. Mae angen i wersi a ddysgwyd a meysydd i'w gwella yn ogystal ag arfer da gael eu rhannu er mwyn sicrhau bod y system yn cael effaith i ysgogi gwelliant mewn gwirionedd. Rydym ar ddeall bod cynlluniau'n cael eu datblygu i roi hyfforddiant ychwanegol i reolwyr ac i dargedu a theilwra hyfforddiant er mwyn harneisio talent yn y sefydliad fel modd i gynllunio olyniaeth.

Rydym yn cydnabod bod adnoddau'r tîm Adnoddau Dynol wedi lleihau'n sylweddol dros y 18 mis diwethaf. Caiff arbenigedd Adnoddau Dynol ei ddarparu drwy ymgynghorydd allanol a chynghorwyr cyfreithiol yn ôl yr angen. Rydym ar ddeall bod agweddau strategol ar Adnoddau Dynol yn dod o dan gylch gwaith yr Ysgrifennydd a Phennaeth Llywodraethiant bellach.

## ***Mae angen i'r diwylliant newid er mwyn i'r Llyfrgell symud ymlaen***

Mae'r Llyfrgell yn sefydliad bach a chyfeillgar. Mae'r ymdeimlad o gymuned glos yn y Llyfrgell yn effeithio ar ei gallu i weithredu diwylliant rheoli perfformiad cadarn. Mae'r system rheoli perfformiad ac arfarnu staff sydd ar waith yn y Llyfrgell yn un dda ond nid yw'n cael ei defnyddio'n effeithiol ar gyfer pob aelod o staff, ac felly tansailir holl ddiben y system. Mae amharodrwydd i gynnal sgysiau anodd ynglŷn â pherfformiad gwael ac anghenion datblygu.

Mae'n hanfodol bod camau yn cael eu cymryd i ddatblygu diwylliant lle y caiff sgysiau gonest ynglŷn â pherfformiad eu hannog a lle mae rheolwyr yn cael eu paratoi a'u cefnogi i fynd i'r afael â pherfformiad gwael a hyrwyddo perfformiad da. Mae diwylliant rheoli perfformiad o'r fath yn hollbwysig er mwyn galluogi'r sefydliad i gyflawni'r targedau a bennwyd gan Fwrdd yr Ymddiriedolwyr a Llywodraeth Cymru. Rydym ar ddeall bod rhaglen o hyfforddiant yn cael ei rhoi ar waith ond mae angen i uwch reolwyr greu'r amgylchedd iawn ar yr haen uchaf ac arwain drwy esiampl, gan gymhwyso'r system arfarnu perfformiad yn drylwyr ac yn gyson.

Canfu ein hadolygiad nad yw'r diwylliant yn y sefydliad yn briodol ar hyn o bryd i ymateb i'r heriau a'r newidiadau a wynebir gan y Llyfrgell. Mae'r diwylliant yn cael ei greu gan haen uchaf y sefydliad ond mae ein hadolygiad o'r broses ddisgyblu wedi dangos na chafodd y Tîm Gweithredol ei gynnwys ar y cyd yn y broses.

Drwy gydol ein hadolygiad, mynegwyd pryderon ynglŷn â llywodraethu, ymddygiad, penderfyniadau a pherfformiad. Mae aelodau o staff wedi mynegi pryderon ynglŷn â materion ymddygiad nad ydynt wedi cael eu cofnodi'n briodol gan Adnoddau Dynol ac nid oes camau gweithredu priodol wedi cael eu cymryd i fynd i'r afael â'r materion hyn. At hynny, o ystyried nifer y pryderon a fynegwyd, mae'n syndod nad oes neb wedi ceisio chwythu'r chwiban. Nid yw polisi chwythu'r chwiban y Llyfrgell yn gyfredol ar hyn o bryd ac ni roddir cyhoeddusrwydd da iddo drwy'r sefydliad cyfan er mwyn hwyluso chwythu'r chwiban. Er bod y Llyfrgell yn amlwg yn sefydliad balch a chlos, nid oes diwylliant o fod yn agored.

## ***Ceir gwendidau mewn agweddau allweddol ar drefniadau llywodraethu'r sefydliad***

Nodir trefniadau llywodraethu'r Llyfrgell yn bennaf yn ei Siarter Frenhinol atodol yn 2006. Mae'r Siarter yn cyfeirio at rôl Swyddogion a Bwrdd y Llyfrgell ynghyd ag aelodaeth a phwerau'r Llyfrgell. Mae hyn wedi'i hategu gan Fframwaith Llywodraethu Corfforaethol a gymeradwywyd gan y Bwrdd ym mis Medi 2013, sy'n diffinio rôl y swyddogion, y Llywydd, yr Is-lywydd a'r Trysorydd yn fanylach. Ceir disgrifiad cyffredinol o rôl aelodau'r Bwrdd hefyd.

## ***Ni chaiff datganiadau o fuddiant eu nodi'n glir yng nghofnodion cyfarfodydd y Bwrdd***

Mae'n ofynnol i Ymddiriedolwyr lofnodi datganiad o fuddiant ar ddechrau bob blwyddyn a datgan unrhyw fuddiannau ar ddechrau cyfarfodydd y Bwrdd a'r Pwyllgor Archwilio lle y bo hynny'n berthnasol i'r eitemau ar yr agenda. Er bod achosion lle mae aelodau o'r Bwrdd wedi datgan buddiant wedi cael eu nodi yng nghofnodion y cyfarfod, nid yw natur y buddiant wedi'i nodi bob amser. Defnyddir yr ymadrodd 'y buddiant arferol' yn aml. Efallai na fydd unigolion y tu allan i'r Llyfrgell yn gwybod beth yw'r buddiant hwn. Er mwyn bod yn fwy tryloyw a lleihau'r risg o her i'r eithaf, byddai'n arfer da nodi natur y buddiant yn benodol yng nghofnodion y cyfarfod. At hynny, ar gyfer pob buddiant datganedig, dylai fod asesiad risg wedi'i ddogfennu a chynllun lliniaru ar waith er mwyn sicrhau yr ymdrinnir â buddiannau'n effeithiol.

Mae effeithiolrwydd y Bwrdd yn dibynnu'n rhannol ar ewyllys da aelodau'r Bwrdd, eu sgiliau a'u profiadau. Gall achosion o wrthdaro buddiannau effeithio ar hyn hefyd. Mae llawer o'r materion allweddol y mae'r Llyfrgell wedi eu hwynebu dros y ddwy flynedd ddiwethaf, megis y tân a'r broses ddisgyblu, wedi gofyn am gryn dipyn o gyngor cyfreithiol allanol, a roddwyd gan Geldards. Mae un o Ymddiriedolwyr y Bwrdd yn bartner yn Geldards. Nid yw'r Bwrdd wedi ystyried ei gymysgedd sgiliau ar adeg pan fyddai dealltwriaeth ac arbenigedd cyfreithiol ychwanegol wedi bod yn ddefnyddiol o bosibl. Dylai'r Bwrdd asesu sgiliau'r Bwrdd yn rheolaidd wrth i faterion newydd godi er mwyn penderfynu a oes angen arbenigedd ychwanegol neu benodol. Rydym ar ddeall bod y Bwrdd bellach wedi gweithredu proses arfarnu i'r Bwrdd a bod y cyfweiliadau diwethaf ar gyfer aelodau'r Bwrdd wedi ystyried cymysgedd sgiliau'r Bwrdd.

## ***Nid yw egwyddorion rheoli risg wedi'u hymgorffori yn y sefydliad***

Mae gan y Llyfrgell gofrestr risg a chanfu Adolygiad Mewnol o drefniadau llywodraethu'r sefydliad fod hon yn cael ei hadolygu'n rheolaidd gan y Pwyllgor Archwilio. Mae cofrestrau risg y Llyfrgell dyddiedig 31 Mai 2014 a 31 Mawrth 2015 yn cynnwys y Tribiwnlys Cyflogaeth fel risg i enw da. Fodd bynnag, o ystyried y digwyddiadau a arweiniodd at ddyfarniad y Tribiwnlys Cyflogaeth, mae'n amheus a yw rheoli risg wedi'i ymgorffori'n wirioneddol yn y sefydliad. Canfu ein hadolygiad fod diffyg asesiad cadarn o risgiau a buddiannau penderfyniadau ac opsiynau er budd y Llyfrgell. Er i'r Prif Weithredwr roi rhai diweddariadau ar lafar, ni fu unrhyw adroddiadau ffurfiol yn breifat i'r Bwrdd rhwng yr hawliad i'r Tribiwnlys Cyflogaeth a dyfarniad y Tribiwnlys Cyflogaeth.

## ***Efallai y byddai wedi bod yn fuddiol i'r Llyfrgell pe bai wedi ceisio cyngor cyfreithiol ychwanegol fel ffordd o gael mwy o annibyniaeth a safbwynt newydd ar y broses ddisgyblu***

Geldards yw cynghorwyr y Llyfrgell. Cawsant eu hailbenodi'n llwyddiannus drwy ymarfer caffael agored ar y cyd â'r Amgueddfa Genedlaethol yn 2011. Ceisiodd y Swyddog Cyfrifyddu Dros Dro gyngor ganddynt ar ôl cael adroddiad archwilio mewnol drafft ac yna drwy gydol y broses. Roedd y Prif Weithredwr yn arbennig yn dibynnu'n fawr ar eu cyngor.

Ar ôl yr ymchwiliad disgyblu, penderfynwyd newid y person a oedd yn cynrychioli Geldards yn y broses, er mwyn gwahanu rhwng y cam ymchwilio a'r cam disgyblu. Wedyn rhoddwyd cyngor cyfreithiol i'r Llyfrgell ar y gwrandawriad disgyblu, y panel disgyblu, panel apêl a thribiwnlys cyflogaeth gan un o bartneriaid Geldards. Cafodd y Llyfrgell ei chynrychioli yn y Tribiwnlys Cyflogaeth gan yr un partner o Geldards. Cawsom wybod bod Geldards wedi codi'r posibilrwydd bod y Llyfrgell yn cael ei chynrychioli yn y Tribiwnlys Cyflogaeth gan fargyfreithiwr allanol ond roedd y Prif Weithredwr a Llyfrgellydd o'r farn ei bod yn briodol parhau â'r

gynrychiolaeth gan yr un partner o Geldards; eiriolwr tribiwnlys profiadol iawn. Ni cheisiwyd unrhyw gyngor cyfreithiol annibynnol ychwanegol na her er mwyn ystyried rhinweddau'r achos cyn y Tribiwnlys Cyflogaeth. Nid ystyriwyd yn llawn y cyfle i gael pâr o lygaid newydd ac elfen o annibyniaeth ar yr adeg hon o'r broses.

Mae'r llythyr rhinweddau a ddarparwyd gan Geldards i'r Prif Weithredwr ynglŷn â'r risgiau a pha mor debygol y byddai'r achos yn llwyddo yn y Tribiwnlys Cyflogaeth yn gyson â'r ffordd roedd wedi ymdrin â'r mater drwy gydol y broses. Teimlai unigolion a roddodd dystiolaeth ar ran y Llyfrgell yn y Tribiwnlys Cyflogaeth eu bod wedi cael eu briffio'n dda gan Geldards.

Roedd barnwr y Tribiwnlys Cyflogaeth wedi anghytuno â rhai agweddau o'r y cyngor cyfreithiol a gynigiwyd i'r Llyfrgell. Un enghraifft yw, er bod y polisi disgyblu yn cynnwys cosb diraddio fel opsiwn, nad oes pŵer cytundebol clir i ddiraddio. Fel arfer, cynigir diraddio fel dewis yn lle diswyddo ond mae cyfraith achosion wedi tanlinellu bod angen cytundeb y naill ochr a'r llall er mwyn ystyried hyn. Adlewyrchir hyn hefyd yng nghanllawiau ACAS ar Ddisgyblu a Chwynion yn y gweithle. Codwyd y pwynt hwn hefyd yn ystod y broses ddisgyblu mewn gohebiaeth at y Prif Weithredwr a Llyfrgellydd oddi wrth yr Ysgrifennydd a Phennaeth Llywodraethiant.

## *Gellid atgyfnerthu'r trefniadau archwilio mewnol ymhellach*

RSM Tenon, Baker Tilly bellach, yw'r archwilwyr mewnol yn y Llyfrgell. Cawsant eu hailbenodi'n archwilwyr mewnol yn ddiweddar yn weithredol o fis Ebrill 2013 drwy dendr ar y cyd â'r Amgueddfa Genedlaethol.

Gofynnwyd am adolygiad archwilio mewnol o drefniadau caffael yr adran farchnata gan y Swyddog Cyfrifyddu Dros Dro yn y Llyfrgell yn sgil pryderon ynglŷn ag awdurdodi anfoneb ar gyfer hysbyseb yng nghylchgrawn yr heddlu Blue Light a diffyg ymwybyddiaeth ymddangosiadol o'r rheolaethau.

Ar ôl ymgymryd â'u gwaith cychwynnol a pharatoi eu hadroddiad drafft cyntaf, gofynnwyd i'r Archwilwyr Mewnol ymgymryd â gwaith ymchwilio pellach oherwydd pryderon ynglŷn â gweithgarwch twyllodrus posibl a oedd yn ymwneud â dyfarnu contract yn yr adran Farchnata. Ni chafodd y gwaith ychwanegol hwn a wnaed, a oedd yn cynnwys gwiriadau cyflogaeth a gwiriadau cydberthnasau â'r endid y dyfarnwyd y contract iddo, ei ddogfennu yn fersiwn terfynol adroddiad yr Archwilwyr Mewnol. Byddem wedi disgwyl i holl waith yr Archwilwyr Mewnol gael ei nodi yn yr adroddiadau a baratowyd, hyd yn oed lle roedd y gwaith wedi deillio o newid i'r cylch gwaith gwreiddiol.

Roedd y newidiadau rhwng y fersiynau o'r adroddiad drafft yn sylweddol. Roedd ail ddrafft yr Archwilwyr Mewnol wedi cynnwys argymhelliad i ystyried camau disgyblu oherwydd tor-rheoliad ariannol. Yn ein barn ni, mae'n anarferol i Archwilwyr Mewnol argymhell camau o'r fath mewn adroddiad Archwilio Mewnol. Rhoddwyd diweddariad o ganfyddiadau adroddiad drafft yr Archwilwyr Mewnol ar lafar mewn sesiwn gaeedig o'r Pwyllgor Archwilio gan yr Archwilwyr Mewnol ar ddechrau mis Gorffennaf 2013. Roedd hyn cyn i'r adroddiad drafft gael ei rannu gyda'r ddau gyflogai ac nid oedd wedi cyfrif am unrhyw sylwadau y gallai'r cyflogeion hynny fod wedi'u gwneud ar gywirdeb ffeithiol yr adroddiad drafft. O safbwynt llywodraethu ehangach, nid yw'r Llyfrgell wedi pennu unrhyw ddangosyddion perfformiad allweddol (DPA) ffurfiol i fonitro perfformiad yr Archwilwyr Mewnol yn ffurfiol. Gallai DPAAu o'r fath gynnwys materion megis: cytuno ar y cylch gorchwyl yn brydlon; canran yr archwiliadau sy'n cynnwys cyfarfod ymadael; canran yr argymhellion y cytunir arnynt; adroddiadau drafft a gyhoeddir yn brydlon; presenoldeb yn y pwyllgor archwilio; sgôr boddhad unigol cyfartalog gan noddwyr gwaith archwilio. Fodd bynnag, mae Siarter Archwilio Mewnol ar waith sy'n nodi cyfres o safonau. Yn 2012-13, cynhaliodd yr Archwilwyr Mewnol adolygiad o'i phrosesau er mwyn sicrhau eu bod yn cydymffurfio â Safonau Archwilio Mewnol y Sector Cyhoeddus cyn i'r safonau hynny gael eu cyflwyno yn 2013-14. Bwriedir cynnal yr adolygiad nesaf o effeithiolrwydd yn 2016.

Fel rhan o ymarfer ailstrwythuro, mae cynlluniau ar y gweill i sicrhau bod holl gyfathrebu Archwilio Mewnol ac adroddiadau Archwilio Mewnol yn mynd drwy'r Ysgrifennydd a Phennaeth Llywodraethiant bellach yn hytrach na'r Cyfarwyddwr Adnoddau Corfforaethol. Yn ein barn ni, mae hyn yn briodol.

# Argymhellion

Er mwyn helpu'r Llyfrgell i wneud y gwelliannau sydd eu hangen o ganlyniad i'n canfyddiadau, rydym wedi nodi rhai argymhellion yn y tabl isod. Rydym ar ddeall bod y Llyfrgell yn bwriadu paratoi datganiad am unrhyw gamau y mae'n bwriadu eu cymryd o ganlyniad i'r adroddiad hwn, a'i hamserlen arfaethedig ar gyfer cymryd y camau hynny.

Rydym yn argymhell bod y Llyfrgell yn gwneud y canlynol:

- A1 Adolygu a gwella ei Pholisi Disgyblu a'i gweithdrefn ddisgyblu er mwyn:
- Nodi'n glir y prosesau y dylid eu dilyn ar gyfer materion sy'n ymwneud ag uwch reolwyr.
  - Amlinellu cylch gwaith a phwerau'r panel disgyblu a'r ffordd y dylai gael ei gynnal.
  - Sicrhau bod ei phrosesau a'i chosbau yn unol ag egwyddorion Cod Ymarfer a chanllawiau ACAS ar ddisgyblu a chwynion yn y gweithle.
  - Cynnwys y gallu i amrywiaeth ehangach o bobl gynnal ymchwiliadau disgyblu sy'n ymwneud ag uwch reolwyr.
  - Nodi'r angen i amlinellu honiadau yn glir ym mhob gohebiaeth at unigolion. Dylai canlyniad penderfyniadau hefyd gael ei amlinellu gydag esboniadau ynghylch pa honiadau sy'n cael eu cadarnhau a pha rai nad ydynt yn cael eu cadarnhau.
- A2 Datblygu Polisi Twyll cyfredol. Dylai hwn fod ar gael i bob aelod o staff.
- A3 Diweddarau ei pholisi ynglŷn â chwythu'r chwiban er mwyn adlewyrchu newidiadau mewn deddfwriaeth. Dylai'r Llyfrgell hefyd gymryd camau i godi ymwybyddiaeth o fodolaeth y polisi hwn.
- A4 Diweddarau ei gweithdrefn safonau perfformiad er mwyn adlewyrchu ei phroses bresennol o arfarnu staff yn gywir. Dylai'r Llyfrgell hefyd atgoffa staff o fodolaeth ac arwyddocâd y weithdrefn hon.
- A5 Atgoffa staff o bwysigrwydd a budd defnyddio proses arfarnu staff y Llyfrgell a dogfennu meysydd i'w datblygu yn ffurfiol. Dylid hefyd roi hyfforddiant ychwanegol er mwyn rhoi'r sgiliau a'r hyder sydd eu hangen ar staff i cynnal trafodaethau anodd.
- A6 Cofnodi'n glir natur buddiant a ddatganwyd yng nghofnodion cyfarfodydd y Bwrdd a'r Pwyllgor Archwilio. Dylid hefyd gynnal asesiad risg o'r buddiannau hyn er mwyn ystyried sut y gellir rheoli a lliniaru'r buddiannau hyn yn ymarferol.
- A7 Sicrhau bod gweithdrefnau sy'n ymwneud ag arfarnu perfformiad y Prif Weithredwr yn unol â'r rhai ar gyfer aelodau eraill o staff.
- A8 Adolygu gallu swyddogaeth Adnoddau Dynol er mwyn sicrhau ei bod yn briodol er mwyn ymateb i gyfeiriad a heriau'r sefydliad yn y dyfodol.
- A9 Ystyried sut y gall atgyfnerthu effeithiolrwydd rhwng Bwrdd yr Ymdiriedolwyr a'r uwch reolwyr. Dylai rhaglen ffurfiol i ddatblygu uwch reolwyr a'r Bwrdd gael ei rhoi ar waith er mwyn gwella trefniadau llywodraethu'r sefydliad.
- A10 Rhoi trefniadau a dangosyddion perfformiad ar waith er mwyn monitro perfformiad yr Archwilwyr Mewnol.
- A11 Datblygu rhaglen graidd o hyfforddiant a datblygu ar gyfer ei rheolwyr. Dylai hyn gynnwys hyfforddiant penodol ar gaffael a llywodraethu. Dylai meysydd pwysig o hyfforddiant fod yn orfodol.

# Atodiad 1: Trefn digwyddiadau

Dyddiad	03/13	05/13	07/13	07/13 - 09/13	09/13 – 11/13	11/13	01/14	02/14	08/14 & 10/14
<b>Digwyddiad</b>	Pryderon cychwynnol	Adroddiad yr Archwilwyr Mewnol	Pwyllgor Archwilio	Ymchwiliad i Ganfod y Ffeithiau	Ymchwiliad Disgyblu	Gwrandawriad Disgyblu	Panel Disgyblu	Panel Apêl	Tribiwnlys Cyflogaeth
<b>Llyfrgell Genedlaethol Cymru</b>	SCDD	SCDD	SCDD	SCDD	CGC Cyng. AD	PWaLl Cyng. AD	PWaLl Cyng. AD PD	PWaLl Cyng. AD PA	PWaLl Cyng. AD PD (C) PA (C)
<b>Cynghorydd allanol</b>	AM	AM	AM	C-BAD CC: Cyf AM	CC: Cyf	CC: Ptr	CC: Ptr	CC: Ptr	CC: Ptr
<b>Hawlwyr</b>				Hawlwyr	Hawlwyr ULI	Hawlwyr ULI	Hawlwyr ULI	Hawlwyr ULI	Hawlwyr ULI Cwnsler
<b>Allwedd:</b>									
SCDD	Swyddog Cyfrifyddu Dros Dro		AM	Archwilwyr Mewnol					
CGC	Cyfarwyddwraig Casgliadau		C-BAD	Cyn-Bennaeth Adnoddau Dynol					
Cyng. AD	Cynghorydd Adnoddau Dynol		CC Cyf	CC - Cyfarwyddwr					
PWaLl	Prif Weithredwr a Llyfrgellydd		CC - Partner	Cynghorwyr Cyfreithiol - Partner					
PD	Aelodau'r Panel Disgyblu		ULI	Cynrychiolydd Undeb Llafur					
PA	Aelodau'r Panel Apêl		Hawlwyr	Y ddau gyn-aelod o staff/hawlwyr					
PD (C)	Cadeirydd y Panel Disgyblu		Cwnsler	Cynrychiolydd yr hawlwyr yn y Tribiwnlys Cyflogaeth					
PA (C)	Cadeirydd y Panel Apêl								

# Atodiad 2: Trefn digwyddiadau fanwl

## Adroddiad archwilio mewnol drafft

- Gofynnwyd am adolygiad Archwilio Mewnol gan y Swyddog Cyfrifyddu Dros Dro yn y Llyfrgell, ar ddechrau mis Ebrill 2013 i'w gynnwys yng Nghynllun Archwilio Mewnol 2013/14 yn sgil pryderon ynglŷn ag awdurdodi anfoneb ar gyfer hysbyseb yn sgâm cylchgrawn yr heddlu Blue Light a diffyg rheolaethau ymddangosiadol. Gofynnwyd i'r Archwilwyr Mewnol gynnal adolygiad cyn gynted ag y bo modd er nad oedd y Cynllun Archwilio Mewnol wedi'i gymeradwyo eto gan y Pwyllgor Archwilio. Ni chafodd cynllun Archwilio Mewnol 2013/14 ei gymeradwyo tan fis Hydref 2013 oherwydd oedi yn y broses o benodi'r Archwilwyr Mewnol a oedd yn golygu trefniant tendro ar y cyd â'r Amgueddfa Genedlaethol. Roedd Cynllun Archwilio Mewnol 2013/14 yn cael ei ddrafftio pan ofynnwyd am yr adolygiad gan yr Archwilwyr Mewnol.
- Cymeradwywyd y cylch gorchwyl yn manylu ar gwmpas yr adolygiad, gan y Swyddog Cyfrifyddu Dros Dro ar 23 Ebrill 2013. Amcan yr adolygiad oedd gwerthuso proses yr adran Farchnata o gaffael nwyddau a gwasanaethau gan sicrhau bod trefniadau rheoli risg priodol yn y system a'r graddau yr oedd y rheolaethau wedi cael eu cymhwyso. Er i archwiliad safonol yn seiliedig ar systemau yn canolbwyntio ar reolaethau a chydymffurfiaeth â'r rheolaethau hyn gael ei gynnal gan yr Archwilwyr Mewnol, mae amseriad ac amgylchiadau comisiynu'r adolygiad yn awgrymu bod ymdeimlad bod angen ei gynnal ar fyrder. Gofynnwyd am yr adolygiad fel rhan o Gynllun Archwilio Mewnol 2013-14. Fodd bynnag, roedd eu contract wedi dod i ben ar ddiwedd 2012-13 ac nid oedd yr archwilwyr mewnol ar gyfer y cyfnod 2013-14 wedi cael eu penodi.
- Gwnaed y gwaith maes yn ystod yr wythnos yn dechrau 6 Mai 2013. Cynhaliodd yr Archwilwyr Mewnol gyfarfod ôl-drafod ar 10 Mai 2013 â'r Cyfrifydd Cynorthwyol yn y Llyfrgell yn absenoldeb y Swyddog Cyfrifyddu Dros Dro y diwrnod hwnnw. Rhoddodd y Cyfrifydd Cynorthwyol grynoded o'r canfyddiadau i'r Swyddog Cyfrifyddu Dros Dro ar yr un diwrnod.
- Cyflwynwyd Adroddiad drafft yr Archwilwyr Mewnol i'r Swyddog Cyfrifyddu Dros Dro ar 23 Mai 2013. Roedd yr Archwilwyr Mewnol wedi nodi nifer o bryderon mawr yr oeddent hefyd wedi'u rhannu ar lafar gyda Chadeirydd y Pwyllgor Archwilio.
- Teimlai'r Swyddog Cyfrifyddu Dros Dro ei bod wedi dod yn amlwg bod materion difrifol wedi cael eu nodi a oedd yn cyfiawnhau gweithredu pellach. Yn ei farn ef, nid oedd y Llyfrgell wedi cael adroddiad mor feirniadol erioed.
- Yn ei rôl fel Swyddog Cyfrifyddu Dros Dro, gofynnodd i'r Archwilwyr Mewnol ymgymryd â gwaith ymchwilio pellach oherwydd pryderon ynglŷn â gweithgarwch twyllodrus posibl a oedd yn ymwneud â dyfarnu contract yn yr adran Farchnata. Ni chafodd y gwaith ychwanegol hwn yn cynnwys, er enghraifft, gwiriadau cyflogaeth a gwiriadau cydberthnasau â'r endid y dyfarnwyd y contract iddo, ei ddogfennu yn fersiwn terfynol adroddiad yr Archwilwyr Mewnol.
- Roedd y newidiadau rhwng y fersiynau o'r adroddiad yn sylweddol. Nodwn fod ail ddrafft adroddiad yr Archwilwyr Mewnol wedi cynnwys argymhellid i reolwyr ystyried camau disgyblu. Mae'n anarferol i Archwilwyr Mewnol argymhell camau o'r fath mewn adroddiad Archwilio Mewnol.
- Gallai'r adroddiad archwilio mewnol drafft cyntaf fod wedi ysgogi ymchwiliad twyll rhagarweiniol ond mae polisïau a gweithdrefnau'r Llyfrgell ar ymchwiliad o'r fath yn aneglur. Nid oes Polisi Twyll cyfredol ychwaith.
- Rhoddwyd diweddariad o ganfyddiadau adroddiad drafft yr Archwilwyr Mewnol ar lafar mewn sesiwn gaeedig o'r Pwyllgor Archwilio gan yr Archwilwyr Mewnol ar 8 Gorffennaf 2013. Roedd hyn cyn i'r adroddiad drafft gael ei rannu gyda'r ddau gyflogai ac nid oedd wedi cyfrif am unrhyw sylwadau y gallai'r cyflogaion hynny fod wedi'u gwneud ar gywirdeb ffeithiol yr adroddiad drafft.
- Ni chafodd fersiwn terfynol o adroddiad yr Archwilwyr Mewnol ei lunio tan fis Ionawr 2014, er y cytunwyd ar gywirdeb ffeithiol y canfyddiadau fel rhan o'r ymchwiliad i ganfod y ffeithiau isod ym mis Gorffennaf 2013. Nid oedd fersiwn terfynol adroddiad yr Archwilwyr Mewnol yn adlewyrchu'r holl waith ychwanegol a wnaed ganddynt.

- Roedd yr adroddiad Archwilio Mewnol yn cynnwys nifer o ganfyddiadau ac argymhellion nad oeddent yn ymwneud yn benodol ag ymddygiad y ddau gyflogai. Ar ôl i'r ymchwiliad i ganfod y ffeithiau ddod i ben, gallai argymhellion yr Archwilwyr Mewnol nad oeddent yn ymwneud â materion ymddygiad fod wedi cael eu llunio'n derfynol, eu rhoi ar waith a'u hadrodd i'r Pwyllgor Archwilio.
- Ni chafodd yr adroddiad terfynol ei gyflwyno wedyn i'r Pwyllgor Archwilio i'w gymeradwyo tan fis Ebrill 2015, bron ddwy flynedd ar ôl i'r gwaith maes gael ei gynnal. Dylai adroddiad terfynol yr Archwilwyr Mewnol fod wedi cael ei lunio'n llawer cynt.

## Ymchwiliad i ganfod y ffeithiau

- Mewn sesiwn gaeedig arbennig o'i gyfarfod ar 8 Gorffennaf 2013, rhoddodd yr Archwilwyr Mewnol friffiad ar lafar ar ganfyddiadau eu hadolygiad archwilio mewnol. Cytunodd aelodau'r Pwyllgor Archwilio i arddel yr egwyddor hyd braich tra bod y Swyddog Cyfrifyddu Dros Dro, a'r rhai a oedd yn ei gynorthwyo, yn ymchwilio i'r mater ymhellach ac yn ystyried goblygiadau cynnwys yr adroddiad.
- Ystyriwyd bod adroddiad yr Archwilwyr Mewnol yn ddogfen waith; man cychwyn i'w drafod â'r unigolion dan sylw er mwyn rhoi cyfle iddynt wneud sylwadau a chywiuro/egluro'r canfyddiadau a nodwyd. Roedd yn cynnwys nifer o feysydd yr oedd angen eu deall a'u hegluro drwy broses canfod y ffeithiau.
- Diben yr adolygiad oedd cadarnhau
  - Pa faterion, os o gwbl, a godwyd yn yr adroddiad archwilio mewnol drafft a oedd yn gofyn am weithredu pellach.
  - Os oedd angen gweithredu pellach, a ddylid ymdrin â'r rhain ar sail anffurfiol neu ffurfiol; ac
  - Os felly, a ddylid defnyddio Polisi a Gweithdrefn Ddisgyblu'r Llyfrgell a/neu'r Weithdrefn Safonau Perfformiad.
- Byddai'r llwybr disgyblu yn cael ei ddilyn pe bai achos o gyflawni dyletswyddau'n esgeulus yn cael ei amau, yr oedd polisi disgyblu'r Llyfrgell yn darparu ar ei gyfer. Byddai adroddiad drafft terfynol yr Archwilwyr Mewnol, ynghyd â'r ymchwiliad i ganfod y ffeithiau yn sail ar gyfer penderfynu ar unrhyw honiadau disgyblu a byddent yn ffurfio cwmphas a chylch gorchwyl ar gyfer ymchwiliad disgyblu.
- Roedd yn briodol bod y Swyddog Cyfrifyddu Dros Dro wedi cadarnhau'r ffeithiau gyda'r unigolion ond, yn dilyn yr ymchwiliad i ganfod y ffeithiau, gellid bod wedi gwahaniaethu rhwng y materion yn yr adroddiad archwilio mewnol y gellid penderfynu arnynt yn derfynol a chyflwyno adroddiad arnynt fel rhan o broses clirio ac adrodd archwiliad mewnol arferol a'r materion hynny a oedd yn destun camau disgyblu pellach.
- Cynhaliwyd yr ymarfer canfod y ffeithiau gan y Swyddog Cyfrifyddu Dros Dro, gyda chymorth yr ymgynghorydd Adnoddau Dynol allanol (y cyn-Bennaeth Adnoddau Dynol yn y Llyfrgell) a'r Archwilwyr Mewnol. Roedd Geldards wedi awgrymu opsiynau amgen ynglŷn â phwy ddylai gynnal yr ymchwiliad i ganfod y ffeithiau a dylent fod wedi cael eu hystyried yn fwy penodol. Roedd achos canfyddedig o wrthdaro buddiannau gyda'r Swyddog Cyfrifyddu Dros Dro yn cynnal yr ymchwiliad i ganfod y ffeithiau o ystyried bod drafft cyntaf adroddiad yr Archwilwyr Mewnol wedi cynnwys canfyddiadau a oedd yn ymwneud ag adran o fewn ei gylch gwaith. Gellid bod wedi comisiynu'r Archwilwyr Mewnol i gynnal yr ymchwiliad hwn neu fel arall gallai Ysgrifennydd a Phennaeth Llywodraethiant y Llyfrgell fod wedi cynnal yr ymchwiliad.
- Ar y pryd nid oedd gan y Llyfrgell Bennaeth Adnoddau Dynol nac adnodd Adnoddau Dynol priodol. Nid oedd swydd Pennaeth Adnoddau Dynol y Llyfrgell wedi cael ei hail-lenwi a chomisiynodd y Llyfrgell gyngor Adnoddau Dynol allanol gan ymgynghorwyr yn ôl yr angen. Roedd cynrychiolaeth Adnoddau Dynol yn yr ymchwiliad i ganfod y ffeithiau yn briodol ond ni chyflëwyd ffurfioldeb y broses i'r unigolion tan ddechrau cyfarfodydd yr ymchwiliad i ganfod y ffeithiau. Er nad oedd yr ymchwiliad i ganfod y ffeithiau yn rhan o Weithdrefn Ddisgyblu'r Llyfrgell, dylid bod wedi cynnig yr opsiwn i'r unigolion gael cynrychiolaeth o ystyried difrifoldeb y pryderon a godwyd yn adroddiad yr Archwilwyr Mewnol. Cawsom wybod y byddai cais am gynrychiolaeth gan yr unigolion wedi cael ei dderbyn.
- Roedd yr ymchwiliad i ganfod y ffeithiau yn bwynt allweddol lle ystyriwyd penderfyniad i atal yr unigolion dros dro. Mae'r Polisi Disgyblu yn nodi y gall cyflogai gael ei atal dros dro ar gyflog llawn tra cynhelir ymchwiliad i drosedd honedig. Fodd bynnag, tybiwyd nad oedd y seiliau dros atal dros dro o dan y Polisi Disgyblu wedi'u bodloni i raddau helaeth;

- ni theimlai'r Archwilwyr Mewnol na'r Swyddog Cyfrifyddu Dros Dro y byddai unrhyw ymchwiliad yn cael ei rwystro gan bresenoldeb y cyflogaion yn y gweithle;
  - nid oedd unrhyw amheuaeth ar y pryd y byddai'r ddau unigolyn yn gallu gweithio yn y ffordd arferol ac yn barod i wneud hynny;
  - nid oes unrhyw achos troseddol; ac
  - roedd eu presenoldeb yn annhebygol o fod yn annerbyniol i eraill.
- Wedi dweud hynny, mae'n gadarnhaol bod camau wedi cael eu cymryd i liniaru unrhyw gamymddwyn honedig arall gyda chytundeb yr unigolion, sef eu gwahardd rhag awdurdodi anfonebau a rhag ymwneud â chontract Elfen.
  - Cynhaliwyd cyfweiliadau â'r ddau unigolyn yn ystod mis Gorffennaf 2013, y cafodd y nodiadau eu hadolygu a'u cadarnhau'n ffeithiol gywir gan bob un. At hynny, ar 1 Awst 2013, cyhoeddodd yr Archwilwyr Mewnol fersiwn diwygiedig o'r adroddiad archwilio drafft, dyddiedig 25 Gorffennaf 2013, a ymgorfforodd y ffeithiau a roddwyd yn ystod y cyfweiliadau hyn. Er i'r ddau unigolyn wneud sylwadau ar yr adroddiad a chywiro ac egluro rhannau ohono, cytunodd y ddau fod cynnwys a chanfyddiadau'r adroddiad yn gywir ar y cyfan.
  - Trosglwyddwyd adroddiad yr ymchwiliad i ganfod y ffeithiau gan y Swyddog Cyfrifyddu Dros Dro i'r Prif Weithredwr a Llyfrgellydd newydd ym mis Medi 2013 gyda'r argymhelliad y dylid cynnal ymchwiliad disgyblu ffurfiol. Mae'n nodi'n glir na ddylai'r weithdrefn safonau perfformiad gael ei defnyddio i ymdrin â materion perfformiad sy'n ymwneud â chyflawni dyletswyddau'n esgeulus. Mae'r weithdrefn safonau perfformiad yn nodi ymhellach y dylai'r rhain a chamau eraill sy'n groes i reolau'r Llyfrgell gael eu hystyried yn faterion ymddygiad ac y dylid ymdrin â hwy o dan y Weithdrefn Ddisgyblu.

## Ymchwiliad disgyblu

- Darllenodd y Prif Weithredwr a Llyfrgellydd adroddiad yr ymchwiliad i ganfod y ffeithiau a daeth i'r casgliad bod yr amgylchiadau yn cyfiawnhau ymchwiliad disgyblu arall yn unol â Pholisi Disgyblu'r Llyfrgell. Yr honiadau a restrwyd yn adroddiad yr ymchwiliad i ganfod y ffeithiau oedd cylch gorchwyl yr ymchwiliad disgyblu.
- Mae'r Polisi Disgyblu yn nodi mai aelod arall o'r Uwch Dîm Rheoli ddylai gynnal yr ymchwiliad. Cynhaliwyd yr ymchwiliad disgyblu gan yr aelod arall a oedd yn weddill o'r Uwch Dîm Rheoli, y Cyfarwyddwraig Casgliadau. Roedd y Cyfarwyddwr Adnoddau Corfforaethol wedi bod yn rhan o'r Ymchwiliad i Ganfod y Ffeithiau pan oedd yn Swyddog Cyfrifyddu Dros Dro. Roedd y Cyfarwyddwr Gwasanaethau Cyhoeddus yn un o'r ddau unigolyn a oedd yn destun yr ymchwiliad a byddai angen i'r Prif Weithredwr a Llyfrgellydd gael ei ddynodi'n Swyddog Dynodedig pe bai'r broses ddisgyblu yn arwain at gamau pellach. Cododd Geldards gwestiynau ynglŷn â gallu aelod arall o'r Uwch Dîm Rheoli i gynnal yr ymchwiliad. Byddai angen cydbwysu ei rôl fel Cyfarwyddwr yr adran fwyaf yn y Llyfrgell â'r rôl fel Swyddog Ymchwilio lle mae ymchwiliadau disgyblu yn ôl eu natur yn mynd ag amser.
- Awgrymodd Geldards opsiynau amgen, gan gynnwys trydydd partïon allanol, a chwestiynwyd a ddylai aelod arall o'r Uwch Dîm Rheoli gynnal yr ymchwiliad ac a fyddai'n meddu ar y sgiliau priodol i ymgymryd â'r dasg hon. Ni chafodd y Cyfarwyddwraig Casgliadau wybod am y nodyn cyngor cyfreithiol hwn nes bod yr ymchwiliadau disgyblu wedi dechrau. Dylai'r polisi disgyblu gael ei newid i alluogi pobl eraill i gynnal yr ymchwiliad.
- Rydym ar ddeall gan y Prif Weithredwr mai'r prif ffactor y tu ôl i'w benderfyniad i benodi'r Cyfarwyddwraig Casgliadau yn Swyddog Ymchwilio oedd ei phroffesiynoldeb i gynnal yr ymchwiliad. Byddai unrhyw wyriad oddi wrth y Polisi Disgyblu i ddefnyddio rhywun o'r tu allan i'r Uwch Dîm Rheoli i gynnal yr ymchwiliad wedi gofyn am drafodaeth gyda'r ddau gyflogai a'u cytundeb o bosibl. Cymerodd yr ymchwiliadau disgyblu ormod o amser er eu bod yn gynhwysfawr ac yn drylwyr. Cymerodd ddeufis i gwblhau'r prosesau. Roedd y rhesymau dros yr oedi yn cynnwys cyfweiliadau ychwanegol yr oedd eu hangen, cael gwybodaeth a thystiolaeth ychwanegol a'r ffaith bod y Swyddog Ymchwilio yn cynnal yr adolygiad yn ychwanegol at ei swyddogaethau a'i chyfrifoldebau arferol.
- Daeth adroddiadau'r ymchwiliadau disgyblu i'r casgliad bod achos i'w ateb ac y dylai camau disgyblu ffurfiol gael eu cymryd, yn y ddau achos, yn unol â Pholisi Disgyblu'r Llyfrgell ar gyfer pob honiad ar wahân i'r methiant i roi strategaeth farchnata briodol ar waith i'r Llyfrgell.

## Gwrandawriad disgyblu

- Rhoddwyd adroddiadau'r ymchwiliadau disgyblu i'r Prif Weithredwr a Llyfrgellydd.



- Y cam nesaf o'r broses ddisgyblu i aelodau eraill o staff, ar ôl yr ymchwiliad disgyblu, yw gwrandawriad disgyblu ac, yn achos camymddwyn difrifol, banel diswyddo sy'n cynnwys dau aelod o'r Uwch Dîm Rheoli ac un aelod Band 6. Ar gyfer aelodau o'r Uwch Dîm Rheoli, y Prif Weithredwr a Llyfrgellydd yw'r Swyddog Dynodedig yn yr ymchwiliad disgyblu a gall roi cosb ddisgyblu hyd at a chan gynnwys rhybudd ysgrifenedig terfynol a bydd yn cyfeirio'r mater at Banel Disgyblu os teimla y gallai diswyddo fod yn briodol.
- Nid yw'r polisi disgyblu yn gwahaniaethu'n glir rhwng y ffordd y caiff aelodau o'r Uwch Dîm Rheoli eu trin a'r ffordd y caiff aelodau eraill o staff eu trin o ran y prosesau y mae angen ymgymryd â hwy.
- Defnyddiodd y Prif Weithredwr a Llyfrgellydd gymysgedd o'r ddau ac ni wnaeth ddogfennu na chyfleu'n glir ei resymau dros gynnal gwrandawriad disgyblu.
- Dylai'r Prif Weithredwr a Llyfrgellydd fod wedi gwneud penderfyniad yn seiliedig ar adroddiad yr ymchwiliad disgyblu naill ai i roi'r gosb fwyaf y gallai ei rhoi, sef rhybudd ysgrifenedig terfynol, neu gynnwyl panel disgyblu i ystyried diswyddo.
- Y rheswm dros y penderfyniad i gynnal gwrandawriad disgyblu oedd er mwyn rhoi ail gyfle i'r unigolion ateb yr honiadau. Fodd bynnag, roedd hyn yn dyblygu'r ymchwiliad disgyblu.
- Teimlai'r Prif Weithredwr a Llyfrgellydd fod achos dros gefnogi camymddwyn difrifol, ar sail cyfaddefiadau'r unigolion mewn perthynas â'r honiadau, a phenderfynodd gyfeirio'r penderfyniad i'r panel disgyblu i ystyried diswyddo.
- Dylai canlyniad y gwrandawriad disgyblu fod wedi cael ei egluro'n well i'r unigolion o ran y ffaith bod yr honiadau wedi cael eu cadarnhau. Nid yw'n amlwg ar ba sail yr oedd camymddwyn difrifol a diswyddo yn cael eu hystyried.

## Panel Disgyblu

- Ar yr adeg hon, penderfynodd y Prif Weithredwr atal yr unigolion dros dro. Y rheswm yn ôl pob golwg oedd rhoi amser iddynt baratoi ar gyfer y panel disgyblu. Fodd bynnag, ni chafodd hyn ei gyfleu yn y llythyr at yr unigolion. Esboniodd y llythyr yn hysbysu'r unigolion o'r penderfyniad i gyfeirio'r achos at y panel disgyblu eu bod yn cael eu hatal dros dro ar y sail, oherwydd gallai diswyddo fod yn gosb briodol, y gallai hyn effeithio ar eu gallu i weithio yn y ffordd arferol. Roedd hyn yn un o'r amgylchiadau lle y gellid atal aelod o staff dros dro a restrwyd yn y polisi disgyblu. Nid ystyriwyd cyfnod o absenoldeb.
- Cafodd y panel disgyblu ei aildrefnu ar ôl sawl cais gan gynrychiolydd yr unigolion am i'r panel gyfarfod ar ddyddiad a oedd yn rhoi cyfle i'r unigolion gael aelod o'u hundeb yn bresennol i gynrychioli eu buddiannau. Cafwyd anawsterau hefyd i drefnu amseroedd a oedd yn gyfleus i bawb gan fod cymaint yn byw ryw bellter o Aberystwyth.
- Nid yw'r broses ddisgyblu yn nodi cylch gorchwyl y panel disgyblu na'r ffordd y dylai gael ei gynnal. O ganlyniad, mae ei gylch gwaith yn agored i her.
- Panel diswyddo yw'r panel disgyblu yn y pen draw, yn debyg i'r hyn y cyfeiriwyd ato yn y polisi disgyblu ar gyfer aelodau o staff nad ydynt yn aelodau o'r Uwch Dîm Rheoli ac fel y'i hesboniwyd uchod.
- Rhoddwyd datganiad llafar byr gan y Prif Weithredwr a Llyfrgellydd. Rydym ar ddeall bod aelodau'r Panel yn teimlo na chyflwynodd achos cynhwysfawr ac nad ymhelaethodd ar yr honiadau er mwyn esbonio pam bod y rhain yn gyfystyr â chamymddwyn difrifol.
- Ni chytunodd y panel disgyblu ei fod yn gyfystyr â chamymddwyn difrifol ac felly nad oedd diswyddo yn briodol. Fodd bynnag, teimlai fod yr honiadau yn rhai difrifol iawn ac roedd o'r farn nad oedd rhybuddion ysgrifenedig terfynol yn ddigonol. Ni chyfeiriodd y panel y penderfyniad yn ôl at y Prif Weithredwr. Yn nifyg cylch gorchwyl clir, penderfynodd y panel ar y cosbau i'w rhoi ei hun yng ngoleuni'r cyngor gan Adnoddau Dynol a'r cyngor cyfreithiol a oedd ar gael iddo.
- Canfu'r panel fod diraddio un radd yn gosb briodol. Roedd hwn yn opsiwn yn y polisi disgyblu ond nid oes pŵer cytundebol clir i ddiraddio. Fel arfer, cynigir diraddio fel dewis yn lle diswyddo ond mae cyfraith achosion wedi tanlinellu y dylid sicrhau cytundeb y naill ochr a'r llall er mwyn ystyried hyn. Mae canllawiau ACAS ar Ddisgyblu a Chwynion yn y gweithle hefyd yn nodi, wrth drafod cosbau megis diraddio, colli uwch statws a cholli cynyddrannau, gall y cosbau hyn ond gael eu rhoi os caniateir hynny yng nghontract y cyflogai neu gyda chytundeb y cyflogai. Tynnwyd sylw'r Prif Weithredwr a'r cynghorydd Adnoddau Dynol at hyn gan yr Ysgrifenydd a Phennaeth Llywodraethiant. Mae'n ansicr a oedd gan y panel yr awdurdod i ddod i'r casgliad hwn o ystyried y diffyg cylch gorchwyl a chylch gwaith yn y broses ddisgyblu.

- Nid yw'n glir pam nad ystyriwyd bod rhybuddion ysgrifenedig yn ddigonol. Roedd diffyg dealltwriaeth o ddifrifoldeb y gosb hon gydag opsiwn i gynnwys camau rheoli perfformiad. Mae hyn hefyd yn gyson â chanllawiau ACAS.
- Oherwydd y ffaith nad yw'r polisi disgyblu yn cyfeirio o gwbl at rôl y panel disgyblu, nid yw'n glir a oes gan y panel disgyblu gylch gwaith i wneud y penderfyniadau ynglŷn â chosbau. Roedd hyn yn cymylu rôl aelodau'r Bwrdd a ddaeth yn rhan o benderfyniadau a oedd yn ymwneud â rheoli'r Llyfrgell felly. Os nad oeddent yn cytuno â'r cynnig a gyflwynwyd iddynt yna gellid bod wedi dychwelyd yr achos i'r Prif Weithredwr a Llyfrgellydd i'w hailystyried. Cawsom wybod nad dyna oedd y cyngor a roddwyd i'r panel ar y pryd.
- Rydym ar ddeall y cafwyd trafodaeth faith ynglŷn â'r gwahanol gosbau posibl. Fodd bynnag, ni wnaed unrhyw asesiad ysgrifenedig cadarn o'r cosbau a oedd ar gael ac wedi'u rhestru yn y polisi disgyblu. At hynny, ni ddogfennwyd yn glir beth oedd y rhesymeg dros lefel y diraddio a ystyriwyd.
- Ceir cyfeiriadau anghyson at wrandawriad disgyblu yn nheithl nodiadau cyfarfod y panel disgyblu a'r llythyrau at yr unigolion ar ôl y panel disgyblu.
- Yn debyg i'r llythyr ar ôl y gwrandawriad disgyblu, ni nodwyd canlyniad y panel disgyblu yn glir o ran pahoniadau oedd wedi cael eu cadarnhau. Nid yw'n amlwg ar ba sail y penderfynwyd ar ddyfarniad o gamymddwyn difrifol.

## Panel Apêl

- Roedd cylch gorchwyl y panel apêl yn seiliedig ar y seiliau dros apelio a gyflwynwyd gan gynrychiolydd Undeb Llafur yr unigolion.
- Roedd yn amlwg nad oedd y Panel Apêl yn gallu ail-gynnal y gwrandawriad disgyblu na'r panel disgyblu a bod yn rhaid iddo ganolbwyntio ar y seiliau dros apelio.
- Yr unig ganlyniadau oedd ar gael i'r Panel Apêl oedd cadarnhau penderfyniad y panel disgyblu neu ei wrthod. Yn yr achos olaf, gallai'r gosb a gynigiwyd gan y panel disgyblu gael ei lleihau neu ei rhoi i'r neilltu, ond nid ei chynyddu.
- Ystyriodd y Panel Apêl ddifrifoldeb yr honiadau. Ystyriwyd canfyddiadau adroddiad caffael 2005 yr Archwilwyr Mewnol.
- Ar ôl ystyried y dadleuon a gynigwyd yn y gwrandawriad ac ar ôl cael cyngor proffesiynol, ni dderbyniodd y Panel Apêl fod y broses ddisgyblu wedi cael ei chymhwyso'n amhriodol neu ei bod yn ddiffygiol yn ei hanfod.
- Dyfarnodd y Panel Apêl fod lefel y diraddio yn llym a bod unrhyw swyddi a gynigiwyd yn ymddangos yn llai priodol i sgiliau a phrofiad yr unigolion. Felly, gofynnodd y Panel Apêl i'r rheolwyr ddod o hyd i swyddi mwy addas a diogelu eu cyflog i ryw raddau hefyd.
- Ni chafodd y Panel Apêl gyngor ynglŷn â risgiau diraddio o ystyried y ffaith nad oedd cytundeb gan y ddwy ochr. Ni chyfeiriwyd at God Ymarfer ACAS na chanllawiau ACAS.

## Tribiwnlys Cyflogaeth

- Cafodd y broses gyfan ei rheoli, ei threfnu a'i chydlynu gan y Prif Weithredwr a Geldards.
- Nid oedd unrhyw adroddiadau ffurfiol i'r Bwrdd na'r Uwch Dîm Rheoli ynglŷn â'r Tribiwnlys Cyflogaeth a'r risgiau cysylltiedig. Rydym ar ddeall mai dim ond diweddariadau ar lafar a roddwyd ar y mater. Gwnaeth y Prif Weithredwr a Llyfrgellydd yr holl benderfyniadau ar ei ben ei hun mewn ymgynghoriad â'r cynghorwyr cyfreithiol.
- Teimlai'r unigolion, a gynrychiolodd y Llyfrgell yn y Tribiwnlys Cyflogaeth eu bod wedi cael eu briffio'n dda a'u paratoi ar gyfer y gwrandawriad. Galwyd ar Gadeiryddion y ddau brif banel gwneud penderfyniadau: y panel disgyblu a'r panel apêl i roi tystiolaeth fel tystion. Galwyd hefyd ar y Prif Weithredwr i roi tystiolaeth o ystyried ei rôl helaeth yn y broses. Fodd bynnag, nid yw'n glir pam na ofynnwyd i rai aelodau o'r Uwch Dîm Rheoli a oedd wedi bod yn rhan o'r broses ddisgyblu fod yn dystion ar ran y Llyfrgell.
- Mae'r llythyr rhinweddau a ddarparwyd gan Geldards i'r Prif Weithredwr a Llyfrgellydd yn gyson â'r ffordd roedd wedi ymdrin â'r mater a'r cyngor a roddwyd drwy gydol y broses ddisgyblu.
- Cafodd y Llyfrgell ei chynrychioli gan yr un unigolyn o Geldards yn y Tribiwnlys Cyflogaeth. Cawsom wybod bod Geldards wedi codi'r posibilrwydd bod y Llyfrgell yn cael ei chynrychioli yn y gwrandawriad gan fargyfreithiwr allanol ond roedd y Prif Weithredwr a Llyfrgellydd o'r farn ei bod yn briodol parhau â'r gynrychiolaeth gan yr un partner o Geldards; eiriolwr tribiwnlys profiadol iawn. Nid ystyriwyd yn llawn y cyfle i gael pâr o lygaid newydd ac elfen o annibyniaeth.

- Roedd barnwr y Tribiwnlys Cyflogaeth wedi anghytuno â'r cyngor cyfreithiol a gynigiwyd i'r Llyfrgell. O ganlyniad i hyn, ni ddaeth Geldards i'r casgliad, hyd yn oed pe bai apêl wedi llwyddo ar yr agweddau technegol, na fyddai wedi arwain at ganlyniad llwyddiannus yn gyffredinol o ystyried pa mor gryf oedd y dyfarniad yn erbyn y Llyfrgell. Cyngorodd Geldards na ddylid apelio yn erbyn y penderfyniad o ystyried bod y Barnwr eisoes wedi penderfynu yn erbyn y Llyfrgell mewn perthynas â'r asesiad sylfaenol o degwch.
- Bu diffyg ystyriaeth ddifrifol hefyd o'r posibilrwydd o setlo'r hawliad a gwneud gwrthgynigion i'r unigolion y tu allan i'r llys cyn i'r Tribiwnlys Cyflogaeth ddigwydd. Ni chynhaliwyd unrhyw ddadansoddiad risg na chost a budd, er enghraifft i ystyried y niwed i enw da sefydliad sy'n gysylltiedig â cholli achos proffil uchel.
- Byddai wedi bod disgwyliad bod angen i'r Llyfrgell gael cymeradwyaeth Llywodraeth Cymru cyn y gellid cyflwyno cynnig i setlo. Fodd bynnag, er y cafwyd trafodaeth gychwynnol â Llywodraeth Cymru ynglŷn â'r achos ac er i'r Llyfrgell gael ei chynghori y byddai trafod setliad posibl â chynrychiolydd yr Undeb Llafur yn bragmatig, ni fu unrhyw ymgynghori ffurfiol â Llywodraeth Cymru ynglŷn â setlo'r achos tan ar ôl dyfarniad y Tribiwnlys Cyflogaeth.

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# Atodiad 3: Methodoleg

Rydym wedi mynd ati i gynnal yr adolygiad fel a ganlyn:

- Dechrau ar y prosiect - sefydlu cychwynnol, dod i adnabod tîm y Llyfrgell, a threfniadau rheoli prosiect a llywodraethu.
- Rhoi'r timau ar waith – gweithdy rhwng timau PwC a'r Llyfrgell er mwyn penderfynu ar y dull gweithredu i'w fabwysiadu'n derfynol.
- Casglu a dadansoddi data – er mwyn creu sylfaen tystiolaeth ar gyfer ein hargymhellion. Bydd hyn yn cynnwys gwerthuso'r dystiolaeth ddogfennol o ddyfarniad a barn y Tribiwnlys, o ymchwiliadau a phrosesau disgyblu mewnol y Llyfrgell ac o'r cyngor cyfreithiol a roddwyd i'r Llyfrgell.
- Cyfweld a herio - er mwyn cael mwy o ddealltwriaeth a herio'r canfyddiadau cychwynnol o'r ymarfer casglu a dadansoddi data er mwyn asesu digonolrwydd trefniadau llywodraethu a threfniadau eraill a llunio argymhellion ar gyfer y dyfodol. Caiff rhanddeiliaid allweddol yn y Llyfrgell eu cyfweld fel rhan o'r cam hwn.
- Dod i gasgliadau cychwynnol – byddwn yn dod i gasgliadau ar sail y dystiolaeth er mwyn gwneud argymhellion ar gyfer newid. Byddwn yn cyflwyno'r casgliadau cychwynnol hyn mewn gweithdy â rhanddeiliaid allweddol o'r Llyfrgell.
- Mireinio – ar ôl adborth gan rhanddeiliaid allweddol byddwn yn gweithio gyda thîm y Llyfrgell i fireinio ein hargymhellion.
- Cyflwyno adroddiad terfynol – caiff cyfres derfynol o ganfyddiadau ac argymhellion ei chyflwyno i'r Llyfrgell ar ddiwedd ein rhaglen waith.

Rhoddyd cyfle hefyd i Aelodau'r Bwrdd rannu unrhyw wybodaeth neu safbwyntiau a oedd yn berthnasol i gwmpas yr adolygiad.

## Cyfweliadau

Mae'r canlynol yn rhestr o gyfweliadau a gynhaliwyd fel rhan o'r adolygiad:

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Prif Weithredwr a Llyfrgellydd

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Cyfarwyddwraig Casgliadau

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Cyfarwyddwr Adnoddau Corfforaethol

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Llywydd Bwrdd yr Ymddiriedolwyr/Cadeirydd Panel Apêl

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Archwilwyr Mewnol

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Cynrychiolwyr cyfreithiol

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Cynghorydd Adnoddau Dynol

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Cyn-Bennaeth Adnoddau Dynol

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Cadeirydd y Panel Disgyblu

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Cynrychiolydd Undeb Llafur a'r ddau gyn-aelod o staff/hawlwyr

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Cadeirydd y Pwyllgor Archwilio

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Archwilwyr Allanol\*

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Y ddau aelod arall o'r Panel Disgyblu\*

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\* Cynhaliwyd cyfweliadau ychwanegol ar gais y Llyfrgell.

Nid yw PricewaterhouseCoopers LLP yn derbyn nac yn cymryd unrhyw atebolrwydd, cyfrifoldeb na dyletswydd gofal os bydd unrhyw un, ac eithrio (i) y derbynnydd bwriadedig i'r graddau y cytunwyd arnynt yn y contract perthnasol ar gyfer y mater y mae'r ddogfen hon yn ymwneud ag ef (os o gwbl), neu (ii) fel y cytunwyd arno'n benodol gan PricewaterhouseCoopers LLP yn ôl ei ddisgresiwn ei hun yn unig yn ysgrifenedig ymlaen llaw, yn defnyddio'r ddogfen hon neu'n dibynnu arni.

Os bydd yn ofynnol i chi ddatgelu unrhyw wybodaeth a geir yn yr adroddiad hwn, yn dilyn cais a dderbynnir o dan Ddeddf Rhyddid Gwybodaeth 2000 (fel y'i diwygir neu fel y'i hail-ddeddfir o bryd i'w gilydd) neu unrhyw is-ddeddfwriaeth a wneir oddi tani (yn gyfunol, y "Ddeddfwriaeth"), gofynnwn i chi ein hysbysu yn ddi-oed ac ymgynghori â ni cyn datgelu unrhyw wybodaeth o'r fath. Rydych yn cytuno i roi ystyriaeth ddyladwy i unrhyw sylwadau y gallwn eu gwneud mewn cysylltiad â datgeliad o'r fath gan weithredu unrhyw eithriadau perthnasol i wybodaeth o'r fath a allai fodoli o dan y Ddeddfwriaeth. Os byddwch yn datgelu unrhyw wybodaeth o'r fath, ar ôl ymgynghori â ni, dylech sicrhau y caiff unrhyw ymwadiad a gynhwyswyd gennym neu y dymunwn ei gynnwys yn y wybodaeth wedi hynny ei atgynhyrchu'n llawn mewn unrhyw gopiâu a ddatgelir.

(h) 2015 PricewaterhouseCoopers LLP. Cedwir pob hawl. Yn y ddogfen hon, mae "PwC" yn cyfeirio at yr aelod-gwmni yn y DU, a gall gyfeirio weithiau at rwydwaith PwC. Mae pob aelod-gwmni yn endid cyfreithiol ar wahân. Gweler [www.pwc.com/structure](http://www.pwc.com/structure) am ragor o fan. Tudalen y pecyn 27  
C15159

**PWC Independent External Review – Action Plan and Progress Template as at 24 September 2015**

Tudalen y pecyn 28

Recommendations for improvement	Responsible Officer	SRO	Draft/Pilot Date	Delivery date	Work programme	Progress	Status
<p>R1 Reviews and improves its Disciplinary Policy and procedure to:</p> <ul style="list-style-type: none"> <li>Clearly set out the processes that should be followed for matters relating to senior management.</li> <li>Outline the remit, conduct and powers of the Disciplinary Panel.</li> <li>Ensure that its processes and sanctions are in accordance with principles of the ACAS Code of Practice and guidance on discipline and grievances at work.</li> <li>Incorporate the ability for a wider range people to undertake disciplinary investigations relating to senior management.</li> <li>Specify the need for allegations to be clearly articulated within all correspondence to individuals. The outcome of decisions should also be articulated with explanations as to which allegations are being upheld and which are not.</li> </ul>	Pedr ap Llwyd Secretary and Head of Governance	Annwen Isaac HR Advisor ET	06.08.15 2 <sup>nd</sup> 27.08.15 Released to Unions on 4/10	Sept 2015	<p>Update current policy and benchmark against other institutions.</p> <p>Consult with ACAS officers during its revision.</p> <p>Seek Executive Team and Union approval.</p> <p>Ensure policy is in place and sign off by Board of Trustees.</p> <p>Staff awareness exercise.</p> <p>Consult and seek comments for Executive Team</p>	<p>Draft of updated policy currently being completed and to be considered by the Takforce on 6 August 2015.</p> <p>ACAS officers have endorsed the policy.</p>	Draft policy produced & consulting with Unions and staff
R2 Develops an up-to-date Fraud Policy and made available to all members of staff.	Pedr ap Llwyd Secretary and Head of Governnace	Pedr ap Llwyd ET	06.08.15 2 <sup>nd</sup> draft 27.08.15 Released to Unions on 4/10	Sept 2015	<p>Creation of new policy.</p> <p>Benchmark exercise.</p> <p>Consult with Executive Team and Unions.</p> <p>Seek Audit Committee and Board approval.</p> <p>Staff awareness exercise.</p> <p>Consult and seek comments for Eexecutive Team</p>	ACAS officers have endorsed the policy	Draft policy produced & consulting with Unions and staff
R3 Updates its whistleblowing policy to reflect changes in legislation. The Library should also take steps to raise awareness of the existence of this policy.	Pedr ap Llwyd Secretary and Head of Governance	Pedr ap Llwyd ET	06.08.15 2 <sup>nd</sup> draft 27.08.15 Released to Unions on 4/10	Sept 2015	<p>Update current policy and benchmark against other institutions.</p> <p>Consult with ACAS officers during its revision.</p> <p>Seek Executive Team and Union approval.</p>	Draft of updated policy currently being completed and to be considered by the Takforce on 6 August 2015	Draft policy produced & consulting with Unions and staff

					Ensure policy is in place and sign off by Board of Trustees.  Staff awareness exercise.  Consult and seek comments for Executive Team		
R4 Update the Library's performance standards procedure to accurately reflect its current staff appraisal process. The Library should also remind staff of the existence and significance of this procedure.	Pedr ap Llwyd Secretary and Head of Governance	Annwen Isaac HR Advisor ET	1 <sup>st</sup> draft 27.08.15 Released to Unions on 4/10	Sept 15	Draft of updated performance standards procedure in progress.  Seek the objective views of external advisor as to the appropriateness of the procedure.  Consult and seek comments for Executive Team	Draft of updated procedure presented to Task Force on 27 August 2015	Draft policy produced & consulting with Unions and staff
R5 Remind staff of the importance and benefit of using the Library's staff appraisal process and to formerly document areas of development. Additional training should also be provided to equip staff with the necessary skills and confidence to hold difficult decisions.	David Michael, head of Corporate resources Directorate	Annwen Issac HR Advisor ET	01.07.15	01.10.15	Additional staff training including the production of guidelines has been delivered to all staff during July 2015.	The 2014-15 staff appraisal procedure is currently being implemented	Completed
R6 Records clearly the nature of a declared interest in the minutes of Board and Audit Committee meetings.	Pedr ap Llwyd Secretary and Head of Governance		01.08.15	July 2015	Inclusion of declared interest in the minutes of each meeting.	Board and Audit minutes now include the nature of declared interest	Completed
R7 Ensures that procedures relating to the performance appraisal of the Chief Executive are followed and documented appropriately in line with the requirement for other members of staff.	Annwen Isaac HR Advisor	Pedr ap Llwyd	1 <sup>st</sup> draft 27.08.15 Released to the Unions	01.09.15	HR to work closely with the Board Officers to ensure conformity.	Draft presented to Task Force on 27.08.15	Completed
R8 Reviews the capacity of the HR function to ensure that it is appropriate to meet the future direction and challenges upon the organisation.	David Michael Head of Corporate Resources	Annwen Isaac  Pedr ap Llwyd	01.09.15	06.11.15	Develop recommendations for the Taskforce and Board to consider having paid due consideration to: (1) capacity and capability of	Discussion paper presented to Task Force on 10 July for full discussion on 27 August.  The Library is currently holding	Under review

	Directorate				the current arrangements; (2) role of Secretary and Head of Governance; (3) appointment of head of HR post; (4) use of external advisors; (5) partnership/sharing resources with other public bodies	discussion with external service providers.  The Secretary and Head of Governance, who is a qualified HR practitioner, will provide support to the HR unit.	
R9 Considers how it can strengthen the effectiveness of the Board of Trustees and develop more constructive relationships with Senior management. A formal Board and Senior Management development programme should be implemented to move effective governance forward at the top of the organisation.	Pedr ap Llwyd Secretary and Head of Governance	BofT ET	Discussion Paper presented to Task Force on 27/8	06.11.15	Board Effectiveness Review conducted in February 2015 identified areas for improvement.  Develop action plan that will address this specific recommendation and the main issues identified in the recent effectiveness Review.	Discussion paper presented to the Task Force on 27 August.	Ongoing
R10 Puts in place arrangements and performance indicators to monitor the performance of Internal Audit. A self- effectiveness review also needs to be undertaken by 2018 in accordance with the Public Sector Internal Audit Standards.	Chair of Audit Committee Pedr ap Llwyd Secretary and Head of Governance	DM ET	1 <sup>st</sup> draft 27.8.15	06.11.15	Audit Committee to agree Pls with Baker Tilley.  Revision of Audit Committee's TOR to particularly reflect this recommendation	To be agreed finally by the Audit and Risk Committee together with a revised TOR for the Committee.	Draft Framework produced & to be agreed with Audit and Risk Committee on 2 October 2015.
R11 Develops a core programme of training and development for its managers. This should include specific training on procurement and governance. Important areas of training should be made mandatory.	David Michael, Head of Directorate	Annwen isaac ET		06.11.15	This recommendation was identified prior to pwc's review and a programme is currently being delivered.		Programme agreed and external providers will be appointed before end of October 2015.



## Cynnydd yr Argymhellion – ac Amserlen a Thargedau

Tudalen y pecyn 31

		Targed 1	Targed 2	Targed 3	Targed 4
A1	Cyflwyno'r draft 1af ar ôl y Tasglu 1af	Cyflwyno'r 2il ddrafft i'r 2il Dasglu	Ymgynghori gyda'r Undebau/rhoi gwybod i staff		
A2	Cyflwyno'r draft 1af ar ôl y Tasglu 1af	Cyflwyno'r 2il ddrafft i'r 2il Dasglu	Ymgynghori gyda'r Undebau/rhoi gwybod i staff		
A3	Cyflwyno'r draft 1af ar ôl y Tasglu 1af	Cyflwyno'r 2il ddrafft i'r 2il Dasglu	Ymgynghori gyda'r Undebau/rhoi gwybod i staff		
A4	Heb ddechrau	Cyflwyno'r drafft 1af a thystiolaeth i'r 2il Dasglu	Ymgynghori gyda'r Undebau/rhoi gwybod i staff		
A5	Wedi cwblhau a pharhaus				
A6	Wedi cwblhau a pharhaus				
A7	Wedi cwblhau a pharhaus				
A8	Cyflwyno papur trafod i'r Tasglu 1af	Trafodaeth yn parhau	Ymgynghori gyda'r Bwrdd		
A9	Heb ddechrau	Cyflwyno papur trafod i'r 2il Dasglu	Cynhyrchu papur trafod ac argymhellion		
A10	Heb ddechrau	Cyflwyno Fframwaith Ddrafft i'r 2il Dasglu	Cyflwyno Fframwaith a Chylch Gorchwyl newydd i'r Pwyllgor Archwilio ar 2/10		
A11	Wedi cwblhau a pharhaus				

Targed Allweddol 1 = Cyfarfod y Tasglu 1af (Gorffennaf 2015); Targed 2 = Cyfarfod yr 2il Dasglu (27 Awst 2015); Targed 3 = Cyfarfod o'r Bwrdd (18 Medi);  
**Targed 4 = Cyfarfod o'r Bwrdd (7 Tachwedd 2015) – pan fydd yr holl argymhellion wedi'u cyflawni**

## Nodiadau

<b>Argymhelliad 1</b>	Mae'r Tasglu wedi adolygu a gwella Polisi a Gweithdrefn Disgyblu'r Llyfrgell. Rhyddhawyd copi drafft i'r Undebau ar gyfer ymgynghori ar 4 Medi 2015. Fe'i gosodwyd hefyd ar fewnrwyd y Llyfrgell ar 7 Medi i bob aelod o staff ei weld a rhoi sylwadau. Ceisiwyd arweiniad a chynghor gan Gill Mason o ACAS yn ystod y gwaith o ddrafftio'r polisi a gweithdrefn, er mwyn sicrhau fod y prosesau a sancsiynau yn unol ag egwyddorion Cod Ymarfer ACAS ar ddisgyblu a chwynion yn y gwaith. Nod y Tasglu oedd llunio Polisi newydd sy'n amlinellu'n glir y prosesau y dylid eu dilyn ar gyfer materion yn ymwneud ag uwch reolwyr ac sydd hefyd yn amlinellu'r cylch gwaith, ymddygiad a phwerau'r Panel Diswyddo, dwy agwedd ar y polisi blaenorol a gafodd eu beirniadu gan pwc.
<b>Argymhelliad 2</b>	Mae'r Tasglu wedi datblygu Polisi Twyll cyfredol a fydd ar gael i bob aelod o staff. Rhyddhawyd y polisi i'r Undebau ar gyfer ymgynghori ar 4 Medi 2015 a bydd yn cael ei roi yn fuan ar fewnrwyd y Llyfrgell, ar ôl ei chyfieithu, ar gyfer yr holl staff i'w gweld a gwneud sylwadau arno.
<b>Argymhelliad 3</b>	Mae'r Tasglu wedi datblygu Polisi Chwythu'r Chwiban i adlewyrchu'r newidiadau deddfwriaethol diweddar. Unwaith eto, rhyddhawyd y polisi i'r Undebau ar gyfer ymgynghori ar 4 Medi 2015 a bydd yn cael ei roi yn fuan ar fewnrwyd y Llyfrgell, ar ôl ei chyfieithu, ar gyfer yr holl staff i'w gweld a gwneud sylwadau arno. Bydd y Llyfrgell yn cymryd camau i godi ymwybyddiaeth o fodolaeth y polisi pan gaiff ei fabwysiadu'n ffurfiol.
<b>Argymhelliad 4</b>	Mae'r Tasglu wedi datblygu dogfen Polisi a Gweithdrefn Medrusrwydd a Pherfformiad Isel ar gyfer pob aelod o staff fel modd o ddiweddarau trefn safonau perfformiad y Llyfrgell i adlewyrchu ein proses presennol o werthuso staff yn gywir. Mae darpariaeth ar gyfer delio â medrusrwydd a pherfformiad isel ymysg aelodau'r Tîm Gweithredol, gan gynnwys y Prif Weithredwr a Llyfrgellydd, wedi ei chynnwys yn y ddogfen.
<b>Argymhelliad 5</b>	Mae hyfforddiant a chanllawiau wedi eu darparu i staff ynglŷn â'r broses gwerthuso flynyddol, sydd ar y gweill ar hyn o bryd.
<b>Argymhelliad 6</b>	Bellach, mae natur buddiannau a ddatganwyd yn cael eu cofnodi'n glir yng nghofnodion y Bwrdd a'r Pwyllgor Archwilio.
<b>Argymhelliad 7</b>	Mae'r Tasglu wedi dogfennu'r gweithdrefnau sydd yn ymwneud ag adolygiad perfformiad y Prif Weithredwr a Llyfrgellydd. Maent yn cydymffurfio â'r gofynion ar gyfer aelodau eraill y staff. Er mwyn sicrhau fod y gweithdrefnau yma'n cael eu dilyn, bydd Uned AD y Llyfrgell yn darparu cymorth a chefnogaeth i'r Llywydd pan fydd prosesau adolygu perfformiad yn digwydd yn y dyfodol.

<b>Argymhelliad 8</b>	Mae'r Tasglu wedi adolygu gallu'r swyddogaeth Adnoddau Dynol er mwyn sicrhau ei fod yn briodol i gwrdd â chyfeiriad a heriau'r dyfodol ar y sefydliad. Yng ngoleuni'r pwysau ariannol presennol ac yn y dyfodol, y gostyngiad yn nifer y staff a'r cymorth ychwanegol a ddarperir i Adnoddau Dynol gan yr Ysgrifennydd a Phennaeth Llywodraethiant, roedd yn anodd llunio achos dros benodi Rheolwr Adnoddau Dynol ar draul rhannau eraill o'r busnes. Fodd bynnag, bydd y Tîm Gweithredol yn darparu papur pellach gydag argymhellion a fyddai'n sicrhau bod y swyddogaeth Adnoddau Dynol yn cael cefnogaeth ac adnoddau digonol (mewnol ac allanol) i gyflawni ei rôl o fewn y Llyfrgell.
<b>Argymhelliad 9</b>	Mae papur trafod wedi ei baratoi gan yr Ysgrifennydd a Phennaeth Llywodraethiant ynglŷn â chryfhau effeithiolrwydd Bwrdd yr Ymddiriedolwyr a datblygu perthynas fwy adeiladol gydag uwch reolwyr. Roedd y papur hefyd yn ystyried mabwysiadu rhaglen ddatblygu i symud llywodraethiant effeithiol ymlaen ar frig y sefydliad. Mae cyfyngiad amser wedi atal y Tasglu rhag trafod y papur hwn.
<b>Argymhelliad 10</b>	Roedd y Tasglu wedi datblygu Fframwaith a pherfformiad o ddangosyddion i fonitro perfformiad Archwilio Mewnol. Bydd y Pwyllgor Archwilio a Risg sy'n cyfarfod ar 2 Hydref yn ystyried a yw'r trefniadau hyn yn ymdrin â phryderon pwc yn ddigonol. Mae'r Tasglu hefyd wedi adolygu cylch gorchwyl y Pwyllgor Archwilio a Risg, ac unwaith eto, bydd hyn yn cael ei ystyried gan aelodau'r Pwyllgor yn y cyfarfod nesaf.
<b>Argymhelliad 11</b>	Mae rhaglen graidd o hyfforddiant a datblygiad wedi ei ddatblygu ar gyfer rheolwyr. Mae'r rhaglen yn cynnwys hyfforddiant penodol ar gaffael a hyfforddiant. Mae cyflwyniad y rhaglen ar y gweill gan yr Uned Adnoddau Dynol.

**Public Accounts Committee**  
**Scrutiny of Accounts 2014–15: National Library of Wales**  
**Additional Information**

Following the Committee meeting held on 22 September, the National Library of Wales have sent in the following information regarding Geldards LLP:

1. Huw Williams, who's a Partner at Geldards LLP (<http://www.geldards.co.uk/huw-williams.aspx>) was appointed to the Library's Board of Trustees on 1 April 2010 for an initial period of 4 years and was reappointed on 1 April 2014 for a further (and final) period of 4 years.
2. In submitting his application on 17 November 2009 Huw Williams made the necessary declaration of interest and stated clearly that he was a Partner at Geldards who were solicitors to the Library and the Museum, where he was already a Trustee. A copy of this declaration is held on file.
3. Huw Williams is a Welsh Government appointee – a Ministerial appointment. Therefore, the "appointments" panel was in fact a nominations panel which would have had to sought Ministerial approval before the appointment could be confirmed.
4. Geldards LLP were last appointed as legal advisers to the Library (and as far as I'm aware, to the Museum as well) for a period of three years commencing on 1 September 2011 with an option to extend by one year by agreement. Their contract expired on 31 August 2015 from which point the National Procurement Framework will be used. However there are a number of legal cases that are still ongoing and they will continue to be handled by Geldards until their conclusion.

The ongoing legal cases are:

1. litigation relating to the fire
2. ITV archive
3. porters terms and conditions

4. employment issues relating to the Directors
5. personal injury claim from member of staff (legal papers issued)
6. personal injury claim from member of public.

September 2015

NFW Redundancies dates and amounts

Tudalen y pecyn 36

Name	Leaving Date	Redn (£)	Annual Salary (£)	Monthly Salary	Monthly Recovery Rate	
	27/03/2015	30,447	9,808	817.33	37.25	19616 FTE
	31/03/2015	19,120	19,616	1,634.67	11.70	
	31/03/2015	53,498	51,386	4,282.17	12.49	15613.50 Compensation
	10/04/2015	23,868	11,770	980.83	24.33	19616 FTE
	17/04/2015	73,655	25,111	2,092.58	35.20	
	17/04/2015	10,154	19,616	1,634.67	6.21	
	30/04/2015	32,158	12,556	1,046.33	30.73	25111 FTE
	30/04/2015	10,157	19,616	1,634.67	6.21	
	08/05/2015	60,958	19,616	1,634.67	37.29	
	31/05/2015	70,994	25,111	2,092.58	33.93	
	31/05/2015	19,017	38,208	3,184.00	5.97	
	30/06/2015	7,923	15,800	1,316.67	6.02	
	30/06/2015	92,890	29,849	2,487.42	37.34	
	30/06/2015	7,923	7,900	658.33	12.03	15800 FTE
	30/06/2015	77,960	25,111	2,092.58	37.26	
	30/06/2015	26,048	25,111	2,092.58	12.45	
	30/06/2015	10,174	19,616	1,634.67	6.22	
	30/06/2015	38,030	12,640	1,053.33	36.10	15800 FTE
	30/06/2015	40,417	15,800	1,316.67	30.70	
	30/06/2015	17,688	25,111	2,092.58	8.45	
	31/07/2015	61,878	25,111	2,092.58	29.57	
	31/10/2015	53,546	25,111	2,092.58	25.59	
	31/03/2015		55,876			
		<b>788,936</b>	<b>506,026</b>			
				-		
	17/10/2014	92,258	29,553	2,462.75	37.46	
	30/09/2014	77,756	24,862	2,071.83	37.53	
	31/10/2014	159,118	50,877	4,239.75	37.53	
	31/10/2014	50,938	24,862	2,071.83	24.59	
	10/10/2014	58,518	24,862	2,071.83	28.24	
	10/10/2014	71,081	24,862	2,071.83	34.31	
	30/09/2014	40,375	19,422	1,618.50	24.95	
	18/08/2014	44,202	29,553	2,462.75	17.95	
	12/09/2014	7,314	14,803	1,233.58	5.93	
		<b>601,560</b>	<b>243,656</b>			
		1,390,496				
		31				
		44,855				

# THE NATIONAL LIBRARY OF WALES: FRAMEWORK DOCUMENT

## Introduction

1. This Framework Document has been drawn up by CyMAL: Museums Archives and Libraries Wales (CyMAL) in consultation with the National Library of Wales (the Library). It sets out the broad framework within which the Library operates and details the terms and conditions under which the Welsh Ministers provide grant-in-aid to the Library. It does not cover the Library's private funds.

A comprehensive overview of public financial management arrangements in Wales is provided by *Managing Welsh Public Money*. Payment of grant-in-aid is conditional upon the satisfactory performance by the Library of all its obligations as set out in this document and such other conditions and requirements as the Welsh Ministers may, in accordance with section 70 (2) of the Government of Wales Act 2006, from time to time impose. The document shall be reviewed from time to time by the Welsh Government and the Library jointly but at no less than five yearly intervals. Copies of the document together with any subsequent amendments have been placed in the Library of the National Assembly for Wales (the National Assembly) and made available to members of the public via the National Library of Wales' website. The document has been signed and dated by CyMAL and the Library.

2. The Welsh Government and its WGSBs have agreed the following Principles to govern relations between them:

### **Governing Principles defining relations between Welsh Government Sponsored Bodies and the Welsh Government**

#### **Joint mission and purpose**

- 1. Delivering for Wales.** WGSBs play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. From the perspective of the Welsh Government, the primary role of a WGSB is to fulfil its statutory responsibilities and to meet objectives established by the Welsh Ministers using funds voted by the National Assembly of Wales. This relationship is conducted through a sponsorship arrangement managed on behalf of Ministers by the Welsh Government. WGSBs have diverse organisational forms, including charities and quasi-judicial bodies and can cover different jurisdictions beyond Wales. Whilst respecting this diversity, Ministers look to WGSBs primarily to deliver important functions and services for the people of Wales on their behalf.

- 2. Outcome focus and WGSB performance.** Within the constraints set by statute and Ministerial commitments, WGSB objectives will as far as possible be specified in terms of outcomes that are clear, relevant and challenging. To promote innovation and efficiency, WGSBs shall be given as much flexibility as possible in how these outcomes are achieved. Individual remit letters should be no more prescriptive than the WGSBs responsibilities require. However, the performance framework should assess the contribution of the WGSB in achieving outcomes.

### **Relationships between the Welsh Government and WGSBs**

- 3. Relationships defined by trust and risk.** The relationship between the Welsh Government and WGSBs should be based on trust and mutual respect, with a proportionate approach to risk. Where there is evidence of poor performance or weak governance, the Welsh Government will adopt a more prescriptive 'hands-on' approach to the relationship. The Welsh Government will ensure that its sponsorship functions perform effectively and meet the expectations set out in these principles.
- 4. Effective collaboration.** WGSBs are highly valued for their expertise and experience. WGSBs, the Welsh Government and the wider public sector recognise the importance of working together and building 'Team Wales', seeking opportunities for broader and deeper collaboration in policy development supporting each other and celebrating success. Opportunities to save money, identify efficiencies and improve effectiveness should be pursued energetically and jointly.
- 5. Effective communication.** WGSBs and the Welsh Government form an extended family and undertake to maintain a consistent, respectful and collegiate approach to dealing with each other in public and private. All parties undertake to strive for effective communication, to be as open as possible, to share information on a 'no surprises' basis and to manage contentious matters through dialogue and negotiation.

### **Governance and accountability**

- 6. WGSB chair and board.** The chairs of WGSBs are important figures in Welsh public life and will be appointed in accordance with the Code of Practice for Ministerial Appointments to Public Bodies. WGSB boards are accountable to Ministers for achieving the defined objectives, ensuring high quality corporate governance and for oversight of the WGSB executive, including the Chief Executive.



- 7. Primary role of the board in WGSB oversight.** Governance and the internal control regime should be a matter primarily for the WGSB board. The Welsh Government will rely on the board, internal audit and Wales Audit Office for assurance. The sponsorship role should focus on accounting for delivery of objectives and the management of relationships between the WGSB and the Welsh Government. Clear roles and expectations for Ministers, chairs, boards, executives, accounting officers, sponsorship divisions and auditors should be set out in the Framework Document.
- 8. Performance management.** Whilst we expect the norm to be good performance, effective governance and a respectful relationship, our approach must be capable of an effective response to poor performance or other problems. Where there is evidence of poor performance in relation to objectives, management of funds, board effectiveness or other aspects of governance, the Welsh Government has both the right and responsibility to become more involved and more prescriptive. Performance management will be risk-based, relying on evidence of robust internal control to support a lighter touch or alternatively to apply a stronger grip where risks are managed less satisfactorily.
- 9. Delegation.** Welsh Government and WGSB accounting officers remain jointly accountable for public funds spent through WGSB sponsorship. However, the routine sponsorship management regime should be only as prescriptive as necessary to be assured that public funds are managed correctly and that outcomes are being achieved cost-effectively. Financial responsibility will be delegated to the extent possible, consistent with Welsh Ministers and accounting officer responsibilities.
- 10. Responding to change.** In a changing world and with changing ministerial priorities, it may be necessary to reshape the functions and methods of service delivery of WGSBs or, where more appropriate, to review the continued relevance of their objects and constitutional arrangements. The Welsh Government may from time to time conduct in-depth organisational or thematic reviews to ensure that its WGSBs remain fit for purpose and to make proposals for reform.

3. In addition, the Library must ensure that, in carrying out its functions, it does so in a way that is consistent with the Welsh Government's Citizen-Centred Governance Principles which incorporate the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee):

- putting the Citizen First;
- knowing Who does What and Why;
- engaging with Others;
- living Public Service Values;
- fostering Innovative Delivery;
- being a Learning Organisation; and
- achieving Value for Money.

## **Contents**

### **1. Purpose of the National Library of Wales**

### **2. Governance and Accountability**

#### 2.1 Legal Origins of Powers and Duties

#### 2.2 Roles and Responsibilities

- Ministerial Responsibility
- Accountabilities and Responsibilities of the Principal Accounting Officer
- Sponsor Department's Additional Accounting Officer Accountabilities and Responsibilities
- Sponsor department
- Accountabilities and Responsibilities of the Librarian as WGSB Accounting Officer
- The Chief Executive's Role as Consolidation Officer
- The Library's Board of Trustees

#### 2.3 Accounting Arrangements and Audit

- Annual Report and Accounts
- Audit Committee
- Internal Audit
- External Audit
- Sponsor Department's Right of Access

### **3. Management Arrangements**

#### 3.1 General

#### 3.2 Library Staff

- Recruitment, Retention and Motivation of Staff
- Pay and Conditions of Service
- Pay Remits
- Staff Benefits and Non-Pay Rewards
- Pensions
- Redundancy, Severance and Compensation

#### 3.3 Planning Framework

- Budget Planning
- Business Planning

#### 3.4 Performance Management

- Exception Reporting

3.5 Periodic Review

3.6 Subsidiary Companies and Joint Ventures

#### **4. Financial Responsibilities**

4.1 Expenditure

- Borrowing, Lending, Guarantees and Investments
- Grants and Loans

4.2 Funding

- Private and Public Funds
- Income from Exchequer Sources
- Income from Non-Exchequer Sources

4.3 Cash Management

- Cash Balances
- Managing Receipts
- Virement
- Interest Earned on Cash and Bank Balances

#### **5. Other Financial Requirements**

5.1 Risk Management

5.2 Economy, Efficiency and Effectiveness – appraisal, research and evaluation

5.3 Insurance

#### **List of Annexes**

Annex 1	Essentials of Effective Sponsorship
Annex 2	List of Government-Wide Corporate Guidance and Instructions
Annex 3	Summary of Approval Requirements and Delegation Limits

## **1. Purpose of the National Library of Wales (the Library)**

- 1.1 The Library was established under the Royal Charter of 1907 with supplemental Royal Charters in 1911, 1978, 1988 and 2006 (the Charter). As a public body, it fulfils important responsibilities set within the context of the Welsh Government's strategic aims. Its main purpose is to collect, preserve and give access to all kinds and forms of recorded knowledge, especially relating to Wales and other Celtic peoples, for the benefit of the public, including those engaged in research and learning.
- 1.2 Its statutory objects are set out in the Charter. Its overall aims are set out in its strategy and annual operational plan.

## **2. Governance and Accountability**

### **2.1 Legal Origins of Powers and Duties**

- 2.1.1 The Library's powers and duties are set out in the Royal Charter. The Library is also a Registered Charity regulated by the Charity Commission.

### **2.2 Roles and Responsibilities**

#### ***Ministerial Responsibility***

- 2.2.1 The First Minister has allocated responsibility for the oversight of the Library to the Minister for Housing, Regeneration and Heritage (the Minister). The Minister generally exercises functions of the Welsh Ministers in relation to the Library. The Minister sets the policy framework for the Library and is accountable to the National Assembly for its activities. The Minister shall meet with the President and Librarian twice a year to review performance and discuss current and future activities.

#### ***Accountabilities and Responsibilities of the Principal Accounting Officer***

- 2.2.2 The Principal Accounting Officer for the Welsh Ministers is the Permanent Secretary to the Welsh Government. He/she has responsibilities specified by HM Treasury and is accountable to the National Assembly (through the National Assembly's Public Accounts Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:
  - the regularity and propriety of the Welsh Government's finances;
  - the keeping of proper accounts of the Welsh Ministers; and
  - the effective and efficient use of resources including the grant-in-aid voted to the Library under the Welsh Government's Annual Budget Motion.
- 2.2.3 The Principal Accounting Officer is also responsible for ensuring that the financial and other management controls applied across the Welsh

Government are appropriate and sufficient to safeguard public funds. He/she is assisted in these duties by the Director General for Sustainable Futures whom he/she has designated as an Additional Accounting Officer (AAO) and to whom he/she has delegated responsibility for the Library.

### ***Sponsor Department's Additional Accounting Officer's Accountabilities and Responsibilities***

2.2.4 The Director General for Sustainable Futures is the sponsor department's AAO. He/she is responsible to the Minister and the National Assembly for ensuring that financial and other management controls applied by the Library conform with the requirements of both propriety and good financial management. Accordingly, the AAO is responsible for ensuring that an adequate statement of the financial relationship between the Welsh Ministers and the Library is in place and is reviewed regularly; and for the quality of the Welsh Government's relationship with the Library.

2.2.5 The AAO is accountable to the National Assembly for the grant-in-aid awarded to the Library and for advising the Minister:

- on an appropriate framework of objectives and targets for the Library in the light of the department's wider strategic aims and key delivery and performance indicators.
- on an appropriate budget for the Library in the light of the sponsor department's overall spending priorities; and
- on how well the Library is achieving its strategic objectives within the policy and resources framework determined by the Minister and whether it is delivering value for money.

2.2.6 The AAO is also responsible for ensuring arrangements are in place to:

- monitor the Library's activities and its financial position through regular meetings and returns;
- address significant problems within the Library, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the department and the Library's objectives and activities;
- inform the Library of relevant government policy in a timely manner;
- bring to the attention of the Library's full board any concerns about the activities of the Library, requiring explanations and assurances that remedial action will be taken; and
- unless covered by the Charter designate the Librarian of the Library as its Accounting Officer.

2.2.7 The AAO has delegated responsibility for the day to day management of relations with the Library to the Director of CyMAL, the sponsor department within the Welsh Government

## ***Sponsor Department***

2.2.8 CyMAL is the primary contact for the Library. They are the main source of advice to the Minister on the discharge of his/her responsibilities in respect of the Library. They also support the sponsor department's AAO on his/her responsibilities towards the Library. Officials of the sponsor department will liaise regularly with WGSB officials to review the Library's financial performance against plans and the achievement against targets. The sponsor department will also take the opportunity to inform and explain wider policy developments that might impact on the Library. Further information about the sponsor department's responsibilities can be found at Annex 1.

## ***Accountabilities and Responsibilities of the Librarian as WGSB Accounting Officer***

### *General*

2.2.9 The specific responsibilities of a WGSB Accounting Officer are set out in the Welsh Assembly Government's Memorandum "The Responsibilities of an Assembly Government Sponsored Body (AGSB) Accounting Officer". As accounting officer the Librarian is personally responsible for the proper stewardship of the public funds for which he or she has charge; for the day-to-day operations and management of the Library; and for ensuring compliance with the requirements of Managing Welsh Public Money. The Librarian may be assisted in the exercise of his or her role by employees of the Library. The Librarian may also delegate the day-to-day administration of these responsibilities to those employees but remains responsible and accountable under this document.

### *Accountabilities to the National Assembly*

2.2.10 The WGSB AO is accountable to the National Assembly for the following:

- signing the accounts and ensuring that proper records are kept relating to the accounts;
- ensuring that the accounts are prepared and presented in accordance with any directions issued from the Welsh Ministers;
- signing a statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
- signing a Statement on Internal Control for inclusion in the Annual Report and Accounts;
- giving evidence, including attending hearings, on matters relating to the Library which arise before the National Assembly's Public Accounts Committee, other committees of the National Assembly, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for the Library's stewardship of public resources; and

- acting upon any recommendations of those committees that have been accepted by the Welsh Government.

#### *Accountability to the Sponsor Department*

2.2.11 The WGSB AO is accountable to the sponsor department for the following:

- establishing, in agreement with the sponsor department, the Library's corporate and operational plans;
- informing the sponsor department of progress in helping to achieve the department's policy objectives and demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the sponsor department; that the sponsor department is notified promptly if overspends or under spends are likely and that corrective action is taken;
- ensuring that significant problems are notified to the sponsor department as quickly as possible; and
- providing the sponsor department with such information about its performance and expenditure as the sponsor department may reasonably require.

#### *Responsibilities in respect of the Library's Board of Trustees*

2.2.12 He/she is also responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, relevant legislation, the Minister's annual Remit letter or other communication; and any other guidance that may issue from time to time;
- advising the Board on the Library's performance against its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions and that suitable financial appraisal techniques are followed;
- ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensuring that robust internal management and financial controls are introduced, maintained and reviewed regularly - including measures to protect against fraud and theft (such measures to incorporate a comprehensive system of internal delegated authorities); establishing procedures for handling complaints about the Library; and developing and maintaining appropriate personnel management policies, all of which shall be readily available to all staff; and

- taking action as appropriate in accordance with the terms of the accounting officer's memorandum if the Board or its President is contemplating a course of action involving a transaction which the Librarian considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, or, efficiency or effectiveness, questionable feasibility or is unethical.

### ***The Librarian's role as Consolidation Officer***

2.2.13 The Librarian is designated by HM Treasury as the Library's Consolidation Officer for the purposes of Whole of Government Accounts and must comply with the requirements of the Consolidation Officer Memorandum.

### ***The Library's Board of Trustees***

2.2.14 The arrangements for the appointment of the President, Vice President, Treasurer and Board members are set out in the Charter. 8 Board members, including the President and Vice President, are appointed by the Welsh Ministers after consultation with the Library. Such appointments are made in accordance with the Commissioner of public appointments' code of practice. <https://www.publicappointmentscommissioner.org/web-app/plugins/spaw2/uploads/files/Code%20of%20Practice%20August%202005.pdf>

### ***Collective Responsibilities***

2.2.15 The responsibilities of the Library's Trustees, as set out in this document, must be carried out with due regard to Charity Commission guidance (currently in the form of the publication RR7 'The Independence of Charities from the State').

2.2.16 The role of the Board is to:

- provide effective leadership; defining and developing strategic direction and setting challenging objectives;
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money;
- ensure that the Library's activities are conducted efficiently and effectively; and
- monitor performance to ensure that the Library fully meets its aims, objectives and performance targets.

2.2.17 To do this, the Board must ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. It must establish an Audit Committee chaired by a Board member with a proper understanding of audit processes (but not the President or Treasurer) to provide it with independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

2.2.18 The personal responsibility of the Librarian as Accounting Officer to ensure regularity, propriety and value for money in no way detracts from that of



members of the Board, who each have a duty to act in a way that promotes high standards of public finance and for ensuring that the Library's activities are conducted in an efficient and effective manner. They must not give the Librarian instructions which conflict with his/her duties as the Library's Accounting Officer.

2.2.19 In particular the Board is responsible for:

- establishing and taking forward the strategic aims and objectives of the Library consistent with its overall purpose and within the policy and resources framework determined by the Minister;
- ensuring that the Minister is kept informed fully of any changes that are likely to impact on the strategic direction of the Library or on the attainability of its targets, and of steps needed to deal with such changes;
- ensuring compliance with any statutory or administrative requirements in respect of the use of public funds; that the Board operates within the limits of its statutory authority or the terms of its governing instrument (as applicable) and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Welsh Government;
- ensuring that it receives and reviews regularly, financial information concerning the management of the Library; that it is informed in a timely manner about any concerns as to the activities of the Library; and that, where applicable, it provides positive assurance to the Minister via the sponsor department that appropriate remedial action has been taken to address any such concerns;
- demonstrating high standards of corporate governance at all times, including by using the audit committee to help the Board to address key financial and other risks; and
- appointing a Librarian in consultation with the Minister

2.2.20 The Board may, to the extent permitted by the Charter, delegate to staff responsibility for the administration of day-to-day management issues but it remains ultimately responsible and accountable for all those matters. The Library must maintain a list of matters which are reserved for decision by its Board as well as a scheme of delegation approved by the Board.

#### *The President's Personal Responsibilities*

2.2.21 The President's duties are set out in the Royal Charter and in the Terms and Conditions of Appointment. Communications between the Library Board and the Minister shall, in the normal course of business, be conducted through the President. The President shall ensure that other Board members are kept informed of all such communications. He or she is responsible for ensuring that the Board's policies and actions support the Minister's wider strategic policies and that its affairs are conducted with probity. Where

appropriate these policies and actions must be communicated and disseminated throughout the WGSB.

2.2.22 The Library's Royal Charter establishes the office of Vice-President with the ability to discharge the functions of the President during any vacancy in office, absence or illness.

2.2.23 The President has a particular leadership responsibility regarding:

- formulating the Library's strategies;
- ensuring that the Board, in reaching decisions, takes proper account of statutory and financial management requirements and all relevant guidance including guidance provided by the Welsh Ministers;
- promoting the economic, efficient and effective use of staff and other resources;
- ensuring high standards of regularity and propriety; and
- representing the views of the Board to the public.

2.2.24 The President must also:

- ensure that all Board members are briefed fully on the terms of their appointment and on their duties, rights and responsibilities;
- ensure that he or she, together with other Board members, receive appropriate training, including on the financial management and reporting requirements of public sector bodies and on the differences that might exist between private and public sector practice;
- ensure that the Board has a balance of skills appropriate to directing the Library's business, and advise the Minister, in instances where appointments are to be made by him or her, on the needs of the Library when Board vacancies arise;
- assess the performance of individual Board members in accordance with the arrangements agreed with the sponsor department;
- ensure that a Code of Practice for Board Members is in place consistent with the Welsh Government model Code.

#### *Individual Board Members' Responsibilities*

2.2.25 In undertaking their duties and responsibilities Board members shall:

- comply at all times with the Library's Code of Practice for Board Members, and with the rules relating to the use of public funds and conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;

- comply with the Library's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act always in good faith and in the best interests of the Library.

## **2.3 Accounting Arrangements and Audit**

### ***Annual Report and Accounts***

2.3.1 The statutory accounting and reporting requirements are set out in the Charter.

#### *Statutory Accounts*

2.3.2 Each financial year the Library must prepare accounts in accordance with the Accounts Direction issued by the Welsh Ministers, Section 9 (4) of the Museums and Galleries Act 1992 and the Charities SORP 2005. As soon as the audit of the accounts is complete, the Library shall submit to the Auditor General for Wales (AGW) the signed accounts together with a letter of representation. Two copies of the signed accounts shall also be forwarded to the sponsor department. The AGW shall lay the audited accounts before the National Assembly.

#### *Annual Report*

2.3.3 As soon as possible after the end of each financial year, the Library shall publish a report of its activities to permit the National Assembly, other clients and the public to judge its success in meeting its targets. The precise format of the published annual report will be discussed with the sponsor department.

2.3.4 The Annual Report must be submitted to the Minister prior to its formal publication. A draft of the report shall be submitted to the sponsor department at least ten working days before printing.

2.3.5 The annual report must:

- outline the Library's main activities and performance during the previous financial year;
- report on performance against key performance indicators and other deliverables and outline progress that has been made in taking account of the Welsh Government's cross-cutting themes;
- report on the activities of any corporate bodies under its control; and
- include either a summary of the Library's audited accounts or publish the full audited accounts within a single document.

2.3.6 A copy of the Annual Report must be laid before the National Assembly, after the accounts have been audited. The Report may not be published until after it has been laid before the National Assembly.

2.3.7 The Library shall liaise with the AGW and the sponsor department regarding the precise timetable for publication and laying of the Annual Report and the accounts.

### ***Audit Committee***

2.3.8 The Library must establish an Audit Committee to advise its Accounting Officer on the adequacy of arrangements within the Library for internal audit, external audit and corporate governance matters. The Library shall share with their sponsor department copies of the minutes of their Audit Committee meetings. The sponsor department also has a right to attend any meeting of the Audit Committee if circumstances require it.

### ***Internal Audit***

2.3.9 The Library must:

- establish and maintain arrangements for internal audit in accordance with the objectives, standards and practices described in HM Treasury's Government Internal Audit Standards;  
[http://www.hm-treasury.gov.uk/d/internalaudit\\_300409.pdf](http://www.hm-treasury.gov.uk/d/internalaudit_300409.pdf)
- if the function is provided in-house ensure that arrangements are made for external quality reviews of its internal audit at least once every five years and in accordance with Government Internal Audit Standards. The Welsh Government shall consider whether it can rely on these reviews to provide assurance on the quality of the Library's internal audit;
- each year, following approval by the Library's Accounting Officer and its Audit Committee, submit to the sponsor team the audit strategy, periodic audit plans and annual audit report, including the Head of the Internal Audit Service's opinion on risk management, control and governance; and
- notify the sponsor department as soon as possible of any changes to the terms of reference of its Internal Audit arrangements and/or its Audit Committee.

2.3.10 The Welsh Government shall:

- assess the effectiveness of the Library's internal audit arrangements by scrutiny of their plans for future activity, reports on past activity and its annual assurance report (as prepared by the Library's Head of the Internal Audit Service); and
- have a right of access to all documents prepared by the Library's internal auditor, including where the service is contracted out.

### ***External Audit***

2.3.11 The AGW is the Library's statutory external auditor under Section 9 (8) of the Museums and Galleries Act 1992.

- 2.3.12 In the light of new provisions contained in the Companies Act 2006 concerning the audit of public sector entities arrangements for the audit of any subsidiary companies established by WGSBs are currently under review.
- 2.3.13 The AGW shall send a copy of its final Additional Assurance Report and Management letter to the Additional Accounting Officer of the sponsor department. Under section 145 of the Government of Wales Act 1998 the AGW may carry out examinations into the economy, efficiency and effectiveness with which the Library has used its resources in discharging its functions. Under section 145A, the AGW may undertake studies designed to enable him or her to make recommendations for improving economy, efficiency and effectiveness in the discharge of functions of bodies, and other studies relating to the provision of services. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents. The Comptroller and Auditor General shall also have rights of access by virtue of section 136 of the Government of Wales Act 2006. In addition, the Library shall provide, in conditions to grants and contracts, for the AGW to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the AGW to any other documents required by the AGW which are held by other bodies.

### ***Sponsor Department's Right of Access***

- 2.3.14 Should the need arise the sponsor department has a right of access to all the Library's records and personnel for monitoring purposes including, for example, sponsorship audits and operational investigations.

## **3. Management Arrangements**

### **3.1 General**

- 3.1.1 Unless otherwise agreed in writing by the sponsor department the Library shall at all times follow the principles, rules, guidance and advice in Managing Welsh Public Money and this document, referring any difficulties or potential bids for exceptions to the sponsor department in the first instance. A list of the guidance and instructions with which the Library must comply is at annex 2.
- 3.1.2 The Library must ensure always that its relationship with the Welsh Government is recognised appropriately through the use of the Welsh Government's sponsor brand mark.
- 3.1.3 In pursuit of its aims the Library shall work closely with other organisations in Wales including the private sector, local authorities and the voluntary sector reflecting the commitments in the Welsh Ministers' partnership agreements with the voluntary, business and local government sectors.

## **3.2 Library Staff**

### ***Recruitment, retention and management of staff***

3.2.1 Within the arrangements approved by the Minister the Library is responsible for the recruitment, retention and motivation of staff subject to the following general requirements:

- in the recruitment, management and advancement of staff the Library will follow the principles and behaviours set out in Chapter 4 of Managing Welsh Public Money;
- the Library may determine its own structure with the exception of:
  - the creation or re-grading of any senior management post that reports directly to the Librarian;
  - any proposal to create a new post at, or to re-grade a post to, a level which is not already represented in the staff structure; or
  - any proposal to re-grade all posts at a particular grade.
- the Library may vary the total number of staff employed to reflect changes in the scale of its operations or functions. The associated pay and related costs must be adjusted accordingly and reflected within the Management Running Cost total unless otherwise notified to the sponsor department;
- subject to its delegated levels of authority, the Library must ensure that the creation of any additional posts does not incur forward commitments which shall exceed its ability to pay for them;
- staff management and development policies are in place which include arrangements for appraising the performance of staff and encouraging staff to acquire appropriate professional, management and other expertise;
- the Library will adopt a Code of Conduct for its staff;
- appropriate grievance and disciplinary procedures are established;
- appropriate arrangements are in place to deal properly with any staff concerns about improper conduct;
- proper consultation with staff takes place on matters affecting them.

### ***Pay and Conditions of Service***

3.2.2 All staff of the Library shall be subject to overall levels of remuneration and terms and conditions of service (including superannuation) as have been approved by the Minister. Any changes to those terms and conditions, including levels of remuneration, must be authorised by the Minister.

3.2.3 The Library has no delegated powers to amend its overall terms and conditions. However, the Library may vary individual contracts of employment without recourse to the Minister provided that any changes are

within the overall framework of the terms and conditions approved by the Minister.

- 3.2.4 Terms and conditions for staff of the Library are set out in its staffing documentation. Copies of this information must be provided to the sponsor department on request, and when substantially amended.

### ***Pay Remits***

- 3.2.5 The Library shall present to the sponsor department a detailed case for its annual pay remit for pay negotiations. The pay remit shall be in the format specified annually by the Welsh Government and must reflect the needs of the organisation for changes in pay, grading and other terms and conditions of service. The proposals must be fully costed and shown to be affordable in the year in question and subsequent years. The Library is expected to operate a system of pay that provides all staff with equal opportunity for progression.
- 3.2.6 The sponsor department must be satisfied that all pay arrangements have been subject to an equal pay audit and, in addition, will require evidence from time to time that there has been independent quality assurance that meets this requirement.

### ***Staff Benefits and Non-Pay Rewards***

- 3.2.7 In considering gifts or non-pay rewards to staff or board members the Library must take a view on whether such a course of action represents an appropriate use of public money. In devising staff benefits or non-pay reward schemes Library must pay attention to HM Treasury's "Regularity, Propriety and Value for Money".

### ***Pensions***

- 3.2.8 Staff of the Library shall be eligible to belong to the Library's own approved occupational pension scheme. Alternatively, they may opt out in favour of a State Second Pension or a personal pension scheme. Any proposal by the Library to move from the existing pension arrangements requires written approval in advance from the sponsor team.

### ***Redundancy, Severance and Compensation***

- 3.2.9 Any redundancy payments or payments of other compensation for loss of office must be made in accordance with a scheme approved by the sponsor department. Any proposals to make payments outside of an approved scheme require prior written approval from the sponsor department. Proposals on severance must comply with the rules set out in Chapter 4 of *Managing Welsh Public Money*.

### **3.3 Planning Framework**

#### ***Budget Planning***

- 3.3.1 The Welsh Government's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the National Assembly.
- 3.3.2 The Library shall co-operate with the sponsor department in providing the necessary assistance and information to the Welsh Government to take forward its budget planning decisions.
- 3.3.3 The Minister will confirm the amount of funding to be provided to the Library and any other relevant budgets as soon as possible, and normally no later than one month, after the final budget has been agreed by the National Assembly.

#### ***Business Planning***

##### *Remit Letters*

- 3.3.4 The Minister shall, by the end of the November before the financial year to which it relates, discuss with the Library a draft remit letter setting out the Government's policy aims and areas for key performance indicators. The final remit letter will be issued as soon as possible, and normally no later than one month, after the National Assembly has approved the final budget and shall include the voted grant-in-aid figure and related budgetary control totals.

##### *Corporate Plans*

- 3.3.5 The Library will produce a Corporate Plan or Strategy on a regular 3 to 4 year cycle. The Strategy should be developed reflecting the aims and objectives as set out in the Library's Charter, and within the general and specific framework set out by the Welsh Government, reflecting the Welsh Government's strategic agenda. The sponsor department shall be consulted on the issues to be addressed in the Strategy.

##### *Operational Plans*

- 3.3.6 The Library shall prepare an annual operational plan setting out the level of service to be achieved in key areas and the performance and output information that shall be collected to monitor progress. The operational plan will be informed by the Minister's remit letter, the Welsh Government's strategic agenda and the Library's Strategy, and Charter objectives. It is for the Board to determine the precise content of their plan, in consultation with the sponsor department.



### *Approval of Plans*

- 3.3.7 The timetable for the preparation and submission of the corporate and operational plans shall be agreed with the sponsor department. Both the corporate and operational plans will be approved by the Minister and made available to the public.

### **3.4 Performance Management**

- 3.4.1 The Library shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the targets set out in the corporate and operational plans. It shall inform the sponsor department of any changes that make achievement of objectives more or less difficult.
- 3.4.2 Each quarter, the Library shall provide a report to the sponsor department which sets out the progress towards meeting the key targets set out in the operational plan. The report must also include details of actual expenditure for the year to date against the approved budgets together with forecast expenditure figures for the year and explanations of any significant differences and issues. Wherever possible the reporting format will be consistent with the Library's arrangements for reporting to its Board.
- 3.4.3 The Library and the sponsor department shall meet once a quarter to discuss these progress reports. The President and Librarian will also meet the Minister twice a year to discuss progress.

### ***Exception Reporting***

- 3.4.4 The Library must notify the sponsor department as soon as it becomes apparent that:
- the full-year expenditure is likely to exceed its approved provision; or
  - it is likely to under spend by more than the equivalent of 3 per cent of its total grant-in-aid.
- 3.4.5 It shall also provide:
- an annual report of losses written-off and special payments made or sanctioned during the previous twelve months;
  - an annual report outlining all cases of fraud and theft to which it has been exposed.

### **3.5 Periodic Review**

3.5.1 As part of the programme of reviews of Welsh Government Sponsored Bodies for which it is responsible, the Welsh Government may conduct a review of the Library from time to time.

### **3.6 Subsidiary Companies and Joint Ventures**

3.6.1 The Library shall not establish subsidiary companies or joint ventures which involve setting up special purpose vehicles – such as companies, partnerships or any other structure with legal identity and liability – without securing the prior written approval of the sponsor department.

3.6.2 Any subsidiary company or joint venture controlled or owned by the Library shall be consolidated with it, as required by accounting standards and, unless agreed otherwise by the sponsor department, shall be subject to the controls and requirements set out in this document, and to any such other further provisions set out in pertinent guidance and instructions.

## **4. Financial Responsibilities**

### **4.1 Expenditure**

4.1.1 Subject to any restrictions imposed by the Charter, directions of the Welsh Ministers, or by this document, the Library may, as soon as its budget has been approved by the Minister, incur expenditure on the programme approved in its annual budget without further reference to the sponsor department, subject to the following conditions:

- the Library shall comply with the delegations set out in Annex 3. These delegations must not be modified or breached without the written agreement in advance of the sponsor department;
- the Library must obtain written approval in advance of proceeding with:
  - any proposal which could be considered to be novel, contentious or repercussive;
  - any change of policy or practice which has wide financial implications;
  - anything that might affect the future level of resources required; or
  - any significant change in the operation or funding of any initiative or particular scheme approved by the sponsor department;
- the Library shall follow the policy framework set out in Managing Welsh Public Money in relation to the procurement of goods and services;
- the Library shall resist requests for payment in advance except in exceptional cases where it is considered that some payment may be necessary. In such cases, the principles set out in Managing Welsh Public Money must be observed;

- the Library shall consult the sponsor department before entering into any property lease agreement. The sponsor department must also approve in advance any proposals to relocate or move to new accommodation;
- the Library must be open and transparent in its approach to gifts and have clear policies on disclosing information about, and the procedures adopted for, making any gifts.

### ***Borrowing, Lending, Guarantees and Investments***

- 4.1.2 The Library has powers covering borrowing, lending, guarantees and investments set out in its Charter. It shall not, in respect of its public funds, borrow (including temporary borrowing facilities in the form of a pre-arranged overdraft facility to bridge any gaps between long-term borrowing arrangements); lend; charge any asset or security; give any guarantee or indemnities; letters of comfort; or incur knowingly any other contingent liability (as described in Managing Welsh Public Money) whether or not in a legally binding form without the sponsor team's prior written consent,. All financial guarantees and indemnities given by the Library under the Charter must be covered adequately against un-drawn Assembly Public Expenditure Resources.
- 4.1.3 Nor shall the Library make any investments without securing the prior written approval of the sponsor department except in respect of short-term deposits of cash surpluses or investment of private funds.

### ***Grants and Loans***

- 4.1.4 All grants made by the Library must comply with the terms of Managing Welsh Public Money and be made subject to appropriate terms and conditions which provide adequate protection for the public purse. Terms and conditions must, for example, allow for phased payments, reinforce rights of access for Welsh Government officials and the Auditor General for Wales, ensure that Welsh Government's financial interests are adequately protected, and allow for clawback in certain circumstances, e.g. if grant monies are used other than for approved purposes.
- 4.1.5 All loan schemes must be managed under similar arrangements.

## **4.2 Funding**

### ***Private and Public Funds***

- 4.2.1 Donations, grants for research from non-public organisations, or bequests given to the Library are deemed to be private funds and are not covered by the terms of this document.
- 4.2.2 All the streams of income mentioned in the following paragraphs ('Income from Exchequer Sources' and 'Income from Non-Exchequer Sources'), shall be treated as public funds and the requirements of this document shall apply

equally to them. Funds received directly from the Welsh Government, other government departments, agencies and other public organisations or those funded primarily by the tax payer and any proceeds from the Library's commercial interests or activities all constitute public funds.

### ***Income from Exchequer Sources***

#### *Grant-in-aid*

- 4.2.3 The Welsh Ministers shall make payments to the Library of grant-in-aid. Grant-in-aid shall be paid in monthly instalments, on the basis of an application to the sponsorship team. This must be provided in the form of a financial statement as set out in the grant-in-aid drawn-down form and submitted by a person notified to the sponsor department as authorised to make the application. The Library may not draw down grant-in-aid in advance of need.

### ***Income from Non-Exchequer Sources***

- 4.2.4 The Library must seek as far as possible to maximise its receipts from sources other than the Exchequer where this is consistent with its functions and is in line with the operational plan. It may retain receipts up to the level set out in the budget/remit letter that are derived from, for example, proceeds from sale of land and buildings and other assets, grants given by the EU, grants given through lottery funds, any proceeds from the Library's commercial activities and those resulting from the sale of services into wider markets. Such activity must be undertaken in accordance with the terms of Managing Welsh Public Money and this document.
- 4.2.5 Proceeds from the disposal of an Exchequer financed asset worth £1 million or more must, however, normally be surrendered to the Welsh Government, unless agreed otherwise. Proceeds derived from the sale of other assets may be retained provided that they are used to finance other capital spending – this being expenditure on new construction, land, extensions or alterations to existing buildings and the purchase of any other discrete asset or collection of assets (e.g. machinery and plant), including vehicles, having an expected working life of more than one year – and provided that total receipts in the financial year do not exceed the limit set out in the budget/remit letter.

## **4.3 Cash Management**

### ***Cash Balances***

#### *In Year*

4.3.1 Cash balances accumulated during the course of the financial year from grant-in-aid or other Exchequer funds must be kept at the minimum level consistent with the efficient operation of the Library. If a cash surplus should occur, it must be placed on deposit until it can be used. The Library must seek to avoid holding a working balance in excess of the equivalent of 4 per cent of its total annual gross budget when it receives each month's instalment of grant-in-aid. Any funds exceeding that amount held by the Library as a working balance at the end of each funding period shall be taken into account in determining the amount of grant-in-aid to be paid in the following period.

#### *End of Year*

4.3.2 The Library shall be permitted to carry-over from one financial year to the next any drawn but unspent cash balances of up to 2 per cent of its agreed total gross annual budget (i.e. as set out in the remit letter and being exclusive of income deemed to be private funds). Any proposal to carry-over sums in excess of this amount must be agreed in writing in advance with the sponsor department on a case by case basis. Any sum carried-over in excess of the agreed amount shall be taken into account in the subsequent year's grant-in-aid. Any issued and unspent balance of the Library's Purchase Grant is not subject to any carry over limit.

### ***Managing Receipts***

4.3.3 If receipts realised or expected to be realised in the financial year are less than estimated the Library must ensure a corresponding reduction in its gross payments so that its authorised provision is not exceeded.

4.3.4 If receipts realised or expected to be realised in the financial year are more than estimated, the Library may apply to the sponsor department to retain such excess income for specified additional expenditure.

### ***Virement***

4.3.5 The Library may reallocate funds between its various budgets as notified by the Minister in the remit letter without the sponsor department's prior written agreement provided that:

- no budget is increased or decreased by more than 10 per cent or £100,000 whichever is the lesser amount;
- the reallocation is not between capital, near cash or non-cash budget lines; and

- in aggregate, the Library's net payments do not exceed the total approved Budget.

4.3.6 Notwithstanding the above, the Library's running costs/administration budget may not be increased without the sponsor department's prior written agreement.

### ***Interest Earned on Cash and Bank Balances***

4.3.7 All interest, net of any bank charges of tax payable on the interest, earned by the Library on its cash and bank balances which arise as a result of funding from the Welsh Government is to be surrendered to the Welsh Government so that it can, in turn, be paid to HM Treasury via the Welsh Consolidated Fund. For accounting purposes it is not possible to net off the interest from grant-in-aid. The interest earned must be treated on a separate basis. The Library may agree with its sponsor department how often it would prefer to pay the interest (e.g. monthly or annually) but the total amount received by the end of February each year must be paid by the end of the first week of March.

## **5. Other Financial requirements**

### **5.1 Risk Management**

5.1.1 The Library must develop a risk management strategy to ensure that any risks it assumes are dealt in accordance with the relevant aspects of guidance on best practice in corporate governance.

5.1.2 The Library must adopt and implement policies and practices to safeguard itself against fraud and theft.

5.1.3 The Library shall take reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or give grant or grant-in-aid, depending upon the particular circumstances of the procurement or grant scheme.

### **5.2 Economy, Efficiency and Effectiveness – appraisal, research and evaluation**

5.2.1 In order to ensure value for money, the Library must have in place appropriate systems, and the capacity, to ensure that its policies and programmes are evidence based in relation to their development, implementation and evaluation.

5.2.3 The Library shall review its services and activities on a regular basis and shall set out in its annual business plan the measures being put in place to drive through and maximise efficiencies.

5.2.4 The Library must also ensure that its approach to carrying out appraisals and evaluations shall be fully consistent with the principles set out in guidance.

**5.3 Insurance**

5.3.1 The Library shall not take out any insurance, other than cover which is required by statute, without receiving express written approval in advance from the Welsh Government.

The terms of this Framework Document were approved by the Director General for Sustainable Futures, Welsh Government, as Additional Accounting Officer, on 27 September 2011.

Signed.....Linda Tomos.....

Linda Tomos, Director, CyMAL: Museums Archives and Libraries Wales

Dated.....29 September 2011.....

Signed.....Andrew Green.....

Andrew Green, Librarian, National Library of Wales

Dated.....29 September 2011.....

## Annex 1

### Essentials of Effective Sponsorship

The principles which define the working relationship between a sponsoring department and its sponsored body are set out in the introduction to this Framework Document.

The aims of sponsorship are to:

- Foster a relationship with the sponsored body which is based on mutual trust and respect and open and honest communication.
- Ensure that the strategic aims and objectives of a sponsored body reflect and promote the wider strategic objectives of the Welsh Government.
- Provide the sponsored body with the support and guidance it requires or may request to achieve its objectives.
- Encourage and promote high standards of corporate governance and financial accountability within the organisation to ensure its efficient and effective operation.

The functions of WGSB sponsorship that underpin these principle aims are set out in this Framework Document, which defines the relationship between the sponsor department and the WGSB for which it has responsibility. The functions are listed in Appendix A.

Sponsor departments need to strike a balance between control, and allowing WGSBs to operate independently on a day-to-day basis, as was the intention in setting up the body as arms length organisations. They need to ensure that the relationship is an effective one, with each partner enabling and supporting the other in the achievement of Ministerial objectives. Sponsor departments and WGSBs also need to make sure that they share information and best practice in a relevant and timely way, and seek out opportunities to work together more effectively.

The following paragraphs attempt to summarise the more important attributes that help to ensure that the sponsorship role can be performed as effectively as possible.

#### Clear Understanding

**Of the corporate governance framework within which WGSBs operate:** a good knowledge of how the operational and business planning and annual remit setting process works and links with the Welsh Government's strategic aims and objectives; and group/divisional and branch planning. Ensuring that the WGSB understands the monitoring process and what is expected of them.

**Of the financial accountability framework within which both the sponsor department and the WGSB operated:** a clear knowledge of the respective roles and obligations set out in the Framework Document; the relevance and



importance of the audit process including management letters and additional assurance reports; the sensitivity of Audit Committee recommendations and their implementation;

**The operational role and structure of the WGSB** together with an appreciation of the problems it faces or perceives it faces and clear roles, responsibilities and accountabilities between the sponsor team and the WGSB.

### **Assessment of Risk**

**A clear and ongoing assessment of the risks involved in the sponsorship relationship and a strategy for dealing with them:** for instance risks, specific or generic, arising from the nature of the WGSB's role (e.g. *differing risks associated with different bodies*). Also, specific risks relating to financial management identified in management letters; a pattern of failure in meeting strategic targets; or identifiable "blind spots" in terms of communication, which may require the sponsor team to take a more hands on role in the oversight of the WGSB.

### **Effective Communication**

**A clear structure for formal communication:** in respect of data which is of mutual benefit and regular operational and business planning and the formal reporting and monitoring arrangements that fall out of these. This may include sponsorship meetings and meetings between the Chief Executive and members of the sponsor department or Director General, as appropriate, to review performance and discuss cross cutting or arising issues.

**A culture of frequent but not intrusive informal communication:** is important in helping to build confidence and trust, which in turn can engender openness and a willingness to share and resolve problems at an early stage. This should include informal communication between the Chief Executive and members of the sponsor department or Director General in addition to dialogue between officers. Annual information sharing/networking events should be considered, giving opportunities for policy and delivery colleagues to meet, share best practice and develop working relationships.

**There is good senior level involvement:** to ensure good strategic direction, and to reflect commitment to the relationship.

**Effective internal communication:** knowing who to contact within the Welsh Government for advice on issues such as budgeting; propriety; procurement and personnel issues: and a willingness to do so.

**Inclusive policy development:** an appropriate level of involvement in any policy development should be secured for the WGSB, with regular dialogue and communication continuing throughout the process.

## **Establishing an Authoritative Presence**

The sponsorship department should act as the principal access point to the Welsh Government for the WGSB and act as a source of authoritative advice (even if that advice is acquired from elsewhere). A willingness to take ownership of such advice in communication with the WGSB is vital. Understand the communications you are passing on and be prepared to give advice.

**Challenge and Scrutiny:** make clear that properly structured and robust questioning of the WGSB is an essential part of the role, in support of public accountability, but this should be at a strategic rather than operational level, to avoid micro-management. Analyse proposals and make informed recommendations to third parties (e.g. Accounting Officers and Ministers).

**Link with Ministers:** establish agreement with Ministers on what the WGSB is meant to achieve then advocate its position firmly and with integrity.

## **Skills**

**Effective Training:** Effective reciprocal induction training and specific effective sponsorship training (jointly with WGSB personnel where possible).

Consideration of the appropriateness of: desk training; short-term acclimatisation job-swaps; secondments or work shadowing; to aid understanding of roles and challenges.

## **Appendix A**

### **Sponsor Function Set Out In Model Framework Document**

- submission of advice to relevant Welsh Ministers and provide briefing for relevant Assembly committees on WGSB matters;
- receive and act on information provided by the WGSB under the framework document;
- check claims for, and if satisfied, authorise payment of grant-in-aid (GIA);
- communicate the Welsh Government's policy to the WGSB and advise on the interpretation of policy;
- advise Ministers on performance targets and indicators that are clear relevant and challenging;
- monitor and review WGSB performance against targets, reporting to Ministers and Assembly Committees as appropriate;
- advise Ministers on expenditure priorities and appropriate levels of GIA;
- monitor WGSBs financial position and performance against plans through regular meetings with and returns from WGSBs; and reporting to Ministers and appropriate Assembly Committees;
- issue guidance to WGSBs.

## Annex 2

### List of Government-Wide Corporate Guidance and Instructions

- this document;
- the Minister's annual Remit Letter to the Library;
- Managing Welsh Public Money;
- the Welsh Assembly Government Memorandum "Responsibilities of an Assembly Government Sponsored Body (AGSB) Accounting Officer";
- HM Treasury's Consolidation Officer Memorandum;
- Library's Accounts Direction;
- Corporate Governance in Central Government Departments: Code of Good Practice;
- HM Treasury's "Government Internal Audit Standards";
- HM Treasury's "Managing the Risk of Fraud";  
[http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf)
- HM Treasury's "Executive NDPBs - Annual Reports and Accounts Guidance";
- HM Treasury's "Departmental Banking: A Manual for Government Departments" (issued as Annex 5.7 of "Managing Public Money");  
[http://www.hm-treasury.gov.uk/d/mpm\\_annex5.7.pdf](http://www.hm-treasury.gov.uk/d/mpm_annex5.7.pdf)
- HM Treasury's "Regularity, Propriety and Value for Money"  
[http://www.hm-treasury.gov.uk/d/Reg\\_Prop\\_and\\_VfM-November04.pdf](http://www.hm-treasury.gov.uk/d/Reg_Prop_and_VfM-November04.pdf)
- HM Treasury's "Green Book – Appraisal and Evaluation in Central Government";  
[http://www.hm-treasury.gov.uk/d/green\\_book\\_complete.pdf](http://www.hm-treasury.gov.uk/d/green_book_complete.pdf)
- HM Treasury's Audit Committee Handbook;  
<http://www.hm-treasury.gov.uk/d/auditcommitteehandbook140307.pdf>
- Cabinet Office's "Magenta Book – Guidance Notes on Policy Evaluation";  
[http://www.nationalschool.gov.uk/policyhub/magenta\\_book/index.asp](http://www.nationalschool.gov.uk/policyhub/magenta_book/index.asp)  
<http://www.nationalschool.gov.uk/policyhub/docs/profpolicymaking.pdf>
- Cabinet Office's Code of Practice for Public Bodies;
- the UK Evaluation Society's "Guidelines for Good Practice in Evaluation";  
<http://www.evaluation.org.uk/resources/guidelines.aspx>
- UK Statistics Authority's "Code of Practice for Official Statistics" and its associated protocols;  
<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>

- Health and Safety Commission/Department for the Environment and the Regions' "Revitalising Health and Safety";  
<http://www.hse.gov.uk/revitalising/strategy.pdf>
- extant "Chief Executive Officer" letters;
- extant "Dear Accounting Officer" letters;
- extant "Dear Consolidation Officer" letters;
- Management letters from external auditors;
- other relevant instructions and guidance issued by the Welsh Ministers;
- those recommendations of the National Assembly's Public Accounts Committee, other Committees of the National Assembly; the House of Commons Committee on Public Accounts, other Parliamentary Committees or Parliamentary authority that have been accepted by the Welsh Government which are relevant to the Library.

In addition, in the conduct of its business the Library shall ensure, inter alia, that:

- it conforms with the terms of its Welsh Language Scheme;
- its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote and facilitate the use of the Welsh language as set out in the Welsh Government's strategy as published from time to time;
- its functions are exercised with due regard to the principle that there should be equality of opportunity for all people;
- it adopts and maintains a scheme, approved by the Information Commissioner, for the publication of information as required by the Freedom of Information Act;
- its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote sustainable development and its guiding principle of promoting social inclusion;
- its functions are exercised with due regard to the Welsh Government's Disability; Gender; and Race Equality Schemes;
- it follows the approach to openness set out in the Welsh Government's Code of Practice on Access to Information;
- it has due regard to the Commissioner for Public Appointment's Code of Practice for Ministerial Appointments to Public Bodies;
- its procurements are effected with due regard to the principles set out in the Welsh Government's Value Wales Procurement Route Planner.

As regards openness, where practicable and appropriate, the Library shall be expected to hold its meetings in public. At least one meeting per year must be an open meeting. Where practicable and appropriate, the Library shall release summary reports or make minutes of its meetings publicly available.

As regards health, safety and welfare, the Library must:

- comply with all relevant statutory duties in respect of health, safety and welfare as they relate to all its functions, projects, programmes and activities;
- require organisations that it funds and any contractors and sub-contractors to those organisations to comply similarly; and
- comply fully with UK Government policy on health, safety and welfare.

## ANNEX 3

### SUMMARY OF APPROVAL REQUIREMENTS AND DELEGATION LIMITS

Subject	Delegation Limit
Appointment of Chief Executive	<b>in consultation with the Minister</b>
Staff remuneration and terms and conditions	<b>Amendments to overall terms and conditions require Ministerial approval</b>
Pension arrangements and payment of redundancy or compensation	<b>Approval of sponsor department</b>
Corporate and Operational Plan	<b>Ministerial approval</b>
Establishing new subsidiary companies and joint ventures	<b>Approval of sponsor department</b>
Virement outside of specified limits	<b>Approval of sponsor department</b>
Novel, contentious or repercussive proposals	<b>Approval of sponsor department</b>
Any borrowing, lending, guarantees, indemnities or investment	<b>Approval of sponsor department</b>
Capital projects	<b>£500k on buildings, maintenance, fixed assets, IT and land</b>
Consultancy contracts	<b>£50k per project unless included in wider pre-approved scheme</b>
Single tender departures	<b>£50k</b>
Gifts, prizes etc	<b>£100 per gift, £1k p.a.</b>
Hospitality	<b>Costs for hospitality to support essential Library business should be kept at a minimum level appropriate to the Library</b>
Sponsorship	<b>£2k</b>
Losses (e.g. bad debts or loss of assets) and special payments	<b>£2k per case; £10k aggregate in single financial year</b>
Disposal of assets	<b>Sponsor department approval required for disposal of assets over £10k in value</b>
Retention of receipts over and above limit set out in remit letter	<b>Approval of sponsor department</b>
Carry-over	<b>In-year – 4% of total annual gross budget End-of-year – 2% of total annual gross budget (Note purchase grant exception in 4.3.2)</b>
Insurance	<b>Sponsor department approval required for all insurance except cover required by statute</b>

<b>Purchases for the collections</b>	<b>£250k as the Library's contribution towards the total cost of an individual item</b>
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## National Library of Wales - Private Funds Investment Policy 2015-20

### Background

The Library is required by the Charity Commission to have a reserves policy.

### 1. General Objectives

1.1 The objectives for the Library's private funds portfolio are to supplement the funding provided by the Welsh Government in the following areas:

- To finance the acquisition of capital assets including equipment, buildings and computer hardware and software
- To supplement the Collections Purchase Grant to enable the Library to fulfil its collections policy
- To supplement the revenue costs of providing the Library's services
- For restricted funds, to apply the funds in accordance with the terms of the bequest

1.2 The Library seeks to invest its funds in order to create sufficient income and capital growth to meet the above purposes year by year, with due and proper consideration for future needs. The Library's portfolio of investments will be balanced between income generation and capital growth according to an assessment of investment risk (detailed in section 2 below). The current asset allocation percentages are detailed in section 5.2 of this document.

1.3 The Library's Charity Reserves Policy will be to maintain a level of private funds sufficient to produce income to finance revenue costs of around £200K, but it will also allow the total value to appreciate in order that these fund area available to provide a substantial contribution towards large capital projects, and may indeed be used as match funding in order to leverage additional funds. Currently it is envisaged that the portfolio would operate within a floor of around £4M to a ceiling of £10M. At 31 March 2013 the value was around £6M.

### 2. Risk

2.1 In deciding on the returns that the Library requires from its portfolio, and the balance between capital growth and income, the Library is prepared to accept that there will be risks attached to the investment of funds above that of simply placing cash on deposit. The Library is prepared to accept these provided that they are within acceptable levels.

2.2 The Library's appetite for investment risk could best be described as "moderate". The Library is willing to accept that in order to achieve higher returns risks must be taken, but the Trustees will also consider the Library's position as a charity largely funded from government grant and consequently the standards of stewardship that are implied. The risks of investment will therefore be tempered by:

- **Asset allocation** - an asset allocation strategy that does not overly expose the funds to variances in on particular sector of the investment spectrum – i.e. a balance will be struck between the amount of bonds, equities, cash and other investments including property, and UK and non-UK investments (see section 5.3)

- **Quality of investments** - the Library will only consider high quality investments such as gilts and investment grade bonds, or FTSE 350 equities and collectives (see section 5.1).

For the purposes of this policy, “high quality” equities are to be defined as those companies that exhibit a long term track record of operating a business with appropriate levels of corporate governance that give assurance that management will carefully manage their risks.

### 3. Estimated Expenditure

3.1 The Library may draw upon capital or income without distinction. Expenditure for the next 6 years to be drawn from the portfolio, net of incoming legacies and bequests, is estimated as follows:

	£
2013/14	300,000
2014/15	350,000
2015/16	700,000
2016/17	1,250,000
2017/18	150,000
2018/19	150,000

Greater demands will be made of private funds in 2015/16 and 2016/17 in order to finance the proposed conservation centre.

### 4. Dividends and Interest

4.1 All surplus income may be reinvested within the portfolio.

### 5. Investment Selection and Asset Allocation Policy

5.1 The Library’s private funds must be invested in accordance with the Trustee Act 2000. The funds will be invested in a broad range of fixed interest and index linked bonds – gilts and investment grade corporate bonds. Equities will be included within the FTSE 350 index. Exposure to overseas markets (i.e. outside the UK) and specialist areas such as small companies, technology, pharmaceuticals, property, etc, will be via unit trusts, open ended investment companies and investment trusts which are authorised under the Financial Services and Markets Act .

5.2 The standard criteria governing the investment of the funds will be:

- Objective: balance between growth and income
- Risk: medium
- Mandate: discretionary

5.3 The portfolio mix will fall within the following broad planning ranges for asset allocation:

	%
UK Equities	40-60
Non-UK Equities	10-20
Fixed Interest	25-50
Other Assets	0-10
Cash	0-20

5.4 No initial investment should exceed 10% of the total value of the funds under management and the total sum of all equity holdings in excess of 5% must not be equal to or exceed 40% of the funds value at any time

5.5 Investments in negotiable instruments known as “derivatives” are not permitted in any circumstances.

5.6 In accordance with Charity Commission guidance, there is no particular case to exclude investment in any company on the grounds that their activities would be in conflict with the objectives of the Library. As a charity the Library has a duty to deliver the best overall return from its investments in order to continue the furtherance of its objectives.

5.7 However, having carefully considered the issue of ethical investments the Library has decided that it would not wish to invest directly in any companies that would pose a significant reputational risk in respect of its status as a responsible national institution.

5.8 Consequently, while not preventing investment in any particular company, the Library requires the investment manager to consider the possible damage to its reputation in respect of companies that involve products or activities that are either wholly, or significantly involved in the following areas:

Military

Alcohol

Gambling

Tobacco

Pornography

Animal welfare

Environmental damage and pollution

Genetic engineering

Employee exploitation

Unethical or immoral activities that are carried out as part of an otherwise legitimate business

5.9 The Library’s expectation is that, prior to investment in any company, the investment manager will use their knowledge of businesses operating in these areas to assess potential ethical issues that would represent a significant risk to the Library’s reputation. It is not the Library’s expectation that the investment manager will be able to anticipate all the ethical issues that may arise, but that in assessing the decision to invest or not in a business that the possible consequences of ethical issues not just on the value of the investment, but also the ability of the Library to justify why such an investment was deemed appropriate at the time, is taken into account.

## **6. Investment Manager**

6.1 The investment manager will; be required to confirm that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, to be appointed as investment manager with delegated discretionary powers of investment, subject to the scope and limitations above. They will confirm, by signing this memorandum, that they will comply with the policy and arrangements, including the

reporting requirements set out below, and that they will not depart from them save with the express approval of the Library.

6.2 Remuneration – will be decided as part of the contract arrangements..

6.3 AAF Assurance Report on Internal Controls – the investment manager will produce this report in respect of its nominee company annually.

6.4 The investment manager will provide evidence of the firms insurance cover on request

## **7. Reporting requirements**

7.1 The investment manager will attend meetings with the Library at regular intervals to be agreed separately, but would receive monthly reports in respect of the following:

- A full listing of the investments with details of their cost, current market value, estimated income and income yield
- Statistics detailing the fund's performance
- Details of purchases, sales and realised gains and losses since the previous report
- Details of any non-market transactions, rights issues, capitalisations, etc
- Review of any outlook for the markets
- Fund Managers' monthly comment

7.2 The Treasurer and Director of Corporate Services will scrutinise the investment portfolio annually at a meeting with the investment manager. The Board of Trustees will receive a report from the investment manager annually.

## **8. Cash Deposits**

8.1 Cash deposits are placed with approved banks with suitable credit ratings  
Cash deposits may also be retained by the investment manager as part of the investment portfolio.

## **9. Custody**

9.1 The investment manager will provide the Library with sufficient evidence of satisfactory custodial arrangements.

## **10. Benchmarking**

10.1 The performance of the fund will be measured against an agreed benchmark

## **11. Annual Review**

The foregoing policy and arrangements will be reviewed at least annually by the Trustees

## **12. Authorised Parties**

Investec Ltd are authorised by the Trustees to take instructions regarding the portfolio from the following members of staff:

- Director of Corporate Services
- Librarian

Agreed by:.....

Date:.....

On behalf of the National Library of Wales, Penglais, Aberystwyth, SY23 3BU

Countersigned:.....

Date:.....

On behalf of Investec Ltd, 2 Gresham Street, London, EC2V 7QN

Date of version: August 2013



Tudalen y pecyn 76

ARIANNU  
A CHYLLID

## Elusennau a chronfeydd wrth gefn



## Y Comisiwn Elusennau

Y Comisiwn Elusennau yw rheolydd annibynnol elusennau yng Nghymru a Lloegr. Ei nod yw rheoleiddio elusennau yng Nghymru a Lloegr yn y ffordd orau bosibl er mwyn cynyddu effeithiolrwydd elusennau a ffydd a hyder y cyhoedd. Mae'n rhaid i'r rhan fwyaf o elusennau gofrestru gyda'r Comisiwn, ond nid oes rhaid i rai mathau arbennig o elusennau gofrestru. Mae tua 180,000 o elusennau cofrestredig yng Nghymru a Lloegr. Mae'r fframwaith yn wahanol yn yr Alban, ac nid yw'r Comisiwn yn rheoleiddio elusennau'r Alban.

Mae'r Comisiwn yn darparu amrywiaeth helaeth o gyngor a chanllawiau i elusennau a'u hymddiriedolwyr, ac yn aml iawn gall helpu i ddatrys problemau. Mae'n rhaid i elusennau cofrestredig sydd ag incwm blynyddol o fwy na £10,000 roi gwybodaeth flynyddol i'r Comisiwn. Mae pwerau eang gan y Comisiwn i ymyrryd ym materion elusen pan fydd pethau wedi mynd o'i le.

## Cynnwys

<b>A.</b>	<b>Cyflwyniad</b>	<b>2</b>
<b>B.</b>	<b>Y prif bwyntiau am gronfeydd wrth gefn elusen</b>	<b>6</b>
<b>C.</b>	<b>Deall cronfeydd wrth gefn a'r angen am bolisi cronfeydd wrth gefn</b>	<b>7</b>
<b>Ch.</b>	<b>Esbonio cronfeydd wrth gefn yn yr adroddiad blynyddol</b>	<b>16</b>
<b>D.</b>	<b>Cwestiynau eraill am gronfeydd wrth gefn</b>	<b>18</b>
<b>Dd.</b>	<b>Gwybodaeth bellach</b>	<b>27</b>
	<b>Atodiad 1: Dull syml o ddatblygu polisi cronfeydd wrth gefn</b>	<b>29</b>
	<b>Atodiad 2: Dull integredig o ddatblygu polisi cronfeydd wrth gefn i elusen sydd â gweithgareddau a strwythurau mwy cymhleth</b>	<b>31</b>



# A. Cyflwyniad

## A1. Am beth mae'r canllaw hwn?

Mae'r canllaw hwn wedi'i ysgrifennu i ymddiriedolwyr pob math o elusennau, boed yn gwmnïau, yn ymddiriedolaethau neu'n gymdeithasau. Mae'n esbonio'r hyn a olygir wrth y term cronfeydd wrth gefn, cyfrifoldeb ymddiriedolwyr i ystyried a oes angen cronfeydd wrth gefn ar eu helusen, a'r hyn i'w gofio wrth ddatblygu polisi cronfeydd wrth gefn. Mae'r canllaw hwn yn berthnasol i elusennau o bob lliw a llun. Mae Atodiad 2 yn disgrifio rhai o'r ffactorau ychwanegol a allai fod yn berthnasol i sefydliadau mwy o faint a mwy cymhleth wrth lunio polisi cronfeydd wrth gefn.

Hefyd mae'n ystyried sut y mae'n rhaid i ymddiriedolwyr adrodd am eu polisi cronfeydd wrth gefn yn eu hadroddiad blynyddol mewn ffordd sy'n bodloni gofynion y Datganiad o Arferion Cymeradwy: Cyfrifon ac Adroddiadau gan elusennau (SORP Elusennau) a gofynion cyfreithiol Rheoliadau Elusennau (Cyfrifon a Rheoliadau) 2008 (y Rheoliadau).

Mae Deddf Elusennau 1993 yn datgan nad oes rhaid i elusennau a esgusodir baratoi adroddiad blynyddol ac felly nid oes unrhyw ofyniad cyfreithiol penodol arnynt i adrodd am eu polisi cronfeydd wrth gefn. Fodd bynnag, bydd y rhan fwyaf o elusennau a esgusodir yn paratoi adroddiad blynyddol o dan ofynion eraill. Mae SORP mwy arbenigol gan Landlordiaid Cymdeithasol Cofrestredig a Sefydliadau Addysg Uwch ac Addysg Bellach sy'n gofyn iddynt


baratoi adroddiad blynyddol. Felly mae'n rhaid i ymddiriedolwyr elusennau a esgusodir ystyried unrhyw ofynion penodol y mae eu trefn statudol eu hunain yn eu rhoi arnynt ac unrhyw SORP perthnasol. Argymhellwn yn gryf fod ymddiriedolwyr elusennau a esgusodir yn dilyn y canllaw hwn wrth lunio polisi cronfeydd wrth gefn a'u bod yn adrodd ar y polisi hwnnw yn eu hadroddiad blynyddol fel mater o arfer da.

Yn yr un modd, nid yw'r gyfraith elusennau yn ei gwneud hi'n ofynnol i elusennau sydd wedi'u heithrio rhag cofrestru baratoi adroddiad blynyddol. Serch hynny, bydd nifer o elusennau a eithrir yn dewis paratoi adroddiad blynyddol. Mewn achosion o'r fath dylai'r adroddiad blynyddol gynnwys datganiad o'u polisi cronfeydd wrth gefn yn unol ag egwyddorion y SORP Elusennau. Gall y Comisiwn Elusennau hefyd ei gwneud hi'n ofynnol i elusennau a eithrir ffeilio adroddiad blynyddol ac mewn achosion o'r fath mae datganiad o bolisi cronfeydd wrth gefn yn ofyniad cyfreithiol.

## A2. Sut mae'r canllaw wedi newid?

Mae'r canllaw hwn yn diweddarau ein cyhoeddiad blaenorol *Cronfeydd Wrth Gefn Elusennau* (CC19) a gyhoeddwyd ym Mawrth 2008. Mae'n cyflwyno'r arweiniad mewn ffordd newydd a hygyrch ac yn rhoi canllawiau ychwanegol i ymddiriedolwyr ar y cwestiynau a'r ffactorau i'w hystyried wrth ddatblygu eu polisi cronfeydd wrth gefn.

### A3. Beth ydym yn ei olygu wrth 'rhaid' a 'dylai'?

Yn y canllaw hwn, pan ddefnyddiwn 'rhaid', golygwn ei fod yn ofyniad cyfreithiol neu reoleiddiol penodol sy'n effeithio ar yr ymddiriedolwyr. Mae'n rhaid i ymddiriedolwyr gydymffurfio â'r gofynion hyn. Er mwyn eich helpu i adnabod yr adrannau hynny sy'n cynnwys gofyniad cyfreithiol neu reoleiddiol rydym wedi defnyddio'r symbol  wrth ochr yr ateb byr yn yr adran honno.

Defnyddiwn 'dylai' ar gyfer eitemau y teimlwn sy'n arfer da lleiaf, ond nid oes unrhyw ofyniad cyfreithiol penodol ar eu cyfer. Dylai ymddiriedolwyr ddilyn y canllawiau arfer da oni bai bod rheswm da dros beidio â gwneud hynny.

### A4. Termau a diffiniadau

Mae'r termau canlynol yn cael eu defnyddio trwy'r canllaw hwn, a dylid ystyried bod ganddynt yr ystyron penodol fel y nodir isod.

**Adroddiad blynyddol** yw Adroddiad Blynyddol yr Ymddiriedolwyr wedi'i baratoi o dan adran 45 o Ddeddf Elusennau 1993.

**Archwiliad statudol:** Os yw'r term archwiliad statudol yn cael ei ddefnyddio mae'n cyfeirio at y gofyniad yn y gyfraith elusennau i gynnal archwiliad os yw incwm gros a/neu asedau elusen yn fwy na'r trothwy perthnasol. Rhaid i archwiliad ariannol gael ei gynnal gan rywun sy'n gymwys i'w benodi fel archwiliwr ariannol.

cwmni, neu rywun sydd wedi'i gymeradwyo gan y Comisiwn yn unol â'r Rheoliadau.

**Buddsoddiad cysylltiedig â rhaglen** neu fuddsoddiad cymdeithasol: nid yw'n 'fuddsoddiad' yn ystyr arferol buddsoddiad ariannol. Mae buddsoddiadau confensiynol yn cynnwys caffael ased gyda'r unig nod o gynhyrchu elw ariannol a gaiff ei gymhwyso i amcanion yr elusen. I'r gwrthwyneb, mae buddsoddiadau cysylltiedig â rhaglen neu fuddsoddiadau cymdeithasol yn cael eu gwneud yn uniongyrchol wrth ddilyn dibenion elusennol sefydliad. Er y gallant gynhyrchu peth elw ariannol, y prif gymhelliad dros eu gwneud yw hyrwyddo amcanion yr elusen yn hytrach na chynhyrchu elw ariannol.

**Cronfeydd anghyfyngedig** (gan gynnwys cronfeydd dynodedig): Cronfeydd incwm anghyfyngedig yw incwm neu gronfeydd incwm y gellir eu gwario yn ôl disgrisiwn yr ymddiriedolwyr er mwyn hyrwyddo unrhyw un o amcanion yr elusen. Os yw rhan o gronfa incwm anghyfyngedig wedi'i chlustnodi ar gyfer prosiect arbennig gall gael ei dynodi fel cronfa ar wahân, ond mae gan y dynodiad ddiben gweinyddol yn unig, ac nid yw'n cyfyngu ar ddisgrisiwn yr ymddiriedolwyr i wario'r gronfa.

**Cronfeydd cyfyngedig:** Mae cronfeydd cyfyngedig yn gronfeydd sy'n amodol ar ymddiriedolaethau penodol, a all gael eu datgan gan y rhoddwr(wyr), neu gyda'u hawdurdod (ee, mewn apêl

gyhoeddus), neu eu creu trwy broses gyfreithiol, ond sy'n parhau i ddod o fewn amcanion ehangach yr elusen. Gall cronfeydd cyfyngedig fod yn gronfeydd incwm cyfyngedig, sy'n cael eu gwario yn ôl disgrisiwn yr ymddiriedolwyr er mwyn hyrwyddo rhyw agwedd(au) arbennig ar amcanion yr elusen, neu gallant fod yn gronfeydd gwaddol, lle mae gofyn i'r asedau gael eu buddsoddi, neu eu cadw i'w defnyddio yn hytrach na'u gwario.

**Cronfeydd dynodedig:** maent yn rhan o'r cronfeydd anghyfyngedig y mae'r ymddiriedolwyr wedi'u clustnodi ar gyfer prosiect neu ddefnydd arbennig, heb gyfyngu neu ymrwymo'r cronfeydd yn gyfreithiol. Gall yr ymddiriedolwyr ganslo'r dynodiad os ydynt yn penderfynu yn ddiweddarach na ddylai'r elusen fwrw ymlaen neu barhau â'r defnydd neu'r prosiect y dynodwyd y cronfeydd ar ei gyfer.

**Cronfeydd gwaddol** yw cronfeydd y mae'n ofynnol yn gyfreithiol i'r ymddiriedolwyr fuddsoddi neu eu cadw a'u defnyddio at ddibenion yr elusen. Gall gwaddol fod yn wariadwy neu'n barhaol.

**Dogfen lywodraethol** yw unrhyw ddogfen sy'n amlinellu dibenion yr elusen ac, fel arfer, y dull o'i gweinyddu. Gall fod yn weithred ymddiriedolaeth, cyfansoddiad, ewylllys, memorandwm ac erthyglau cymdeithasu, Siarter Frenhinol neu Gynllun y Comisiwn.

**Gwaddol gwariadwy** yw cronfa waddol lle mae gan yr ymddiriedolwyr y pŵer i droi'r eiddo (hy, tir, adeiladau, buddsoddiadau neu arian) yn 'incwm'. Gellir gwahaniaethu rhyngddo ag 'incwm' trwy absenoldeb dyletswydd gadarnhaol ar ran yr ymddiriedolwyr i'w ddefnyddio at ddibenion yr elusen, oni bai a hyd nes bod y pŵer hwn i droi'n 'incwm' yn cael ei ddefnyddio.

**Gwaddol parhaol** yw eiddo'r elusen (gan gynnwys tir, adeiladau, arian parod neu fuddsoddiadau) nad oes modd i'r ymddiriedolwyr ei ddefnyddio fel pe bai'n incwm. Rhaid iddo gael ei ddal yn barhaol, weithiau i'w ddefnyddio i hyrwyddo dibenion yr elusen, weithiau i gynhyrchu incwm i'r elusen. Fel rheol ni all yr ymddiriedolwyr ddefnyddio gwaddol parhaol heb ein hawdurdod. Gall telerau'r gwaddol ganiatáu i asedau o fewn y gronfa gael eu gwerthu a'u hailfuddsoddi, neu gallant ddarparu bod rhai neu'r holl asedau yn cael eu cadw am gyfnod amhenodol (er enghraifft, ar ffurf adeilad arbennig).

**Incwm a chronfeydd incwm** yw'r holl adnoddau sy'n dod i mewn ac sydd ar gael i elusen ac mae'n ofynnol yn ôl y gyfraith i'r ymddiriedolwyr eu gwario er mwyn hyrwyddo ei dibenion elusennol o fewn cyfnod rhesymol o'u derbyn. Gall cronfeydd incwm fod yn anghyfyngedig neu wedi'u cyfyngu i ddiben penodol yr elusen.

**Is-gwmni masnachu** yw unrhyw gwmni masnachu anelusennol y mae elusen neu elusennau yn berchen arno i fasnachu ar ran yr elusen neu'r elusennau.

**Perthnasol neu berthnasedd:** Cronfa berthnasol yw un y mae'r ymddiriedolwyr neu eu harchwiliwr ariannol neu archwilwyr annibynnol yn barnu ei bod mor bwysig fel y byddai ei hepgor neu ei cham-ddatgan yn effeithio ar ddealltwriaeth y darllenydd o'r cyfrifon. Mae perthnasedd yn dibynnu ar faint, swm neu bwysigrwydd y gronfa o'i chymharu â chyfanswm y cronfeydd anghyfyngedig a chyfyngedig a reolir gan yr ymddiriedolwyr.

**Risg** yn y canllaw hwn yw'r gair a ddefnyddir i ddisgrifio'r ansicrwydd sy'n gysylltiedig â digwyddiadau a'u canlyniadau a allai gael effaith ariannol arwyddocaol. Gall risg naill ai wella neu lesteirio unrhyw faes gweithredu elusen.

**Rheoliadau** yw Rheoliadau Elusennau (Cyfrifon ac Adroddiadau) 2008 (SI 2008 Rhif 629) sy'n amlinellu ffurf a chynnwys gofynnol adroddiad blynyddol yr ymddiriedolwyr a'r trefniadau craffu a chyfrifyddu ar gyfer elusennau. Mae'r Rheoliadau hyn yn gymwys i adroddiadau blynyddol cwmnïau elusennol wedi'u corffori o dan y gyfraith cwmnïau ac elusennau sydd heb fod yn gwmnïau ar gyfer cyfnodau cyfrifyddu yn dechrau ar neu ar ôl 1 Ebrill 2008.

**SORP Elusennau** yw'r Datganiad o Arferion Cymeradwy: Cyfrifon gan Elusennau wedi'i gyhoeddi gan y Comisiwn Elusennau a gafodd ei ddiwygio ddiwethaf yn 2005. Mae'n amlinellu'r arferion cymeradwy at ddiben paratoi adroddiad blynyddol yr

ymddiriedolwyr a pharatoi cyfrifon ar sail cronïadau. Nid yw argymhellion cyfrifyddu'r SORP yn gymwys i elusennau sy'n paratoi cyfrifon derbyniadau a thaliadau.

**Ymddiriedolwr** yw ymddiriedolwr elusen. Ymddiriedolwyr elusen yw'r bobl sy'n gyfrifol am reoli gweinyddiad yr elusen yn gyffredinol. Yn nogfen lywodraethol yr elusen gellir eu galw gyda'i gilydd yn ymddiriedolwyr, y bwrdd ymddiriedolwyr, ymddiriedolwyr rheoli, y pwyllgor rheoli, llywodraethwyr neu gyfarwyddwyr, neu gall fod rhyw deitl arall ganddynt.

## B. Y prif bwyntiau am gronfeydd wrth gefn elusen

Mae'r adran hon yn crynhoi'r prif bwyntiau i ymddiriedolwyr elusen wrth ystyried cronfeydd wrth gefn ac wrth bennu neu adrodd am bolisi cronfeydd wrth gefn eu helusen. Mae'r canllaw hwn yn seiliedig ar ofynion y gyfraith elusennau, y SORP Elusennau ac arferion da. Yn arbennig:

- Mae'r gyfraith elusennau yn ei gwneud hi'n ofynnol i unrhyw incwm y mae elusen yn ei dderbyn gael ei wario o fewn cyfnod rhesymol i'w dderbyn. Dylai ymddiriedolwyr allu cyfiawnhau pam eu bod yn dal incwm fel cronfeydd wrth gefn.
- Mae cronfeydd wrth gefn yn rhan o gronfeydd incwm anghyfyngedig yr elusen sydd ar gael i'w gwario.
- Os oes polisi cronfeydd wrth gefn gan yr ymddiriedolwyr, mae'n rhaid amlinellu'r polisi hwn yn adroddiad blynyddol yr ymddiriedolwyr.
- Os nad yw'r ymddiriedolwyr wedi llunio polisi cronfeydd wrth gefn, dylid datgan hwn yn adroddiad blynyddol yr ymddiriedolwyr.
- Mae polisi cronfeydd wrth gefn da yn ystyried amgylchiadau ariannol yr elusen a ffactorau perthnasol eraill.
- Mae'n arfer da i fonitro lefel y cronfeydd wrth gefn a ddelir trwy'r flwyddyn.
- Mae'n arfer da i adolygu'r polisi cronfeydd wrth gefn yn barhaus er mwyn sicrhau ei fod yn bodloni anghenion ac amgylchiadau newidiol yr elusen.

# C. Deall cronfeydd wrth gefn a'r angen am bolisi cronfeydd wrth gefn

## C1. Beth yw cronfeydd wrth gefn?

### Yr ateb byr

Mae cronfeydd wrth gefn yn rhan o gronfeydd anghyfyngedig yr elusen sydd ar gael i'w gwario ar unrhyw un o ddibenion yr elusen. Nid yw'r diffiniad hwn yn cynnwys cronfeydd incwm cyfyngedig a chronfeydd gwaddol, er gall dal cronfeydd o'r fath ddylanwadu ar bolisi cronfeydd wrth gefn yr elusen. Fel rheol ni fydd cronfeydd wrth gefn yn cynnwys asedau sefydlog diriaethol a ddelir at ddefnydd yr elusen a'r symiau wedi'u dynodi ar gyfer gwario hanfodol yn y dyfodol.

### Yn fwy manwl

Mae'r SORP Elusennau yn diffinio cronfeydd wrth gefn fel rhan o gronfeydd incwm yr elusen sydd ar gael i'w gwario. Felly nid yw cronfeydd wrth gefn yn cynnwys cronfeydd incwm gwaddol neu gyfyngedig sydd â chyfyngiadau arbennig ar sut y gellir eu defnyddio. Mae'n rhaid i ymddiriedolwyr ystyried sut y mae cronfeydd yr elusen yn cael eu dal a sut y cânt eu defnyddio er mwyn adnabod yr adnoddau hynny sydd ar gael i'w gwario.

#### Cronfeydd anghyfyngedig

Fel rheol y man cychwyn ar gyfer cyfrifo swm y cronfeydd wrth gefn a ddelir fydd swm y cronfeydd anghyfyngedig a ddelir rhan elusen. Fodd bynnag, ni fydd rhan o gronfeydd anghyfyngedig elusen ar gael i'w gwario bob amser. Mae enghreifftiau o hyn yn cynnwys:

- Asedau sefydlog diriaethol: mae'r SORP Elusennau yn caniatáu'n benodol i gronfeydd a ddelir fel asedau sefydlog diriaethol at ddefnydd yr elusen gael eu hepgor o gronfeydd wrth gefn. Mae hyn yn cydnabod y caiff rhai asedau eu defnyddio'n weithredol a gall eu gwaredu gael effaith niweidiol ar allu elusen i gyflawni ei nodau.
- Buddsoddiadau cysylltiedig â rhaglen: os yw elusen yn gwneud buddsoddiadau cysylltiedig â rhaglen dim ond i hyrwyddo ei dibenion elusennol, gellir hepgor buddsoddiadau o'r fath o gronfeydd wrth gefn.
- Cronfeydd dynodedig: os yw cronfeydd anghyfyngedig wedi'u clustnodi neu eu dynodi ar gyfer gwariant hanfodol yn y dyfodol, er enghraifft, i ariannu prosiect na ellid

ei gyflawni drwy ddefnyddio incwm y dyfodol yn unig, gellir eu hepgor o gronfeydd wrth gefn. Mewn achosion o'r fath dylai'r polisi cronfeydd wrth gefn esbonio natur a swm y dynodiad a phryd y bydd y cronfeydd a glustnodwyd yn debygol o gael eu gwario. Nid yw byth yn dderbyniol i sefydlu dynodiadau dim ond i leihau lefel y cronfeydd wrth gefn.

### **Cronfeydd cyfyngedig**

Nid yw cronfeydd cyfyngedig wedi'u cynnwys o fewn y diffiniad o gronfeydd wrth gefn, ond gall natur a swm cronfeydd o'r fath gael effaith ar bolisi cronfeydd wrth gefn elusen. Os yw symiau sylweddol yn cael eu dal fel cronfeydd cyfyngedig dylid ystyried natur y cyfyngiad, oherwydd gallai cronfeydd o'r fath leihau'r angen am gronfeydd wrth gefn mewn meysydd

arbennig o waith yr elusen. Esbonnir y ffactorau hyn a'u heffaith bosibl ar y polisi cronfeydd wrth gefn yn Atodiad 2 y canllaw hwn.

### **Cronfeydd wrth gefn a ddelir gan is-gwmnïau**

Gall elusen ymgymryd â gweithgareddau drwy un neu ragor o is-gwmnïau masnachu ac, mewn achosion o'r fath, gall fod angen paratoi cyfrifon grŵp neu gyfrifon cyfunol. Mae cyfrifon grŵp yn dangos gweithgareddau ac adnoddau'r elusen a'i his-gwmnïau. Os yw cyfrifon grŵp yn cael eu paratoi, bydd yr adroddiad blynyddol yn darparu naratif o weithgareddau'r grŵp. Yn arbennig, rhaid i swm y cronfeydd wrth gefn a ddatganwyd ystyried asedau net yr is-gwmnïau.

## C2. Pam bod polisi cronfeydd wrth gefn yn bwysig?

### Yr ateb byr

Mae polisi cronfeydd wrth gefn yn esbonio i gyllidwyr presennol a darpar gyllidwyr, rhoddwyr a rhanddeiliaid eraill pam bod elusen yn dal swm arbennig o gronfeydd wrth gefn. Mae polisi cronfeydd wrth gefn da yn rhoi sicrwydd i randdeiliaid bod cyllid yr elusen yn cael ei reoli a gall ddangos beth fydd anghenion cyllido'r elusen yn y dyfodol.

Mae'r SORP Elusennau yn gofyn i ddatganiad o bolisi cronfeydd wrth gefn elusen gael ei gynnwys o fewn ei hadroddiad blynyddol. Yn ogystal, os yw elusen yn gweithredu heb bolisi cronfeydd wrth gefn, mae'r Rheoliadau yn ei gwneud hi'n ofynnol i'r ffaith hon gael ei datgan yn yr adroddiad blynyddol.

### Yn fwy manwl

Mae penderfynu ar lefel y cronfeydd wrth gefn y mae angen i elusen ei dal yn rhan bwysig o reolaeth ariannol a blaengynllunio ariannol. Gallai lefelau cronfeydd wrth gefn sy'n uwch na'r hyn sydd eu hangen rwympo arian yn ddiangen. Gall dal cronfeydd wrth gefn gormodol gyfyngu'n ddiangen ar y swm sy'n cael ei wario ar weithgareddau elusennol, gan leihau'r manteision posibl y gall elusen eu darparu. Fodd bynnag, os yw cronfeydd wrth gefn yn rhy isel gall fod risg i hyfywedd yr elusen a'i gweithgareddau yn y dyfodol.

Mae angen i bob elusen ddatblygu polisi ar gronfeydd wrth gefn sy'n sefydlu lefel o gronfeydd wrth gefn sy'n briodol i'r elusen ac sy'n esbonio'n glir i'r rhanddeiliaid pam bod angen dal y cronfeydd wrth gefn hyn.

Mae polisi cronfeydd wrth gefn yn darparu atebolrwydd hanfodol i gyllidwyr, rhoddwyr a rhanddeiliaid eraill. Bydd polisi cronfeydd wrth gefn da yn esbonio sut y defnyddir cronfeydd wrth gefn i reoli ansicrwydd ac, os yw cronfeydd wrth gefn yn cael eu dal i ariannu pryniadau neu weithgareddau yn y dyfodol, bydd yn esbonio sut a phryd y caiff y cronfeydd wrth gefn eu gwario. Mae polisi cronfeydd wrth gefn yn rhoi sicrwydd bod cyllid yr elusen yn cael ei reoli a bod ei gweithgareddau'n gynaliadwy. Yn arbennig, gall polisi cronfeydd wrth gefn helpu i:

- roi hyder i gyllidwyr drwy ddangos stiwardiaeth a rheolaeth ariannol dda;
- dangos cynaladwyedd yr elusen a'i gallu i reoli anawsterau ariannol anrhagweladwy;



- rhoi dealltwriaeth i gyllidwyr gwirfoddol, megis rhoddwyr grantiau, o'r rheswm pam y mae angen cyllid i ymgymryd â phrosiect neu weithgaredd arbennig;
- rhoi sicrwydd i fenthycwyr a chredydwyr y gall yr elusen fodloni ei hymrwymiaadau ariannol; a
- rheoli'r risg i enw da'r elusen sy'n codi drwy ddal cronfeydd sylweddol heb eu gwario ar ddiwedd y flwyddyn heb esboniad.

Mae datblygu polisi cronfeydd wrth gefn hefyd yn rhan bwysig o reolaeth ariannol fewnol elusen. Mae datblygu polisi cronfeydd wrth gefn yn debygol o:

- Gynorthwyo cynllunio strategol, er enghraifft, ystyried sut y caiff prosiectau neu weithgareddau newydd eu hariannu.
- Llywio'r broses cyllidebu, er enghraifft, a yw'n gyllideb gytbwys neu oes angen i gronfeydd wrth gefn gael eu tynnu i lawr neu eu hadeiladu?
- Llywio'r broses gyllidebu a rheoli risg drwy adnabod unrhyw ansicrwydd mewn ffrydiau incwm y dyfodol.

Argymhellwn fod elusennau yn datblygu eu polisi cronfeydd wrth gefn mewn ffordd integredig, gan gydnabod bod cynllunio strategol ac ariannol yn llywio datblygu polisiau cronfeydd wrth gefn ac i'r gwrthwyneb. Er enghraifft, bydd y cyllidebau yn adnabod uchafbwyntiau ac isafbwyntiau yn y llif arian a bydd angen i'r polisi cronfeydd wrth gefn sicrhau bod modd bodloni'r isafbwyntiau mewn cyllid o'r cronfeydd wrth gefn a ddelir.

### C3. Sut dylai polisi cronfeydd wrth gefn gael ei datblygu?

#### Yr ateb byr

Mae'n rhaid i ymddiriedolwyr ddeall natur unrhyw gyfyngiadau ar y defnydd o'r cronfeydd elusen y maent yn eu dal. Rhaid ystyried cyllidebau a chynlluniau'r dyfodol, yn enwedig unrhyw ansicrwydd ynghylch incwm y dyfodol neu'r risg o alwadau annisgwyl ar gronfeydd yr elusen. Wrth ystyried cynlluniau'r dyfodol, gallai prosiectau neu anghenion gwario eraill gael eu hadnabod nad oes modd eu bodloni o incwm cyllideb un flwyddyn yn unig. Gallai adnabod y ffactorau hyn awgrymu bod angen cael cronfeydd wrth gefn.

Ar ôl adnabod pam y gallai fod angen cronfeydd wrth gefn, mae'n rhaid i'r ymddiriedolwyr ystyried faint y gallai fod ei angen a faint sy'n cael ei ddal ar hyn o bryd fel cronfeydd wrth gefn. Mae'r penderfyniad sy'n cael ei wneud ar y materion hyn a meintioli'r symiau y mae angen eu neilltuo yn ffurfio polisi cronfeydd wrth gefn elusen.

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#### Yn fwy manwl

Nid oes unrhyw un dull neu ymagwedd at lunio polisi cronfeydd wrth gefn. Bydd y dull a fabwysiadir yn amrywio yn ôl maint, natur a chymhlethdod y gweithgareddau a natur y cronfeydd wrth gefn a dderbynnir ac a ddelir gan elusen. Fodd bynnag, i bob elusen, bydd llunio polisi cronfeydd wrth gefn yn cynnwys:

- Ystyried natur y cronfeydd y mae'r elusen yn eu derbyn ac yn eu dal - ydy'r cronfeydd yn incwm anghyfyngedig neu gyfyngedig, neu'n waddol gwariadwy neu barhaol? Mae'r ddealltwriaeth hon yn cynnig modd i ymddiriedolwyr adnabod y cronfeydd anghyfyngedig y gellir eu gwario a chymryd i ben hon y elusen.

- Mae elusennau mwy yn debygol o gael proses rheoli risg ffurfiol. Ond mae'n rhaid i bob elusen ystyried yr ansicrwydd a wynebant yn y dyfodol a'r angen i ddal rhai cronfeydd wrth gefn i fodloni galwad annisgwyl ar gronfeydd neu gyfleoedd a allai godi.
- Mae elusennau mwy o faint yn debygol o gael cynlluniau strategol a gweithredol. Ond mae'n rhaid i bob elusen ystyried eu cyllidebau a'u prosiectau yn y dyfodol neu eu cynlluniau gwario nad oes modd eu bodloni o incwm un flwyddyn.

Drwy weithio drwy'r camau hyn bydd yr ymddiriedolwyr mewn sefyllfa dda i adnabod pam y gallai fod angen dal cronfeydd wrth gefn a meintioli'r symiau o gronfeydd wrth gefn y mae eu hangen er mwyn gweithredu'n effeithiol.

Pan fydd polisi cronfeydd wrth gefn wedi'i lunio, ni ddylai gael ei ystyried yn bolisi statig. Bydd amgylchiadau elusen yn newid dros amser ac argymhellwn y dylai'r polisi gael ei adolygu o leiaf unwaith y flwyddyn fel rhan o brosesau cynllunio'r elusen. Dylai'r swm a ddelir mewn cronfeydd wrth gefn gael ei fonitro yn ystod y flwyddyn fel rhan o brosesau cyllidebu'r elusen.

Mae Atodiad 1 y canllaw hwn yn amlinellu dull o lunio polisi cronfeydd wrth gefn y gellir ei ddefnyddio gan elusennau llai sydd heb symiau sylweddol o gronfeydd gwaddol, eiddo neu nid ydynt yn gweithredu cynllun pensiwn â buddion wedi'u diffinio neu gynnal gweithgareddau drwy is-gwmnïau masnachu.

Mae Atodiad 2 y canllaw hwn yn amlinellu dull integredig i elusennau mwy o faint sydd â gweithgareddau a strwythurau mwy cymhleth. Bydd dull integredig o lunio polisi cronfeydd wrth gefn yn golygu bod polisi cronfeydd wrth gefn yn deillio o brosesau cynllunio a chyllidebu strategol a gweithredol.

## C4. Pa lefel neu ystod o gronfeydd wrth gefn sydd ei hangen?

### Yr ateb byr

Nid oes un lefel neu hyd yn oed un ystod o gronfeydd wrth gefn sy'n briodol i bob elusen. Dylai unrhyw darged a osodir gan ymddiriedolwyr ar gyfer lefel y cronfeydd wrth gefn i'w dal adlewyrchu amgylchiadau arbennig yr elusen unigol. I wneud hyn, mae'n rhaid i ymddiriedolwyr wybod pam y dylai'r elusen gadw cronfeydd wrth gefn ac, ar ôl adnabod yr anghenion hynny, dylai'r ymddiriedolwyr ystyried faint y dylid eu dal i'w bodloni.

### Yn fwy manwl

Gall lefel cronfeydd wrth gefn darged yr elusen gael ei mynegi fel ffigur targed neu ystod darged a dylai gael ei lwyio gan:

- ei rhagolygon ar gyfer lefelau incwm ar gyfer y flwyddyn hon a'r blynyddoedd i ddod, gan ystyried dibynadwyaeth pob ffynhonnell incwm a'r rhagolygon ar gyfer datblygu ffynonellau incwm newydd;
- ei rhagolygon ar gyfer gwariant y flwyddyn hon a'r blynyddoedd i ddod ar sail gweithgaredd arfaethedig;
- ei dadansoddiad o unrhyw anghenion, cyfleoedd, ymrwymadau neu risgiau yn y dyfodol, os yw incwm yn y dyfodol yn unig yn debygol o allu bodloni'r costau a ragwelir; a'i

- hasesiad, ar sail y dystiolaeth orau sydd ar gael, o'r tebygolrwydd y bydd pob un o'r anghenion hynny sy'n cyfiawnhau cael cronfeydd wrth gefn yn codi a'r canlyniadau posibl i'r elusen os nad yw'n gallu bodloni'r anghenion hynny.

Bydd ymddiriedolwyr sy'n dal cronfeydd wrth gefn heb geisio cysylltu eu hangen am gronfeydd wrth gefn â ffactorau fel y rhain yn ei chael hi'n anodd esbonio'n foddhaol pam eu bod yn dal swm y cronfeydd wrth gefn sydd ganddynt.

## C5. Pa gamau dylai ymddiriedolwyr eu cymryd i gynnal a monitro cronfeydd wrth gefn ar y lefel darged?

### Yr ateb byr

Mae cronfeydd wrth gefn yn cael eu dal i helpu'r elusen i weithredu'n effeithiol. Dylai ymddiriedolwyr adolygu'n barhaus eu polisi cronfeydd wrth gefn a lefel y cronfeydd wrth gefn sydd ganddynt. Hefyd dylai ymddiriedolwyr fonitro lefel y cronfeydd wrth gefn a ddelir trwy'r flwyddyn. Drwy wneud hyn bydd ymddiriedolwyr yn ymwybodol pan fydd cronfeydd wrth gefn gormodol yn cronni neu pan fydd cronfeydd wrth gefn yn cael eu disbyddu'n annisgwyl neu'n gyflym.

### Yn fwy manwl

Ar ôl pennu lefel neu ystod y cronfeydd wrth gefn y mae'n ddymunol gweithredu o'i mewn, mae'n bwysig monitro'r cronfeydd wrth gefn a ddelir er mwyn sefydlu'r rheswm dros unrhyw wahaniaeth arwyddocaol â'r lefel darged a bennwyd. Os yw cronfeydd wrth gefn yn ystod y flwyddyn yn is na'r targed neu'n fwy na'r targed, dylai'r ymddiriedolwyr ystyried ai sefyllfa dymor byr sydd wedi achosi hyn neu fater mwy hirdymor. Efallai y bydd angen gweithredu i adfer neu wario'r cronfeydd wrth gefn.

Ni ddylai'r ymddiriedolwyr fonitro cronfeydd wrth gefn ar ddiwedd y flwyddyn yn unig. Gall y ffordd y mae lefel y cronfeydd wrth gefn yn newid yn ystod y flwyddyn fod yn arwydd da o gyflwr ariannol sylfaenol yr elusen a gall fod yn arwydd o broblemau posibl.

Dylai lefel y cronfeydd wrth gefn gael ei monitro trwy gydol y flwyddyn fel rhan o'r prosesau monitro ac adroddiadau cyllidebol arferol.

Yn arbennig, dylai ymddiriedolwyr:

- adnabod pryd y defnyddir cronfeydd wrth gefn er mwyn iddynt ddeall y rhesymau a gallant ystyried y camau unioni, os oes, y mae angen eu cymryd;
- adnabod pryd y mae lefelau cronfeydd wrth gefn yn codi'n sylweddol uwch na'r targed er mwyn iddynt ddeall y rhesymau a gallant ystyried y camau unioni, os oes, y mae angen eu cymryd;
- adnabod pryd y mae lefel y cronfeydd wrth gefn yn is na'r targed, ystyried a yw hyn yn deillio o amgylchiadau tymor byr neu

Tudalen y pecyn 91

resymau mwy hirdymor a allai ysgogi adolygiad mwy cyffredinol o gyllid a chronfeydd wrth gefn;

- ystyried adolygiad parhaus o lefel y cronfeydd wrth gefn, targed a pholisi fel rhan o reoli'r elusen;
- sicrhau bod y polisi cronfeydd wrth gefn yn parhau i fod yn berthnasol wrth i'r elusen ddatblygu neu newid ei strategaeth a'i gweithgareddau;
- adolygu'r datganiad ar gronfeydd wrth gefn yn adroddiad blynyddol yr ymddiriedolwyr lle y bu newidiadau arwyddocaol yn y polisi cronfeydd wrth gefn neu lefel y cronfeydd wrth gefn a ddelir.

Dylai elusennau sydd â chronfeydd wrth gefn isel iawn neu ddim cronfeydd wrth gefn sy'n wynebu anhawster ariannol hefyd ddarllen ein canllaw *Rheoli anawsterau ariannol ac ansolfedd mewn elusennau* (CC12).

# Ch. Esbonio cronfeydd wrth gefn yn yr adroddiad blynyddol

## Ch1. Oes rhaid i ni esbonio ein polisi cronfeydd wrth gefn yn ein hadroddiad blynyddol?



### Yr ateb byr

Oes, mae'r SORP Elusennau yn ei gwneud hi'n ofynnol i bob elusen sy'n paratoi cyfrifon croniadau, heblaw'r elusennau hynny sy'n dilyn SORP mwy arbenigol, i amlinellu eu polisi cronfeydd wrth gefn yn eu hadroddiad blynyddol. Mae'r Rheoliadau hefyd yn ei gwneud hi'n ofynnol i elusen sydd heb bolisi cronfeydd wrth gefn i ddatgan hynny yn eu hadroddiad blynyddol.

### Yn fwy manwl

Mae'r SORP Elusennau yn ei gwneud hi'n ofynnol i ymddiriedolwyr gynnwys y canlynol yn eu hadroddiad blynyddol:

- datganiad o'u polisi cronfeydd wrth gefn;
- lefel y cronfeydd wrth gefn a ddelir ac esboniad o'r rheswm pam y cânt eu dal;
- os yw cronfeydd perthnasol wedi cael eu dynodi, dylid esbonio swm a phwrpas y dynodiad;
- os yw cronfeydd dynodedig wedi'u neilltuo i'w gwario yn y dyfodol, amseriad tebygol y gwariant hwnnw.

Mae gofynion hyn y SORP Elusennau yn cael grym cyfreithiol drwy'r Rheoliadau sydd hefyd yn gofyn am ddatganiad os nad oes polisi cronfeydd wrth gefn gan elusen.

Mae ein canllaw *Adroddiadau a Chyfrifon Elusennau - yr hanfodion Ebrill 2009* (CC15b) yn rhoi rhestr gyfeirio ddefnyddiol o gynnwys adroddiad blynyddol.

## Ch2. Beth sy'n digwydd os nad oes angen cronfeydd wrth gefn ar ein helusen neu os oes cronfeydd wrth gefn gormodol ganddi?

### Yr ateb byr

Byddai'n anarferol i elusen, o unrhyw faint, weithredu heb unrhyw gronfeydd wrth gefn. Fodd bynnag, os yw'r ymddiriedolwyr yn dod i'r casgliad ei bod yn briodol i'w helusen ymgymryd â'i gweithgareddau arfaethedig heb gronfeydd wrth gefn dylid esbonio hwn yn eu hadroddiad blynyddol. Os oes gan elusen gronfeydd wrth gefn gormodol dylai'r ymddiriedolwyr ystyried sut y gellid defnyddio'r cronfeydd hyn yn effeithiol yn y dyfodol. Os yw'r adnoddau yn fwy na'r hyn y gallai fod yn rhesymol ei ddefnyddio i gyflawni pob un o'i dibenion dylai'r ymddiriedolwyr gysylltu â ni i drafod a dylid diwygio dibenion yr elusen er mwyn galluogi'r elusen i weithredu'n fwy effeithiol.

### Yn fwy manwl

#### Rhesymau dros beidio â chael cronfeydd wrth gefn

Er y byddai'n anarferol i elusen ddewis gweithredu heb unrhyw gronfeydd wrth gefn, roedd ein hastudiaeth gynharach, *Elusennau bach a chronfeydd wrth gefn* (RS5), wedi dangos bod ymddiriedolwyr yn dewis peidio â dal unrhyw gronfeydd yn fwriadol mewn rhai achosion. Roedd rhai ymddiriedolwyr wedi cyllidebu i wario'r holl incwm a dderbyniant bob blwyddyn ar weithgareddau'r elusen.

Gall polisi o'r fath greu risg ariannol drwy'r posibilrwydd o wariant anrhagweladwy, diffyg mewn incwm neu allu i reoli costau. Dylai ymddiriedolwyr sy'n ystyried

mabwysiadu polisi cronfeydd wrth gefn 'lefel sero' ystyried y risgiau ariannol a'r risgiau eraill sy'n gysylltiedig â pholisi o'r fath, a rhaid iddynt esbonio eu polisi yn Adroddiad Blynyddol yr Ymddiriedolwyr.

#### Elusennau sydd â mwy o adnoddau nag y mae eu hangen arnynt

Dylai elusen sydd â chronfeydd wrth gefn gormodol ystyried a ellid gwario'r cronfeydd hyn yn effeithiol ar ddibenion yr elusen. Os oes mwy o adnoddau gan elusen nag sydd ei hangen arni i gyflawni pob un o'i dibenion dylai'r ymddiriedolwyr gysylltu â ni i drafod a ddylid diwygio dibenion yr elusen i alluogi'r elusen i weithredu'n fwy effeithiol.



# D. Cwestiynau eraill am gronfeydd wrth gefn

## D1. All elusen buddsoddi ei chronfeydd wrth gefn?

### Yr ateb byr

Gall, gall cronfeydd wrth gefn gael eu buddsoddi. Fodd bynnag, drwy eu natur, mae cronfeydd wrth gefn yn tueddu i fod yn adnoddau y gall fod eu hangen yn y tymor byr i'r tymor canolig. Felly dylai ymddiriedolwyr sicrhau bod cronfeydd wrth gefn yn cael eu buddsoddi mewn ffordd sy'n hawdd eu realeiddio fel arian parod, pan fo angen.

### Yn fwy manwl

Os yw adnoddau sylweddol yn cael eu dal mewn cronfeydd wrth gefn o flwyddyn i flwyddyn, dylai'r ymddiriedolwyr ystyried a oes modd buddsoddi peth neu'r holl gronfeydd wrth gefn i gael elw ariannol ar gyfer yr elusen. Wrth wneud y penderfyniad buddsoddi, dylai'r ymddiriedolwyr ystyried pryd y gallai fod angen y cronfeydd wrth gefn (hylifedd y buddsoddiad) a'r lefel dderbyniol o risg buddsoddi.

Bydd rhaid i'r polisi buddsoddi a fabwysiadir adlewyrchu asesiad yr ymddiriedolwyr o'r tebygolrwydd y gall fod angen peth neu'r holl gronfeydd wrth gefn a ddelir ar fyr rybudd. Mae rhai buddsoddiadau yn fwy priodol fel daliadau tymor hir a gall fod yn anaddas neu'n risg rhy uchel os gwyddys y bydd angen swm penodol o arian yn y tymor byr neu ar fyr rybudd i ateb angen brys.

Yn achos elusennau sydd â symiau bach i'w buddsoddi gall eu polisi buddsoddi ar gyfer cronfeydd wrth

gefn fod yn syml iawn, megis dal unrhyw gronfeydd dros ben gyda banc neu gymdeithas adeiladu yn y DU mewn cyfrif sy'n cynhyrchu llog cysylltiedig â chyfrif cyfredol yr elusen gyda'r ddarpariaeth ar gyfer trosglwyddo arian ar yr un diwrnod.

Os yw swm y cronfeydd wrth gefn a ddelir yn fawr ac mae'r ymddiriedolwyr yn penderfynu buddsoddi'r cyfan neu ran o'r cronfeydd wrth gefn hynny mewn ystod ehangach o fuddsoddiadau na dim ond ar adnau, efallai y bydd angen dadansoddiad mwy manwl o'r rheswm pam y mae'r cronfeydd wrth gefn yn cael eu dal a pha mor gyflym y gall fod angen cael gafael ar y cronfeydd wrth gefn hynny. Dylai hyn gynnwys ystyriaeth fwy manwl o'r risgiau y gall fod angen y cronfeydd wrth gefn ar eu cyfer ac o fewn pa gyfnod o amser y gall fod angen yr arian parod. Mae buddsoddi cronfeydd wrth gefn mewn asedau heblaw arian hefyd yn cynnwys graddfa uwch o risg buddsoddi. Er

Tudalen y pecyn 95

enghraifft, mae buddsoddi mewn cyfrannau a bondiau corfforaethol yn cynnig y potensial o elw buddsoddi uwch ond mae hefyd yn creu mwy o risg o golled.

Rhaid i elusennau y mae'n ofynnol iddynt gael archwiliad statudol gan SORP Elusennau a'r Rheoliadau amlinellu eu polisi buddsoddi, gan gynnwys eu hamcanion buddsoddi a pherfformiad y buddsoddiadau yn erbyn yr amcanion hynny yn adroddiad blynyddol yr ymddiriedolwyr. Mae'r gofyniad hwn hefyd yn gymwys i gronfeydd wrth gefn wedi'u buddsoddi.

I gael cyngor pellach ar fuddsoddiadau cyfeiriwch at ein canllaw *Buddsoddi Cronfeydd Elusennau: Egwyddorion Sylfaenol* (CC14) – mae canllawiau mwy manwl hefyd ar gael ar ein gwefan i'r rhai sydd ei angen.

## D2. Beth yw'r sail gyfreithiol ar gyfer dal ac adrodd am gronfeydd wrth gefn?



### Yr ateb byr

Rhaid i ymddiriedolwyr pob elusen sicrhau bod cyllid yr elusen yn cael ei ddefnyddio'n briodol, yn ddoeth, yn gyfreithlon ac yn unol â dibenion yr elusen er budd cyhoeddus. Egwyddor gyffredinol y gyfraith ymddiriedaeth yw y dylai'r cronfeydd a dderbynnir fel incwm gael eu gwario o fewn cyfnod rhesymol i'w derbyn. Bydd dal cronfeydd wrth gefn yn cael ei awdurdodi naill ai drwy ddefnyddio pŵer diamwys neu ymhlyg i ddal cronfeydd wrth gefn. Cyfiawnheir i ymddiriedolwyr ymarfer eu pŵer i ddal cronfeydd incwm wrth gefn, boed yn ddiamwys neu'n ymhlyg, dim ond os ydynt yn credu bod hyn yn angenrheidiol er lles gorau'r elusen.

### Yn fwy manwl

Mae ymddiriedolwyr elusen dan ddyletswydd gyfreithiol gyffredinol i wario incwm o fewn amser rhesymol i'w dderbyn. Gall ymddiriedolwyr wario'r incwm hwn i ariannu gweithgareddau elusennol, caffael asedau i'w defnyddio yng ngwaith yr elusen, a thalu am gostau rhedeg yr elusen o ddydd i ddydd. Er mwyn dal incwm mewn cronfa wrth gefn yn hytrach na'i wario, bydd ymddiriedolwyr yn dibynnu ar bŵer diamwys neu ymhlyg i ddal cronfeydd wrth gefn a rhaid iddynt ddefnyddio'r pŵer hwnnw er lles gorau'r elusen.

Gall dogfen lywodraethol yr elusen, mewn rhai achosion, roi pŵer cyfreithiol diamwys i ymddiriedolwyr i

ddal incwm mewn cronfa wrth gefn yn hytrach na'i wario'n brydlon. Nid yw'r pŵer hwn yn gyffredin ond mae'n werth darllen y ddogfen lywodraethol rhag ofn bod pŵer diamwys o'r fath i ddal cronfeydd wrth gefn.

Y sefyllfa fwy cyffredin yw y bydd rhaid i ymddiriedolwyr ddibynnu ar eu pŵer ymhlyg i ddal cronfeydd wrth gefn. Ni fydd pŵer ymhlyg yn cael ei ysgrifennu yn y ddogfen lywodraethol ond bydd yn bŵer ymhlyg yn nyletswyddau ymddiriedolwyr sy'n eu galluogi i gymryd y camau sy'n angenrheidiol er mwyn i'r elusen weithredu'n briodol. Cyfiawnheir i ymddiriedolwyr ymarfer eu pŵer i ddal cronfeydd incwm wrth gefn, boed yn

**Tudalen y pecyn 97**

ddiamwys neu'n ymhlyg, dim ond os ydynt yn credu bod hyn yn angenrheidiol er lles gorau'r elusen.

Rhaid i'r ymddiriedolwyr ddefnyddio'r pŵer i ddal cronfeydd yn briodol. Os defnyddir y pŵer heb gyfiawnhad gallai dal incwm wrth gefn gael ei ystyried yn dor-ymddiriedaeth. Gall methu ag adrodd am y polisi cronfeydd wrth gefn a fabwysiadwyd roi'r argraff bod yr ymddiriedolwyr heb ymarfer eu pŵer cyfreithiol yn gywir. Fodd bynnag, gall adroddiadau da am bolisi cronfeydd wrth gefn elusen helpu i ddangos bod y pŵer cyfreithiol i ddal cronfeydd wrth gefn wedi cael ei ddefnyddio'n briodol.

## D3. All ymddiriedolwyr Gronni Cronfeydd Incwm?



### Yr ateb byr

Ni ddylid drysu rhwng pŵer i Gronni Incwm drwy ychwanegu incwm at gyfalaf cronfa waddol a dal incwm fel cronfeydd wrth gefn. Mae pŵer gan nifer fach o elusennau yn eu dogfen lywodraethol i ychwanegu incwm yr elusen at gyfalaf cronfa waddol. Ni ellir cronni incwm fel hyn oni bai bod pŵer diamwys gan yr ymddiriedolwyr sy'n caniatáu iddynt wneud hynny.

### Yn fwy manwl

Weithiau, bydd rhai elusennau'n ychwanegu incwm yn amhriodol at gyfalaf eu cronfeydd gwaddol. Ar adegau eraill, bydd rhai elusennau, dros nifer o flynyddoedd, wedi buddsoddi incwm yn amhriodol i adeiladu cronfa sy'n cael ei hystyried gan yr ymddiriedolwyr, yn nhermau ymarferol, yn gronfa waddol nad yw ar gael i'w gwario. Nid yw'r arferion hyn yn dderbyniol oni bai bod pŵer diamwys i Gronni.

Os yw'r ymddiriedolwyr am Gronni Incwm dylent ddarllen eu dogfen lywodraethol i weld a oes pŵer cronni ynddi sy'n caniatáu i'r ymddiriedolwyr droi'r incwm yn waddol. Mae troi incwm yn waddol yn mynd â'r adnodd troëdig y tu allan i gwmpas y cronfeydd wrth gefn (oherwydd nid yw'r diffiniad o gronfeydd wrth gefn yn cynnwys unrhyw gronfeydd gwaddol).

Hyd yn oed os oes gan yr ymddiriedolwyr bŵer i wneud hynny, gall ymddiriedolwyr Gronni am gyfnod o 21 o flynyddoedd ar y mwyaf o'r diwrnod cyntaf y gellir cronni'r incwm neu, os yw'r ddogfen lywodraethol yn darparu felly, ar gyfer y cyfnod hyd at farwolaeth y setlwr (adran 14 Deddf Bythol-barhadau a Chroniadau 2009 a ddaeth i rym ar 1 Ebrill 2010). Mae'n bosibl i'r llys neu'r Comisiwn Awdurdodi Cronni am gyfnod hwy na'r cyfnod statudol mwyaf mewn achosion priodol.

Os yw'r cronfeydd yn cael eu cronni heb bŵer i'w troi'n waddol maent yn parhau i fod yn gronfeydd incwm. Mae cronfeydd incwm anghyfyngedig cronedig o'r fath yn cyfrif fel cronfeydd wrth gefn a rhaid iddynt gael eu hadrodd felly yn yr adroddiad blynyddol.

Mewn rhai achosion gall fod ansicrwydd ynghylch a yw rhodd neu gymynrodd yn rhodd o incwm neu gronfeydd gwaddol. Os oes unrhyw dystiolaeth, neu gellir casglu o amgylchiadau'r rhodd neu'r gymynrodd, bod gan y rhoddwr neu'r cymynnwr fwriad penodol un ffordd neu'r llall, mae'n rhaid i'r ymddiriedolwyr drin y rhodd neu'r gymynrodd yn unol â hynny. Ond os nad oes unrhyw dystiolaeth i'r gwrthwyneb rhaid i'r rhodd gael ei drin fel incwm a'i defnyddio mewn ffordd sy'n cyd-fynd ag unrhyw delerau'r rhodd a dogfen lywodraethol yr elusen.

## D4. Beth yw'r materion treth sy'n gysylltiedig â dal cronfeydd wrth gefn?

### Yr ateb byr

Os yw cadw cronfeydd wrth gefn wedi'i gyfiawnhau ni ddylai fod unrhyw oblygiadau treth niweidiol.

### Yn fwy manwl

Mae llawer o'r incwm y bydd elusennau yn ei dderbyn wedi'i eithrio o Dreth Incwm a Threth Gorfforaeth ar yr amod bod yr arian yn cael ei ddefnyddio at ddibenion elusennol yn unig. Trefn arferol Cyllid a Thollau EM yw peidio â chodi treth ar incwm sydd naill ai wedi cael ei wario ar ddibenion elusennol neu sydd wedi cael ei fuddsoddi er budd yr elusen.

Nid yw eithriadau treth ar gael:

- os yw'r incwm wedi cael ei fuddsoddi mewn buddsoddiad nad yw'n "fuddsoddiad cymwys" (o fewn ystyr Atodlen 20 o Ddeddf Trethi Incwm a Chorfforaeth 1988). Mae buddsoddiadau a wnaed ar gyfer budd elusen ac nid er mwyn osgoi talu treth yn debygol o gael eu

hystyried yn fuddsoddiadau cymwys, ond os nad yw'r ymddiriedolwyr yn siŵr a yw buddsoddiad yn fuddsoddiad cymwys neu beidio bydd angen iddynt geisio cyngor; neu

- os yw'r incwm yn cael ei ddal gan yr elusen heb gael ei roi ar adnau neu ei fuddsoddi fel arall am gyfnod gormodol.

Dylai ymddiriedolwyr gyfeirio at wefan Tollau a Chyllid EM am wybodaeth bellach ar eithriadau a gostyngiadau treth incwm a threth gorfforaeth i elusennau yn enwedig os yw'r elusen neu ei his-gwmnïau yn ymgymryd â gweithgareddau masnachu anelusennol.

## D5. All elusennau godi arian a gwneud cais am grantiau neu gontractau os oes cronfeydd wrth gefn ganddynt?

### Yr ateb byr

Gallant. Mae'n bwysig wrth godi arian bod yr ymddiriedolwyr yn cynnal ffydd y cyhoedd yn eu helusen drwy fod yn agored ac yn dryloyw am angen yr elusen am gronfeydd. Os oes cronfeydd wrth gefn gormodol gan yr elusen, dylai'r ymddiriedolwyr sicrhau nad ydynt yn cam-gyfleu'r achos brys neu'r angen am gronfeydd.

Pan fydd elusen yn gwneud cais am grant neu'n cynnig am gontract, mae'n bwysig bod y cyllidwr yn deall polisi cronfeydd wrth gefn yr elusen a bod y polisi yn esbonio ac yn cyfiawnhau'r cronfeydd wrth gefn a ddelir.

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### Yn fwy manwl

Mae pob elusen yn gyfrifol am sicrhau nad yw ei hapeliadau yn cam-gyfleu sefyllfa ariannol yr elusen. Dyma'r achos os yw'r apeliadau am roddion cyhoeddus gwirfoddol, rhoddion corfforaethol, cymynroddion, grantiau neu unrhyw ffurf arall o incwm, ac os yw'r apeliadau yn cael eu cynnal trwy gyfrwng hysbysebu, post uniongyrchol, yn bersonol, neu drwy unrhyw ddull arall.

Os credir yn gyffredinol bod gan elusen gronfeydd wrth gefn sylweddol, gall apeliadau pellach am arian ysgogi drwgdeimlad yn erbyn elusen yr ystyrir ei bod yn ceisio arian pan nad oes angen yr arian arni. Wrth eirio ei hapeliadau, ac wrth ddelio ag unrhyw ymateb i'r apeliadau, dylai'r ymddiriedolwyr sicrhau nad ydynt yn

rhoi'r argraff anghywir ynglŷn â faint o arian y mae ei angen ar yr elusen, a bod angen yr arian hwnnw ar frys.

Gall barn cyllidwyr am eu cronfeydd wrth gefn greu anawsterau i rai elusennau. Os yw'n ymddangos bod y cronfeydd wrth gefn yn rhy fawr, gall fod rhagdybiaeth nad oes angen cronfeydd ychwanegol ar yr elusen. Os yw'n ymddangos bod y cronfeydd wrth gefn yn rhy isel, gallant wrthod ariannu ar y sail bod cyllid yr elusen yn ansefydlog a gall yr elusen fod mewn perygl o anhawster neu ansolfedd ariannol.

Dylai ymddiriedolwyr sicrhau y gallant esbonio eu polisi cronfeydd wrth gefn i gyllidwyr drwy ddangos:



- bod y cronfeydd wrth gefn a ddelir yn seiliedig ar bolisi a dealltwriaeth eglur o'r hyn y mae'r arian yn cael ei ddefnyddio ar ei gyfer;
- mae'r elusen yn gweithredu â digon o gronfeydd wrth gefn i osgoi anawsterau ariannol;
- mae cronfeydd wrth gefn yn elfen hanfodol o gynllunio strategol; ac
- mae'r elusen yn agored ynghylch lefel y cronfeydd wrth gefn wrth drafod â'i rhanddeiliaid.

Os yw ymddiriedolwyr yn ceisio grantiau neu gontractau gan gyllidwyr dylent sicrhau eu bod yn:

- deall polisi'r cyllidwr tuag at gronfeydd wrth gefn ymgeiswyr;
- ceisio cyfleoedd i esbonio i'r cyllidwr bolisi cronfeydd wrth gefn eu helusen a'r rhesymau dros lefel y cronfeydd wrth gefn a ddelir; a
- chyflwyno polisi cronfeydd wrth gefn a lefel cronfeydd wrth gefn elusen mewn ffordd gadarnhaol sy'n cael ei deall.

# Dd. Gwybodaeth bellach

## Dd1. Cyhoeddiadau eraill y Comisiwn

Mae ein gwefan yn cynnig ystod eang o wasanaethau, offer, gwybodaeth a chanllawiau hygyrch ar-lein. Cyn cysylltu â ni am gyngor neu gymorth efallai yr hoffech chwilio ein cronfa ddata ar-lein o gwestiynau cyffredin. Bydd y rhan fwyaf o bobl yn cael hyd i'r ateb y mae ei angen arnynt heb ffonio neu ysgrifennu e-bost. Fel arall, ceir cyswllt i'n tudalen Cysylltu â ni o frig a gwaelod pob tudalen we.

Am wybodaeth bellach gallai fod yn ddefnyddiol i gyfeirio at y cyhoeddiadau canlynol gan y Comisiwn Elusennau:

*Rheoli trafferthion ariannol a methdaliad mewn elusennau (CC12)*

*Cyfrifon ac Adroddiadau Elusennau: Yr hanfodion Ebrill 2009 (CC15b)*

*Buddsoddi Cronfeydd Elusennol: Egwyddorion Sylfaenol (CC14)*

*Newid dogfen lywodraethol eich elusen (CC36)*

*Elusennau a Rheoli Risg: Canllaw i ymddiriedolwyr*

*Gorchmynion a Chynlluniau (OG1)*

*Elusennau Bach a Chronfeydd Wrth Gefn (RS5)*

*Cronfeydd wrth gefn elusennau a chynlluniau pensiwn wedi'u diffinio*

## Dd2. Ffynonellau eraill o wybodaeth

Mae **SORP 2005 Cyfrifon ac Adroddiadau Elusennau, 2il argraffiad**, ar gael ar ein gwefan neu gellir ei archebu gan gyhoeddwywr CCH drwy ffonio 0844 561 8166.

## Dd3. Sefydliadau allanol

### Cyngor Cenedlaethol Mudiadau Gwirfoddol (NCVO)

NCVO yw'r elusen genedlaethol sy'n rhoi cymorth ac ystod eang o wybodaeth i fudiadau gwirfoddol a chymunedol. Mae ei wefan yn cynnig cyngor ar faterion amrywiol sy'n gysylltiedig â rheoli risg yn y trydydd sector.

Wedi'i gynnwys o fewn Cyngor a Chymorth mae canllaw NCVO 'Reserves policy for smaller organisations'.

NCVO  
Regent's Wharf  
8 All Saints Street  
Llundain  
N1 9RL

Gwefan: [www.cfdg.org.uk](http://www.cfdg.org.uk)  
E-bost: [info@cfmg.org.uk](mailto:info@cfmg.org.uk)  
Ffôn: 0845 345 3192

## **Cyngor Gweithredu Gwirfoddol Cymru (WCVA)**

Llais y sector gwirfoddol yng Nghymru. Mae'n cynrychioli buddiannau, ac yn ymgychu dros fudiadau gwirfoddol, gwirfoddolwyr a chymunedau yng Nghymru. Mae'n darparu amrywiaeth helaeth o wybodaeth, gwasanaeth ymgynghorol, cyllid, gwasanaethau rheoli a hyfforddi. Gall elusennau ddefnyddio gwefan WCVA i gael hyd i'w Cyngor Gwirfoddol Sirol (CVC) agosaf.

Mae WCVA yn cynhyrchu Taflenni Gwybodaeth i helpu ymddiriedolwyr. Mae'r Daflen Wybodaeth 'rheoli arian' yn cynnwys adran ar gronfeydd wrth gefn.

Cyngor Gweithredu Gwirfoddol Cymru  
Tŷ Baltig  
Sgwâr Mount Stuart  
Bae Caerdydd  
Caerdydd CF10 5FH

Llinell gymorth: 0800 2888 329  
Ffacs: 029 2043 1701  
E-bost: [enquiries@wcva.org.uk](mailto:enquiries@wcva.org.uk)  
Gwefan: [www.wcva.org.uk](http://www.wcva.org.uk)

## **Cyllid a Thollau EM**

HMRC yw'r adran sy'n gyfrifol am gasglu a gweinyddu rhai trethi. Mae'n darparu gwybodaeth ar ystod eang o faterion gan gynnwys materion treth sy'n ymwneud ag elusennau.

Ffôn: 0845 302 0203 (llinell gymorth i elusennau)  
E-bost: [charities@inlandrevenue.gov.uk](mailto:charities@inlandrevenue.gov.uk)  
Gwefan: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## **Charity Finance Directors' Group (CFDG)**

Mae CFDG yn elusen aelodaeth sy'n arbenigo mewn helpu elusennau i reoli eu cyfrifon, materion treth, archwiliadau a swyddogaethau cyllid cysylltiedig eraill. Mae CFDG yn cyhoeddi amrywiaeth o Made Simple Guides gan gynnwys 'reserves policies made simple' sy'n rhoi persbectif arall ar ddatblygu polisi cronfeydd wrth gefn.

Cysylltwch â CFDG drwy ysgrifennu at:  
3rd Floor  
Downstream Building  
1 London Bridge  
Llundain SE1 9BG

Gwefan: [www.cfdg.org.uk](http://www.cfdg.org.uk)  
E-bost: [info@cfdg.org.uk](mailto:info@cfdg.org.uk)  
Ffôn: 0845 345 3192

## Dull syml o ddatblygu polisi cronfeydd wrth gefn

Mae'r tri chwestiwn canlynol yn ceisio helpu tywys ymddiriedolwyr elusennau llai drwy'r materion y mae angen eu hystyried wrth ddatblygu eu polisi cronfeydd wrth gefn. Efallai na fydd yr ymagwedd hon yn ddigon manwl i ymddiriedolwyr sy'n rheoli elusennau sydd â gweithgareddau neu strwythurau mwy cymhleth a dylent ddarllen y canllawiau yn Atodiad 2 yn lle hynny.

### Cwestiwn 1. Pam byddai angen i gronfeydd wrth gefn ar gyfer yr elusen fod yn effeithiol?

Sail polisi cronfeydd wrth gefn da yw ystyried yn union pam y gallai fod angen i chi gadw yn ôl rhai cronfeydd fel cronfeydd wrth gefn. Mewn elusen fach, sydd â strwythur a gweithgareddau syml, gallai'r rhesymau gynnwys:

- Y perygl o achos brys anrhagweledig neu angen annisgwyl arall am gronfeydd, ee bil atgyweirio mawr annisgwyl neu gael hyd i 'gyllid cychwynnol' ar gyfer prosiect brys.
- Talu am gostau gweithredol o ddydd i ddydd anrhagweledig, ee cyflogi staff dros dro ar gyfer absenoldeb salwch tymor hir.
- Ffynhonnell incwm, ee grant, heb gael ei adnewyddu. Gallai fod angen cronfeydd i roi amser i'r ymddiriedolwyr weithredu os yw incwm yn is na'r disgwyl.

- Ymrwymiadau, neu ddynodiadau arfaethedig, nad oes modd darparu ar eu cyfer gan incwm yn y dyfodol, ee cynlluniau ar gyfer prif bryniant asedau neu brosiect arwyddocaol sy'n gofyn i'r elusen ddarparu 'arian cyfatebol'.
- Yr angen i ariannu diffygion tymor byr mewn cyllideb arian parod, ee gall fod angen gwario arian cyn derbyn grant cyllid.

Ar ôl ystyried yr uchod, os ydych yn teimlo bod angen cronfeydd wrth gefn, ewch i gwestiwn 2. Os ydych yn dod i'r casgliad nad oes angen i'ch elusen ddal unrhyw gronfeydd wrth gefn, rhaid i chi esbonio hynny yn eich adroddiad blynyddol.

### Cwestiwn 2. Faint sydd ei angen arnoch mewn cronfeydd wrth gefn?

Gall lefel y cronfeydd wrth gefn fod yn swm targed neu'n ystod darged. Er enghraifft, ar gyfer pob rheswm a nodwyd yng nghwestiwn 1:

- Gallai fod angen swm i dalu am argyfwng anrhagweledig neu angen annisgwyl arall - ystyriwch y risgiau a faint y gallai fod ei angen ar gyfer cynlluniau wrth gefn o'r fath; bydd hyn yn cynnwys llunio barn am ddigwyddiadau a all godi a'u tebygolrwydd.
- Edrychwch ar eich cyllideb gwariant - oes angen cronfa wrth gefn fach arnoch i dalu am gostau gweithredol anrhagweledig?

- c) Gallai ansicrwydd ynghylch incwm yn y dyfodol olygu cael cronfeydd wrth gefn sy'n gyfwerth â nifer yr wythnosau o incwm sy'n cyfateb â'r ystod £x i £y, er mwyn caniatáu amser i ddatblygu ffynonellau newydd o incwm neu dorri yn ôl ar wariant cysylltiedig.
- ch) Byddai ymrwymiad gwariant arfaethedig nad oes modd darparu ar ei gyfer o incwm yn y dyfodol yn awgrymu bod angen neilltuo swm penodol - caiff y swm hwn ei gynnwys o fewn dynodiadau yn y cyfrifon yn aml.
- d) Gallai fod angen swm i dalu am 'isafbwyntiau' yn y gyllideb arian parod - adolygwch gyllidebau i bennu faint y gallai fod ei angen.

I grynhoi, dylai'r risgiau ariannol rydych yn eu hadnabod ddyllanwadu ar swm y cronfeydd wrth gefn rydych yn eu targedu i'w dal a chael eu hesbonio yn eich polisi cronfeydd wrth gefn.

### **Cwestiwn 3. Oes gennych chi unrhyw gronfeydd wrth gefn ar ddiwedd y flwyddyn?**

Y cam olaf yw cymharu'r hyn y bydd efallai ei angen arnoch mewn cronfa wrth gefn â'r hyn rydych yn ei ddal. Dylech:

- Gyfrifo swm unrhyw gronfeydd wrth gefn yn ôl y diffiniad o gronfeydd wrth gefn a roddir yn adran C1 y canllaw.
- Nodi swm y cronfeydd wrth gefn a ddelir a'i gymharu â'r swm targed neu'r ystod darged a osodwyd ar gyfer cronfeydd wrth gefn.
- Esbonio unrhyw ddiffyg neu ormoddedd yn y cronfeydd wrth gefn yn erbyn y targed a osodwyd.
- Esbonio unrhyw gamau sy'n cael eu cymryd neu a gynllunnir er mwyn i'r cronfeydd wrth gefn gyfateb â'ch targed.

Os yw'r gwahaniaeth yn fach, efallai na fydd angen weithredu.

Rhaid i wybodaeth am y polisi cronfeydd wrth gefn a lefel y cronfeydd wrth gefn a ddelir gael ei chynnwys yn Adroddiad Blynyddol yr Ymddiriedolwyr.

## Dull integredig o ddatblygu polisi cronfeydd wrth gefn i elusen sydd â gweithgareddau a strwythurau mwy cymhleth

Rhaid i ymddiriedolwyr elusennau sydd â gweithgareddau a strwythurau mwy cymhleth ystyried ystod ehangach o ffactorau wrth ddatblygu eu polisi cronfeydd wrth gefn. Bydd yr elusennau hyn yn ymgymryd ag ystod helaethach o weithgareddau neu'n ariannu graddfa o weithrediadau sy'n llawer mwy nag elusennau sydd â materion symlach. Er enghraifft, efallai eu bod yn ymgymryd â masnach prif ddiben neu'n darparu nwyddau neu wasanaethau dan contract. Nid ydynt yn debygol o ddal nifer o gronfeydd cyfyngedig, cyflogi staff a gallant berchen ar adeiladau neu weithredu is-gwmnïau masnachu.

Nid yw llunio polisi cronfeydd wrth gefn yn dasg annibynnol. Mae polisi cronfeydd wrth gefn yn deillio o brosesau cynllunio strategol, cyllidebu a rheoli risg elusen. Mae'r prosesau hyn yn rhoi'r wybodaeth sydd ei hagen ar yr ymddiriedolwyr i sefydlu'n union reswm pam y gallai fod angen cronfeydd wrth gefn arnynt a'u helpu i feintio'r angen hwnnw. Mae'r camau sy'n rhan o'r prosesau hyn yn cydberthyn â chanlyniad un broses yn llywio'r llall. Er enghraifft, bydd risgiau ariannol a nodwyd yn llywio'r polisi cyllidebu a'r polisi cronfeydd wrth gefn. Gellir mynd ati i lunio polisi cronfeydd wrth gefn mewn ffyrdd gwahanol. Mae'r atodiad hwn yn cyflwyno un dull ac mae wedi'i ddisgrifio fel camau mewn proses, ond mae'n bwysig cofio bod pob un o'r camau hyn wedi'u cysylltu â'i gilydd.

Cam 1 - Tudalen y prif ym 108  
elusennau a ddelir;

Cam 2 - Adnabod asedau swyddogaethol;

Cam 3 - Deall effaith ariannol y risg;

Cam 4 - Adolygu ffynonellau incwm;

Cam 5 - Effaith cynlluniau ac ymrwymadau yn y dyfodol;

Cam 6 - Cytuno ar bolisi cronfeydd wrth gefn.

Wrth gymryd pob un o'r camau hyn, dylai ymddiriedolwyr ystyried y canllawiau a meddwl sut y mae'n gymwys i amgylchiadau eu helusen nhw. Drwy wneud hyn gallant ddatblygu eu polisi cronfeydd wrth gefn eu hunain. Ni fydd pob ffactor yn gymwys i bob elusen. Yn yr un modd, gall rhai ffactorau gael mwy o ddylanwad nag eraill o ran llunio syniadau'r ymddiriedolwyr wrth iddynt ddatblygu eu polisi cronfeydd wrth gefn.

### Cam 1 Deall natur y cronfeydd elusennau a ddelir

Cronfeydd wrth gefn yw'r rhan honno o gronfeydd incwm anghyfyngedig elusen sydd ar gael i'w gwario ar unrhyw ddibenion yr elusen. Er mwyn llunio polisi cronfeydd wrth gefn, mae'n hanfodol i'r ymddiriedolwyr ddeall unrhyw gyfyngiadau ar ddefnyddio cronfeydd yr elusen. Mewn rhai amgylchiadau gall dal cronfeydd cyfyngedig leihau'r angen i ddal cronfeydd wrth gefn at ddibenion arbennig.

Gellir defnyddio **cronfeydd cyfyngedig** at ddibenion arbennig elusen yn unig sy'n gulach na dibenion elusennol cyffredinol yr elusen. Mae cronfeydd cyfyngedig yn cynnwys gwaddolion ac

nid yw cronfeydd incwm cyfyngedig wedi'u cynnwys yn y diffiniad o gronfeydd wrth gefn. Fodd bynnag, gall natur a swm cronfeydd cyfyngedig ddylanwadu ar swm y cronfeydd wrth gefn a ddelir gan elusen.

Er enghraifft, gall elusen sy'n rhoi cymorth dramor weithredu'n fyd-eang ond gall fod gronfa incwm cyfyngedig ganddi ar gyfer ardal Asia. Mae cronfa incwm gyfyngedig ar gyfer Asia, sydd heb derfynau eraill ar sut y caiff ei defnyddio, yn golygu bod modd ariannu unrhyw weithgareddau a rhaglenni yn Asia o'r gronfa incwm gyfyngedig honno. Gall yr hyblygrwydd hwn leihau neu ddileu'r angen i'r elusen ddal cronfeydd anghyfyngedig mewn cronfa wrth gefn ar gyfer ei gweithgareddau yn Asia.

Mae **gwaddol gwariadwy** wedi'i eithrio o'r diffiniad o gronfeydd wrth gefn. Beth bynnag, mae gwaddol gwariadwy yn cynnig hyblygrwydd sylweddol i ymddiriedolwyr o ran sut y gallant ddefnyddio'r cronfeydd, a gall hyn ddylanwadu ar swm y cronfeydd wrth gefn y mae ymddiriedolwyr yn dewis ei ddal. Gall gwaddol gwariadwy, pan gaiff ei fuddsoddi, gynnig ffrwd weddol ddiogel o incwm ond mae dewis gan yr ymddiriedolwyr i wario'r cyfan, neu ran o'r gwaddol ei hun hefyd. Gall y rhyddid hwn leihau'r angen am gronfeydd wrth gefn, yn enwedig os nad yw'r elusen yn dibynnu'n llwyr ar yr incwm buddsoddi a ddarperir gan y gwaddol gwariadwy i ariannu ei gweithgareddau.

Fodd bynnag, os yw elusennau sydd â gwaddol gwariadwy yn dibynnu ar yr

incwm buddsoddi i ariannu gweithgareddau craidd neu barhaus, gall yr angen am gronfeydd wrth gefn fod yn fwy. Mae ymddiriedolwyr yn llai tebygol o fod yn barod i wario'r gwaddol gwariadwy os bydd hyn yn lleihau'r incwm sydd ar gael i ariannu gweithgareddau yn y dyfodol.

Nid oes modd gwario **cronfa waddol barhaol** fel incwm ac felly mae'r cyfalaf yn cael ei fuddsoddi i gynhyrchu incwm i'r elusen. Os nad yw telerau gwaddol parhaol yn cyfyngu'r defnydd ohono, mae'r incwm heb ei gyfyngu a gellir ei wario ar unrhyw ddibenion yr elusen. Bydd diogelwch perthynol yr incwm buddsoddi o gronfa waddol yn ffactor a all ddylanwadu ar yr angen am gronfeydd wrth gefn. Roedd Deddf Elusennau 2006 hefyd wedi cyflwyno diwygiadau a roddodd fwy o hyblygrwydd i nifer o elusennau i wario peth neu'r holl waddol parhaol mewn rhai amgylchiadau.

Mae ymagwedd **cyfanswm elw** at fuddsoddi yn rhoi mwy o hyblygrwydd i ymddiriedolwyr o ran sut y gellir dyrannu elw buddsoddi i gronfeydd incwm. Gall y Comisiwn Elusennau wneud gorchymyn sy'n caniatáu i waddol parhaol gael ei fuddsoddi ar sail cyfanswm elw. Mae cyfanswm elw yn ddull rheoli buddsoddiadau sy'n ystyried yr elw cyfan o'r buddsoddiad, sef enillion cyfalaf (a cholledion) ac unrhyw incwm. Yna mae'r ymddiriedolwyr yn penderfynu faint o'r cyfanswm elw heb ei ddefnyddio i'w ddyrannu'n incwm a faint sy'n cael ei gadw i'w wario yn y dyfodol. Wrth wneud y penderfyniad hwn, **Tudalen y pecyn 109**

ystyried anghenion buddiolwyr presennol a buddiolwyr y dyfodol.

Gall hyblygrwydd yr ymagwedd cyfanswm elw alluogi elusennau sydd â chronfeydd gwaddol parhaol sylweddol i ddal lefel is o gronfeydd wrth gefn nag elusennau tebyg sydd heb bŵer o'r fath. Mae cyfanswm elw yn rhoi'r hyblygrwydd i ymddiriedolwyr wario cronfeydd a ddelir fel rhan o'r cyfanswm elw heb ei ddefnyddio pan fydd angen ac felly gall leihau'r angen am gronfeydd wrth gefn.

## **Cam 2 Adnabod asedau swyddogaethol**

Mae adnabod cronfeydd anghyfyngedig yn gam cychwynnol hanfodol wrth ddatblygu polisi cronfeydd wrth gefn. Fodd bynnag, gallai rhai asedau swyddogaethol a ddefnyddir yn weithredol gan elusen fod yn hanfodol i weithredu eu strategaeth weithredol. Mae'r SORP Elusennau yn caniatáu'n benodol i gronfeydd a ddelir fel asedau sefydlog diriaethol at ddefnydd yr elusen gael eu hepgor o gronfeydd wrth gefn. Mae hyn yn cydnabod y caiff asedau arbennig eu defnyddio'n weithredol a gall eu gwaredu gael effaith niweidiol ar allu elusen i gyflawni ei nodau.

Os yw'r ymddiriedolwyr yn ystyried bod asedau sefydlog swyddogaethol yn hanfodol i gyflawni nodau'r elusen gall gwerth asedau o'r fath gael ei ddynodi a'i eithrio o gyfrifo cronfeydd wrth gefn. Fodd bynnag, mae'n bwysig i ymddiriedolwyr ofyn pam bod asedau sefydlog arbennig yn cael eu dal. Er enghraifft, gall swyddogaethol

gwerth uchel gael ei gwerthu a defnyddio adeilad ar rent pe byddai angen cronfeydd? Gallai rhai ymddiriedolwyr ystyried bod ased o'r fath yn rhan o'u cronfeydd wrth gefn y gellid ei realeiddio, os oes angen, i gefnogi eu gwaith gweithredol. Gallai'r sefyllfa hon, er enghraifft, gael ei gyferbynnu â'r cyfleuster gofal lle y gallai ei werthu amharu ar ofal buddiolwyr a gallai cael cyfleusterau arbenigol eraill ar rent fod yn anodd.

Yn yr un modd, os yw elusen yn gwneud buddsoddiadau cysylltiedig â rhaglen dim ond i hyrwyddo ei dibenion elusennol, gellir hepgor buddsoddiadau o'r fath o gronfeydd wrth gefn.

## **Cam 3 Deall effaith ariannol y risg**

Mae adnabod a rheoli risg yn rhan bwysig o lywodraethu elusen da. Bydd effaith ariannol gan rai risgiau, os ydynt yn digwydd, a chânt eu hystyried yn rhan o'r broses gyllidebu. Bydd risg ariannol a nodwyd hefyd yn dylanwadu ac yn llywio polisi cronfeydd wrth gefn elusen. Gall dal cronfeydd wrth gefn ffurfio rhan o strategaeth yr elusen dros reoli effaith risg a nodwyd pe bai'n digwydd.

Mae canllaw'r Comisiwn Elusennau *Elusennau a Rheoli Risg* (CC26) yn adnabod y risgiau allweddol y dylai'r rhan fwyaf o elusennau eu hystyried. Er bod y risg yn helaethach na dim ond risg ariannol, wrth weithio trwy'r canllaw ar reoli risg, dylai ymddiriedolwyr ystyried pa effaith ariannol y caiff y risg a nodwyd ar yr elusen a gofyn a oes angen cronfeydd wrth gefn i helpu i reoli'r effaith ariannol.



Dylai elusennau ymateb i anghenion buddiolwyr ac i rai elusennau gall hyn godi ar frys ac yn annisgwyl. Unwaith eto, dylai elusennau ystyried yr angen i ddal cronfeydd wrth gefn mewn ymateb i ddiwyddiadau o'r fath neu a all ddibynnu ar apêl gyhoeddus pan fydd angen yn codi ar frys.

#### **Cam 4 Adolygu ffynonellau incwm**

Mae sefydlogrwydd incwm yn y dyfodol yn ffactor allweddol yn iechyd ariannol elusen. Bydd asesu sefydlogrwydd a sicrwydd ffynonellau incwm yn y dyfodol yn ffurfio rhan bwysig o asesiad elusen o risg a bydd yn bwydo i mewn i'r polisi gosod cyllideb a chronfeydd wrth gefn. Dylai rhai o'r materion y dylai'r ymddiriedolwyr eu hystyried gynnwys:

- a yw incwm yr elusen yn dod o un ffynhonnell neu o fwy nag un ffynhonnell;
- mae'r elusen yn arbennig o agored pe byddai dirywiad sydyn neu anrhagweladwy mewn ffynhonnell incwm arbennig;
- mae'r elusen yn dibynnu ar un contract neu grant ar gyfer rhan sylweddol o'i chyllid sy'n amodol ar dendr neu adolygiad yn y dyfodol agos;
- mae unrhyw brif roddwr wedi nodi newid yn yr hyn y bwriadant ei roi;
- mae apeliadau neu weithgareddau codi arian yn darparu ffynhonnell cyllid sefydlog;
- mae rhai ffynonellau incwm yn arbennig o agored i'r sefyllfa economaidd gyffredinol.

Wrth adolygu sefydlogrwydd incwm, dylai ymddiriedolwyr ystyried:

- faint o rybudd o newid mewn incwm y byddai'r elusen yn ei gael;
- y dyddiadau allweddol pan fydd prif contractau neu grantiau yn cael eu hadolygu neu eu hadnewyddu;
- effaith unrhyw sefydliadau eraill sy'n ceisio cyllid o'r un ffynonellau;
- cryfder perthynas yr elusen a'i chyfathrebu â'i rhoddwyr a'i chefnogwyr ariannol ynghylch esbonio ei hanghenion ariannol.

Os oes incwm sefydlog neu ragweladwy gan elusen gall hyn leihau'r angen am gronfeydd wrth gefn. Fel arall, os yw incwm elusen yn gyfnewidiol neu'n anniogel, neu'n agored i ffactorau y tu allan i'w rheolaeth ei hun, gall hyn gyfiawnhau dal mwy o gronfeydd wrth gefn. Dylai'r ymddiriedolwyr hefyd ystyried a yw cronfeydd wrth gefn yr elusen yn ddigonol i'w gwarchod rhag y risg o ansolfedd neu amhariad dirifrol i'w gwaith elusennol.

#### **Cam 5 Effaith cynlluniau ac ymrwymïadau yn y dyfodol**

Wrth baratol'r cynllun gweithredol ar gyfer y flwyddyn, bydd ymddiriedolwyr wedi ystyried sut y bydd y cynllun hwnnw'n hyrwyddo nodau'r elusen er budd cyhoeddus. Mae'r cynllun gweithredol yn dwyn ynghyd y gweithgareddau y bydd yr elusen yn ymgymryd â nhw gyda'r adnoddau sydd ganddi.

Fel arfer bydd y cynllun gweithredol yn cael ei ydalen y pecyn 1.1.1 fel

cyllideb gyda'r incwm disgwylidig wedi'i adnabod yn ôl ffynhonnell a'r costau disgwylidig wedi'u hadnabod yn ôl gweithgaredd arfaethedig. Wrth osod cyllideb, bydd angen ystyried unrhyw gyfyngiad sydd ar y defnydd o gronfeydd arbennig a'r ansicrwydd sy'n gysylltiedig â rhagfynegi incwm y dyfodol. Bydd y gyllideb arian yn helpu i adnabod uchafbwyntiau ac isafbwyntiau yn llif arian yr elusen a bydd yn rhybuddio pryd y gallai fod angen defnyddio cronfeydd wrth gefn.

## **Ymrwymadau a dynodiadau**

Bydd ymrwymadau sy'n cael eu gwneud mewn blynyddoedd ariannol blaenorol a chyfredol hefyd yn cael effaith ar gyllidebau arian. Er enghraifft, os yw ymrwymadau wedi cael eu gwneud i dalu grantiau dros nifer o flynyddoedd efallai y bydd angen adeiladu'r cronfeydd wrth gefn i dalu'r costau hyn os yw ffrydiau incwm y dyfodol yn ansicr.

Fel rhan o gynllunio strategol elusen, bydd yr ymddiriedolwyr hefyd yn edrych y tu hwnt i'r cynllun gweithredol blynyddol a'r gyllideb flynyddol. Bydd hyn yn arbennig o bwysig o ran adnabod prosiectau neu gynlluniau gwario cyfalaf nad oes modd eu talu'n llawn o incwm yn y dyfodol disgwylidig yn unig. Os nad oes modd talu am y gwariant arfaethedig o incwm un flwyddyn yn unig gallai hyn awgrymu fod angen adeiladu cronfeydd wrth gefn i dalu am wariant yn y dyfodol. Os yw'r cronfeydd wrth gefn yn cael eu hadeiladu fel hyn, bydd angen i'r cyllidebau adlewyrchu'r cynlluniau hyn.

Yn aml bydd y cronfeydd a neilltuir i ddarparu ar gyfer ymrwymadau a chynlluniau yn y dyfodol yn cael eu dal fel cronfeydd dynodedig. Drwy adnabod angen a neilltuo cronfeydd mewn cronfa ddynodedig, gall yr ymddiriedolwyr adeiladu'r cronfeydd sydd eu hangen dros gyfnod a helpu i reoli'r risg ariannol a wynebwr gan brosiect. Drwy hyn byddant yn lledaenu'r baich dros sawl blwyddyn. Wrth gyfrifo swm y cronfeydd wrth gefn a nodir mewn adroddiad blynyddol, gall yr ymddiriedolwyr hepgor y swm a ddynodwyd yn briodol o gyfanswm y cronfeydd wrth gefn. Dylid esbonio swm a natur y dynodiadau yn yr adroddiad blynyddol a hefyd dros ba gyfnod y maent yn debygol o gael eu gwario.

Mae dynodiadau yn ymwneud â chynlluniau yn y dyfodol sy'n bodoli ar adeg benodol. Mae'r adroddiad blynyddol yn esbonio'r sefyllfa ar ddiwedd blwyddyn yr elusen ac felly nid oes modd sefydlu dynodiadau newydd ar ôl y diwedd blwyddyn i guddio gwir lefel y cronfeydd anghyfyngedig a ddelir mewn cronfa wrth gefn. Mae dynodiadau sydd byth yn cael eu defnyddio, neu y mae eu natur yn newid yn aml heb i gronfeydd gael eu gwario, yn creu'r perygl o ddwyn anfri ar yr elusen ymysg rhoddwyr a chefnogwyr ariannol. Os yw cwyn yn cael ei gwneud i'r Comisiwn Elusennau am gronfeydd wrth gefn elusen, gall y defnydd amhriodol o gronfeydd dynodedig ddenu sylw rheoleiddio.

## Cynllun pensiwn buddion wedi'u diffinio

Os oes gweithwyr gan elusennau ac mae hawl ganddynt gael pensiynau buddion wedi'u diffinio (pensiynau cyflog terfynol), mae materion arbennig yn codi o ran rhwymedigaethau'r elusen i'r cynllun pensiwn a all effeithio ar gronfeydd wrth gefn yr elusen.

Os yw elusen yn gweithredu, neu'n aelod o gynllun buddion wedi'u diffinio, dylai ymddiriedolwyr ddarllen ein canllaw *Cronfeydd wrth gefn elusennau a chynlluniau pensiwn buddion wedi'u diffinio*. Gall y cynllun pensiwn buddion wedi'u diffinio fod yn gynllun aml-gyflogwr neu'n gynllun yr elusen ei hun. Yn dibynnu ar y cydbwysedd o asedau a rhwymedigaethau o fewn y cynllun, gall yr elusen gael ased neu rwymedigaeth pensiwn.

Os yw ased neu rwymedigaeth pensiwn yn berthnasol, dylai'r datganiad polisi cronfeydd wrth gefn ystyried ar wahanol yr effaith ar sefyllfa ariannol a chronfeydd wrth gefn yr elusen. Bydd y goblygiadau llif arian o wneud iawn am unrhyw rwymedigaeth pensiwn yn dylanwadu ar y polisi cronfeydd wrth gefn ac adrodd am gronfeydd wrth gefn.

Os oes ased pensiwn, fel rheol bydd yn ddynodedig ac nid yw'n cael ei gyfrif fel rhan o gronfeydd wrth gefn yr elusen oherwydd nid yw ar gael i ymddiriedolwyr yr elusen ei wario. Os oes rhwymedigaeth pensiwn gall fod yn ofynnol i ddynodi rhai neu'r holl gronfeydd anghyfyngedig sydd ar gael

ac sydd heb eu hymrwymo fel arall i dalu rhan o'r rhwymedigaeth neu'r rhwymedigaeth gyfan. Bydd penderfynu p'un ai i ddynodi cronfeydd i ateb rhwymedigaeth pensiwn neu beidio yn dibynnu ar allu elusen i ariannu'r rhwymedigaeth honno o'i hincwm cyfredol a'i hincwm yn y dyfodol.

Dylai ymddiriedolwyr esbonio i randdeiliaid yr elusen yr effaith y mae cynllun pensiwn buddion wedi'u diffinio yn ei chael ar ei pholisi cronfeydd wrth gefn. Dylai ymddiriedolwyr roi sylw arbennig i esbonio'n eglur ac yn syml sut y dylai datgeliadau cyfrifyddu pensiynau gael eu dehongli yng nghydestun cyllid yr elusen.

## Cam 6 Cytuno ar bolisi cronfeydd wrth gefn

Ar ôl ystyried y materion a ddisgrifir yng nghamau 1 i 5 uchod gall yr ymddiriedolwyr wneud penderfyniad gwybodus ynghylch dal cronfeydd wrth gefn a'r swm i'w ddal. Os yw'r ymddiriedolwyr yn cytuno bod angen cronfeydd wrth gefn dylid esbonio'r rhain yn y polisi cronfeydd wrth gefn ynghyd â chyfiawnhad o'r lefel arfaethedig o gronfeydd wrth gefn a datganiad o'r cronfeydd wrth gefn a ddelir ar hyn o bryd. Dylai ymddiriedolwyr hefyd roi esboniad os yw'r cronfeydd wrth gefn a ddelir yn wahanol iawn i'r targed y maent wedi'i osod ar gyfer y cronfeydd wrth gefn.

© Hawlfraint y Goron 2010. Gellir atgynhychu'r cyhoeddiad hwn yn rhad ac am ddim mewn unrhyw fformat neu gyfrwng ar yr amod ei fod yn cael ei atgynhychu'n gywir ac nid yw'n cael ei ddefnyddio mewn cyd-destun camarweiniol. Rhaid cydnabod y deunydd fel hawlfraint y Goron a rhaid nodi teitl y cyhoeddiad.

Tudalen y pecyn 114

Gallwch gael fersiynau print bras o'r  
cyhoeddiad hwn gan y Comisiwn  
Elusennau ar 0845 300 0218

**Comisiwn Elusennau**

Ffôn: **0845 300 0218**

Typetalk: **0845 300 0219**

Gwefan: **[www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)**

Tudalen y pecyn 115

**Welsh Government  
Llywodraeth Cymru  
Consolidated Accounts 2014-15**

Government of Wales Act 2006

Accounts of the Welsh Assembly Government (known as Welsh Government) are prepared pursuant to Section 131 of the Government of Wales Act 2006 for the year to 31 March 2015, together with the Certificate and Report of the Auditor General for Wales thereon.

Laid before the Assembly on 10 September 2015 pursuant to the Government of Wales Act Section 131

## Consolidated Annual Report and Accounts 2014-15



### Introduction from the Permanent Secretary

2014-15 was a demanding year for the Welsh Government civil service with broad-ranging delivery challenges across the Programme for Government and a significant programme of legislation part-way through delivery. I am pleased to be able to present my third annual report and accounts knowing that the organisation made a considerable amount of progress on those delivery challenges during the year.

As I write, 20 Welsh Acts are now on the statute book. The scale of investment in time, energy and commitment that this legislation represents should not be underestimated. The organisation has had to develop a substantial amount of legislative capability over a very short time and it has often been a steep learning curve. It has had to build the capacity to support Ministers in creating new laws for Wales within a very constrained financial environment - and with no let-up in pressure across the Government's wider delivery commitments.

In terms of financial pressure, increasing responsibilities and the need to absorb new functions, means that in many ways 2014-15 has been just a taste of what is to come. With new Ministerial powers - including tax-raising, borrowing and rail franchising - new demands will be made on the organisation for skills and capability in challenging and complex areas of policy and administration.

What has become increasingly clear is that, while the organisation has done a good job of absorbing new areas of work while cutting costs over the past few years, the time has come for a more fundamental look at how the civil service works. In early 2015, I put in place the 'Preparing for the Future' programme to take a considered look at the way the organisation is structured, resourced and equipped to support the business of the Welsh Government, now and over the longer term.

One of the early outcomes from 'Preparing for the Future' is that, in 2015-16, the organisation will move from a senior structure of six Directors General to three equivalent roles, leading much larger delivery Groups. These larger Groups will allow resources to be aligned to emerging Cabinet priorities in a more agile and flexible way than has been possible in the past.

We are also focussing on a number of fundamental areas of civil service capability, including commercial governance, where I want to be absolutely sure that the Welsh Government gets the best possible value and outcomes from the half-a-billion a year it spends on goods and services. A work stream on leadership and capability will help develop leadership at all levels of the civil service; investing in the skills and capability needed for the next stage of devolution and public sector reform and helping make the organisation a fair and inclusive place to work for everyone – whatever their background.

Over the past year, I have made a personal commitment to champion fairness and inclusivity. The news that the organisation rose 161 places in the Stonewall rankings this year was a particularly welcome endorsement of the work of colleagues across the organisation and some vibrant and active staff networks. I am also very pleased to have learned recently that the organisation has achieved Silver status in its latest 'Investors in People' assessment – improving in 14 areas of evidence since the last assessment.

This has undoubtedly been a challenging year. But it has also been one of substantial achievement. The organisation has made significant progress on a programme of work designed to develop the civil service needed for the next stage of devolution although there is still much to do. I would like to thank all my colleagues for the commitment, professionalism and sheer hard work that has gone in to delivering the Programme for Government over the past year. I look forward to working with them in the year ahead.

**Derek**

## The Welsh Government at a glance

The Welsh Government is the devolved government for Wales and has responsibility for a wide range of matters which affect people's lives including education, health, the environment, transport, the economy, culture and many local government issues.

It was formally established in 2007 under the Government of Wales Act 2006, which established a division of functions between the National Assembly for Wales (the legislature) and the Welsh Assembly Government (the executive). The Wales Act 2014 has since legally changed the name to the Welsh Government.

Led by the First Minister, the Welsh Government makes decisions and is responsible for delivery in the areas devolved to it, as set out in Schedule 7 of the Government of Wales Act 2006. This involves developing and implementing policies; setting up and directing delivery and governance; proposing Welsh Laws (Assembly Bills); and making subordinate legislation, such as regulations and statutory guidance. It also directly funds Welsh Government Sponsored Bodies.

## Programme for Government

The Programme for Government is the Welsh Government's plan of action. It represents a commitment by Ministers collectively, to delivery and a move away from an approach to measuring success that placed too much emphasis on the amount of money spent, or the number of policies implemented, rather than the impact the government is having on peoples' lives.

Each year, the Programme for Government Annual Report provides a clear and detailed account of how the Welsh Government and our public service partners are delivering for the people of Wales.

In his foreword to the final 2014/15 Annual Report, the First Minister said:

'It is a pleasure to present this, the final Programme for Government Annual Report for this Assembly term. It demonstrates a record the whole Welsh public sector can be proud of - a record of delivery for the people of Wales despite tough financial times.'

The Annual Report's summary progress report sets out progress against the First Minister's four key priorities:

- Growth and Sustainable Jobs
- Health and Wellbeing
- Educational Attainment
- Supporting Children, Families and Deprived Communities

The report and full set of Programme for Government indicators can be accessed from the Welsh Government website.

## The Cabinet

Following the Cabinet reshuffle in July 2014 there were nine Cabinet Ministers, four Deputy Minister posts and the Counsel General:

Rt. Hon Carwyn Jones	First Minister
Jane Hutt	Minister for Finance
Edwina Hart MBE CSTJ	Minister for Economy, Science and Transport
Huw Lewis	Minister for Education and Skills
Mark Drakeford	Minister for Health and Social Services
Carl Sargeant	Minister for Housing and Regeneration
Lesley Griffiths	Minister for Local Government and Government Business
John Griffiths	Minister for Natural Resources, Culture and Sport
Jeff Cuthbert	Minister for Communities and Tackling Poverty
Theodore Huckle	Counsel General
Gwenda Thomas	Deputy Minister for Social Services
Ken Skates	Deputy Minister for Skills and Technology
Vaughan Gething	Deputy Minister for Tackling Poverty
Rebecca Evans	Deputy Minister for Agriculture and Fisheries



**Welsh Government Consolidated Accounts 2014-15**

Following the Cabinet reshuffle in September 2014 there were eight Ministers and four Deputy Minister posts, plus the Counsel General:

Rt. Hon Carwyn Jones	First Minister
Jane Hutt	Minister for Finance and Government Business
Huw Lewis	Minister for Education and Skills
Edwina Hart MBE CStJ	Minister for Economy, Science and Transport
Leighton Andrews	Minister for Public Services
Carl Sargeant	Minister for Natural Resources
Mark Drakeford	Minister for Health and Social Services
Lesley Griffiths	Minister for Communities and Tackling Poverty
Theodore Huckle	Counsel General
Vaughan Gething	Deputy Minister for Health
Julie James	Deputy Minister for Skills and Technology
Ken Skates	Deputy Minister for Culture, Sport and Tourism
Rebecca Evans	Deputy Minister for Farming and Food

More information on Ministerial responsibilities can be found in 'Welsh Government: A Quick Guide' which is available on our website.

**Board Membership**

In 2014-15 the Board was made up of six people at Director General (DG) level - each leading major areas of Government responsibility in support of Ministers, the Director of Legal Services and the Director of Governance. The Board also included three Non Executive Directors who brought a wide range of experience and external scrutiny to its work.

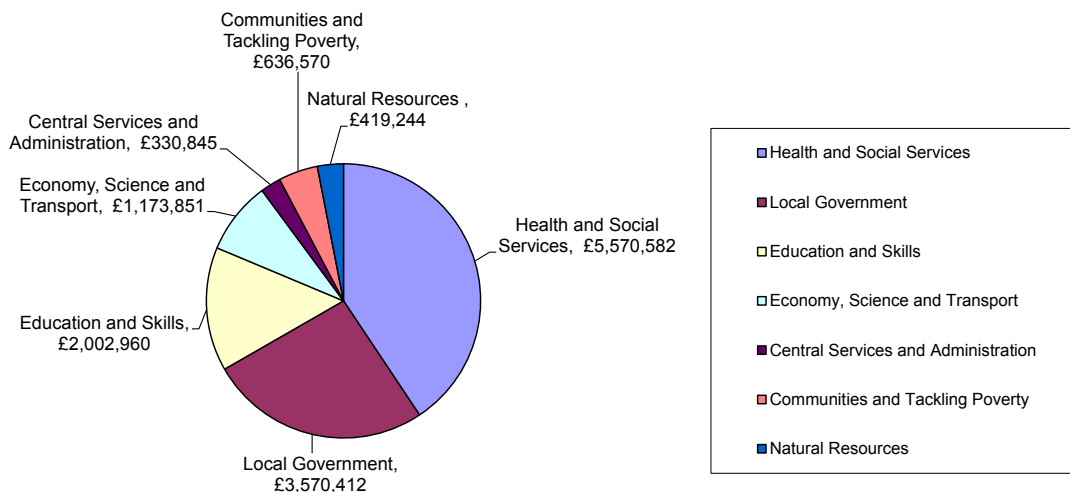
Board membership details for the year are provided below:

Sir Derek Jones KCB	Permanent Secretary
Owen Evans	DG Education & Skills
Michael Hearty	DG, Finance & Corporate Services
Gareth Jones OBE	DG, Natural Resources (Sustainable Futures pre-Cabinet changes)
Dr June Milligan	DG, Local Government & Communities
James Price	DG, Economy, Science & Transport
Dr Andrew Goodall	DG, Health & Social Services (from 9 June 2014)
Jeff Godfrey	Director, Legal Services
David Richards	Director, Governance
Professor Elan Cross Stephens CBE	Non-Executive Director
James Turner	Non-Executive Director
Professor Sir Adrian Webb	Non-Executive Director

**What the Welsh Government spends**

In line with the approved budget the Welsh Government spent around £14bn on behalf of people in Wales during 2014-15. Spending was broken down across key areas of responsibility as shown in the pie chart below.

**Net Ambit Expenditure 2014-15 (£000)**



## Welsh Government Consolidated Accounts 2014-15

All activities are continuing for financial reporting purposes to 31 March 2015.

The outturn is £13.7bn (2013-14: £13.8bn) compared to the Final Budget of £13.9bn (2013-14: £13.9bn), resulting in an under-spend of £0.2bn (Page 27) which is 1.5% of the total budget. Resource and Capital budgets were within Treasury limits and have therefore been carried forward to 2015-16.

Four departments had outturn variances against budget which are above £10m.

For Health and Social Services the under-spend of £86,898,000 related to timing differences between the NHS consumption of resource and the cash drawn.

Education and Skills had an under-spend of £38,028,000 which related to Student Loans model non-cash fair value estimates.

Local Government had an under-spend of £46,152,000 which related to annually managed expenditure (AME) budget from Treasury not required.

Central Services and Administration had an under-spend of £35,318,000 which related to lower than expected non-cash provisions.

The Welsh Government reviews performance and allocates resources according to the voted budget shown on Page 27. The expenditure groupings represent the appropriate operating segments, and therefore a separate segmental report is not required.

Funding for the Welsh Government during the period was primarily provided by Parliament through the Welsh Consolidated Fund and by the European Union.

The accounts present the results of the Welsh Government for the year ending 31 March 2015 and its assets and liabilities at that date. The Welsh Government's core activities incorporated the expenditure of the Royal Commission for Ancient and Historic Monuments (Wales) (RCAHMW). The Welsh Government is responsible for operating much of the finance function of RCAHMW.

These accounts also report the assets, liabilities and the results of the Welsh Government's consolidated position. These incorporate the following:

Local Health Boards in Wales;  
Finance Wales PLC;  
Career Choices Dewis Gyrfa Ltd;  
WGC Holdco Ltd; and  
Regeneration Investment Fund for Wales LLP

The accounting policies adopted by the Local Health Boards and subsidiaries are set out in their respective financial statements. The differences between those policies and those adopted by the Welsh Government do not have a material impact on these consolidated financial statements. Accordingly, no adjustments have been made to reflect differences in accounting policies.

### Results for the year

The results for the period are reported in detail in the attached accounts. The Consolidated Statement of Net Expenditure (Page 28) records net comprehensive expenditure of £11bn (2013-14: £13bn).

### Non-current assets

Property, plant and equipment additions in the period (Note 9) were £425m on an asset base of £18bn, for primarily Infrastructure assets and NHS Wales property portfolios.

Financial assets are predominantly the Student Loan book of £2bn out of the total £2.4bn.

### Contingent liabilities

Contingent liabilities that have not been provided for under IAS 37 are described in Note 20

### Auditors

The accounts of the Welsh Government are audited by the Auditor General for Wales in accordance with the Government of Wales Act 2006.

The Welsh Government also made payments to the Wales Audit Office for the external audit of grant funding and the certification of claims submitted for support under European Structural Fund Programmes, and for a range of other work conducted at the request of the Welsh Government. These charges and disclosures are included in Notes 5, 6 and 7.

## Format of the accounts

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 131 of the Government of Wales Act 2006. They are a consolidation of the accounts of the Welsh Government; the Local Health Boards operating in Wales; and various subsidiary companies.

A copy of the Accounts Direction is available from the Welsh Government, Finance Department at Cathays Park, Cardiff, CF10 3NQ.

## Our management structure and governance

Details of the management structure and governance arrangements for the organisation are set out in the Governance Statement on page 18 of this document.

## Senior appointments and remuneration

The Permanent Secretary was appointed by the Head of the Civil Service with the agreement of the First Minister. Members of the Board at Director General level are appointed at the discretion of and by the Permanent Secretary. Civil Service Commissioners chair all openly recruited interview panels for Directors General. All these appointments are for an indefinite period under the terms of the Senior Civil Service contract. The rules for appointment are set out in chapter 1 of the Civil Service Management Code With terms and conditions and remuneration at chapters 5 and 7 respectively Appointments relating to senior managers within the Local Health Boards and subsidiary companies are detailed in their individual accounts.

The Permanent Secretary's remuneration is set individually by the Head of the Civil Service on the recommendation of the Permanent Secretaries' Remuneration Committee. For other members of the Board, remuneration is determined by the Senior Staff Remuneration Committee chaired by a Non-Executive Director and attended by the Permanent Secretary in accordance with guidelines prescribed by the Senior Salaries Review Body and the Cabinet Office. Further details on remuneration are set out in the Remuneration Report published within these accounts.

## Events since the end of the financial period

Nil.

## 'Preparing for the Future'

Maintaining a relentless focus on delivering the Cabinet's priorities against a backdrop of continued financial pressure, while also taking on new policy areas and functions, is a real challenge for the Welsh Government civil service. This year was, therefore, the right time to take a considered look at how the organisation is structured, resourced and equipped to carry out the business of supporting government now and over the medium-to-long term. Early in 2015, I put in place 'Preparing for the Future', a programme of business improvement so that we can be well placed to support Ministers and live within our budgets. The programme is focusing on how the organisation can become more agile, flexible and capable, as well as affordable.

The programme has specific work-streams and projects looking at resources and structures, flexible and productive working, shared services, leadership, management and capability, and commercial governance. Engagement and involvement with our staff is at the heart of the programme, and in March we held a series of workshops in our offices across Wales to share ideas and gather views. As a result more than 800 people have been involved in face-to-face events focusing on different aspects of the programme and work-streams. Responding to feedback to the 2014 staff survey on leadership and managing change, learning and development and our approach to equalities and valuing difference is also a key component of this work.

Much of the delivery of the programme will continue through the next financial year, but early outcomes include my decision to change the senior structure and to introduce a new operating model in time for the Autumn Assembly term. With the agreement of the First Minister, I have changed the senior management structure from one led by six Director General roles to one based on three equivalent roles leading significantly larger Groups. There will be substantial financial savings from this change, freeing up resources to redeploy to new priorities, as they emerge.

## How we work

The Welsh Government has a professional and skilled workforce located across Wales, close to the communities it serves. With the backdrop of ongoing financial challenges and the opportunities new powers and responsibilities present for the future, I am pleased that the organisation's employee engagement levels remained strong this year. The 2014 staff survey results show an engagement index of 63%, 4% above the UK civil service benchmark. Overall, performance improved in 22 out of 72 core questions compared to the previous survey with higher positive scores than the civil service benchmark for more than 90% of questions. 93% of colleagues say they are interested in their work, 90% say they are trusted to carry out their jobs effectively, and 87% feel the organisation is focused on supporting Ministers to deliver better outcomes for the people of Wales. A full breakdown of the results is available on the website: People Survey Results 2014.

Following the 2013 survey, a local approach was taken to action planning in response to the results and one of the greatest improvements in the survey this year was about taking action. This year, there was a 7% increase in the number of people who believe that, where they work, effective action was taken as a result of last year's survey. Heads of Division have again been tasked with holding planning sessions in their areas, involving their teams in discussing the results in-depth and developing tailored local actions. Actions are now being implemented.

Whilst 90% of Welsh Government staff believe that they have the skills to do their job, overall scores on learning and development declined slightly on last year. The theme score in this area was 56%, and although it remains 7% above the average for the civil service as a whole, it decreased by 3 percentage points since the previous survey. It is, therefore, an area of improvement that is being focused on as part of Preparing for the Future. A series of workshops have been held with colleagues across Wales to identify learning priorities for the organisation and a new planning tool has been developed to help meet the specific needs of staff and build capability in key areas. A number of new courses have been developed and work has been undertaken to make courses more accessible, including developing a range of e-learning packages. An online learning portal was launched in December 2014 bringing together the full range of learning opportunities in one place. The organisation continues to provide staff with 5 days of learning and development each year and has undertaken awareness raising activity to highlight the breadth of options available, including volunteering, shadowing and mentoring opportunities.

The organisation also has comprehensive support in place to ensure the **health, safety and well being** of staff at work. This year the organisation began implementation of the international Occupational Health and Safety standard 18001 across the organisation and some of the improvements this has made include enhancements to accident reporting systems and a new suite of generic risk assessments for staff to use.

Our occupational health support is well established and our sickness rates are below:

Welsh Government Sickness Absence	2014-15	2013-14	2012-13
Days Lost (short term)	20,631	19,156	19,844
Days Lost (long term)	23,161	19,534	19,120
Total Days Lost (12 month period)	43,792	38,690	38,964
Total staff years	5,519	5,453	5,293
Total staff employed in period (headcount)	6,134	6,097	5,965
Total staff employed in period with no absence (headcount)	2,500	2,625	2,448
% staff with no sick leave	41%	43%	41%
Average working days lost	7.9	7.1	7.4

**Reducing Complexity** in the way we work has continued to be central to organisational improvement and remains a priority for the coming year. This year's activity included, a 6 month behaviour change campaign designed to improve the way colleagues store, retrieve and manage email information. 98% of the organisation took action to improve the way they manage and store email records. As a result, the amount of email information stored in our Outlook mailboxes was reduced by 1.678TB (this equates to 54 million average size emails). This has helped ensure a better understanding across the organisation of the importance of saving email records in iShare (our records management system), resulting in a more robust approach to managing email information.

As part of the Reducing Complexity work, a number of steps have also been taken to improve the way advice is provided to Ministers, including a week long 'Policy Focus' in November, where more than 800 staff attended seminars and workshops. Following feedback received during the events, a revised programme of learning for policy professionals has been developed. A simplified approach for briefing Ministers has also been developed and a single advice template will be introduced this autumn.

From the end of May, paper payslips were replaced with a new online system, iPayView. All payslips and P60s are now available electronically which is more sustainable, provides greater information security for staff, and it is more convenient as individuals can log in at home to access the system at any time.

**Supporting equality and diversity** is a priority for Welsh Government Ministers and the Welsh Government civil service. An account of Welsh Government policy and progress towards meeting the Cabinet's aims on equality, diversity, and tackling poverty can be found on the Programme for Government pages. The Welsh Ministers Report on Equality 2014 is also published on the website.

Internally, we already have a number of policies in place to promote equality, diversity and equal opportunities for all colleagues, but we will also be focusing on this aim in the leadership and capability strand of 'Preparing for the Future'. As part of that, I led a rapid solution event this summer giving all staff an opportunity to get involved in work to help make the organisation a fair and inclusive place to work.

During the last year staff networks have been revitalised and the LGBT network, PRISM has been particularly effective in supporting colleagues and raising awareness. This success has been recognised by Stonewall and the Welsh Government has moved up in the UK rankings from 195 to 34, placing the organisation at the 6<sup>th</sup> highest ranking employer in Wales. PRISM achieved highly commended in the 'Network Group of the Year' category. Whilst the organisation has clearly made some important steps forward, I am certainly not complacent. There is still a lot more to do and I will want to build on the progress made so far in the coming year.

The **Welsh Language**, and people being able to conduct their lives in the language of their choice, is an essential part of valuing diversity in Wales. In August 2014 the First Minister published a policy statement 'Bwrw Mlaen – Moving Forward' that builds on the foundations of the previous Welsh Language Strategy and sets the Welsh Government's strategy for the next three years. A summary of Welsh Government Policy and progress towards meeting the Cabinet's aims on Welsh Language can be found on the Programme for Government webpages. An annual report is on the website: Welsh Language Scheme annual report.

Within the organisation, we are preparing for the implementation of the new Welsh Language Standards that will be operational from 2016 and will place statutory requirements on the Welsh Government, in accordance with the Welsh Language (Wales) Measure 2011. The Welsh Language Standards will replace the existing Welsh Language Scheme and a programme of improvement across the organisation is in place, aiming for compliance with the standards by 2016.

The Welsh Government **Location Strategy** has enabled the organisation to reduce the number of administrative buildings from 75 to 33 during the period 2010-15, reducing costs, contributing to sustainability goals, and ensuring the organisation is dispersed across Wales. The strategy for the next five years has completed initial consultation with our Trade Unions and has subsequently been agreed by the Board.

The average number of full-time equivalent **Welsh Government staff members** during the 2014-15 financial year was 5,556. During this financial year the organisation ran a voluntary severance scheme and more details on this can be found on page 40-41 of the report. Tight controls on external recruitment are helping the organisation to manage its affordability both now and in the medium-to-long term.

The Welsh Government continues to place **sustainable development** as its central organising principle. The civil service is committed to taking organisational decisions in an integrated, joined-up way to achieve the Government's vision of a sustainable Wales.

An account of the organisation's commitment to **sustainability**, both in terms of Ministerial priorities and civil service attention to running sustainable government business can also be found on the website. For information on Ministerial aims and progress against them, visit the webpages. The Government's annual report on sustainable development is also available from our website: One Wales: One Planet, the Sustainable Development Annual Report 2013/14.

The organisation's commitment to sustainability includes how we manage the environmental impacts of its activities. For example, the Welsh Government has committed to achieve at least a 30% reduction in greenhouse gas emissions from its estate by 2020 (on a 2011 baseline). A range of environmental impacts are monitored and managed across the Administrative Estate. Details are published each autumn in the State of the Estate Report which contains a chapter on environmental performance against a number of key performance indicators.

Further details on greenhouse gas emissions, waste produced and water consumption on the Administrative Estate are shown below:

Greenhouse Gas Emissions		2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators ('000 tCO <sub>2</sub> e)	Total Gross Emissions	12.1	10.4	10.4	9.2	8.4
	Gross Emissions Scope 1 (Gas)	1.9	1.9	1.9	1.5	1.3
	Gross Emissions Scope 2 (Electricity)	10.2	8.8	8.5	7.7	7.1
Related Energy Consumption (GWK)	Electricity:	17.2	12.0	11.9	13.0	13.0
	Gas	10.0	8.6	10.2	8.4	7.1
Financial Indicators (£million)	Expenditure on Energy	2.18	2.01	2.3	2.3	2.1
	CRC Allowances (2012 onwards)	-	0.18	0.10	0.11	0.16
	Expenditure on official business travel	-	-	-	4.3	4.5

Waste		2010-11	2011-12	2012-13	2013-14	2014-15	
Non-Financial Indicators (tonnes)	Total Waste (tonnes)	848	665	609	583	500	
	Hazardous Waste	Total	-	1	1	Negligible	Negligible
		Landfill	216	268	202	184	127
	Non-Hazardous Waste	Reused/Recycled	550	448	365	361	314
		Composted (food)	-	76	42	38	59

Water		2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (cu.m/person/yr)		16	10	8	9.8	8.3

The organisation is **committed to operating fairly and transparently**. To demonstrate this commitment, we proactively publish a wide range of information and provide guidance on how to request information on our website and also maintain a comprehensive log of responses we have issued to requests for information, including an annual report: Report on the Implementation of Open Government Legislation and Policies.

The organisation operates a **customer complaints procedure** which the Public Services Ombudsman for Wales has approved and urged all other public service providers in Wales to adopt within their organisations. Information relating to complaints about all public service providers is published by the Ombudsman in his Annual Report and the number of complaints about the organisation which led to an investigation is consistently low each year.

The Welsh Government is committed to treating suppliers and contractors fairly. Under the Late Payment of Commercial Debts (Interest) Act 1998, the organisation is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods/services or valid invoices, whichever is the later. Our policy is to pay purchase invoices immediately on satisfactory receipt of goods/services. During the year ending 31 March 2015, records from across Welsh Government showed that 96% were paid within 10 calendar days. The relevant percentages of invoices paid within the terms of their payment policies by the Local Health Boards, and subsidiaries are disclosed in their respective accounts.

## REMUNERATION REPORT 2014-15

### *Remuneration Policy*

The remuneration of senior civil servants is set at UK Government level following independent advice from the Review Body on Senior Salaries. The Welsh Government has delegated responsibility for the remuneration of non-SCS staff.

The Review Body also advises on the pay and pensions of Ministers where pay is determined by the Ministerial and Other Salaries Act 1975. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com)

### **Service Contracts**

The Constitutional Reform and Governance Act 2010, requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

### **Remuneration (including salary) and pension entitlements**

This section is subject to audit and is covered by the Auditor General's audit opinion.

The following sections provide details of the remuneration and pension interests of the Ministers and the most senior management (i.e. Board members).

**Remuneration**

The remuneration of the First Minister and his Cabinet team and of the members of the Board, who served during the year, is noted below. These costs are reflected in the accounts of the National Assembly for Wales Commission and not the Welsh Government. Ministerial salaries include their salaries and entitlements (including pension entitlements) as Assembly Members. Benefits in kind related to Assembly Members responsibilities are not included in the table below.

**Single total figure of remuneration**

Ministers	Salary 2014-15 £	Salary 2013-14 £	Pension benefits (to nearest £1000) <sup>1</sup> 2014-15	Pension benefits (to nearest £1000) <sup>1,2</sup> 2013-14	Total (to nearest £1000) 2014-15	Total (to nearest £1000) 2013-14
Rt. Hon Carwyn Jones <i>First Minister</i>	132,427	132,427	46,000	40,000	178,000	172,000
Leighton Andrews <i>Welsh Minister (to 25/06/2013 then from 12/09/14)</i>	52,299	22,339	16,000	5,000	68,000	27,000
Edwina Hart MBE CStJ <i>Welsh Minister</i>	94,611	94,611	29,000	18,000	124,000	113,000
Lesley Griffiths <i>Welsh Minister</i>	94,611	94,611	34,000	30,000	129,000	125,000
Jane Hutt <i>Welsh Minister</i>	94,611	94,611	28,000	17,000	123,000	112,000
Carl Sargeant <i>Welsh Minister</i>	94,611	94,611	33,000	29,000	127,000	124,000
John Griffiths <i>Welsh Minister (to 11/09/14)</i>	42,312	94,611	14,000	27,000	56,000	122,000
Huw Lewis <i>Welsh Minister</i>	94,611	94,611	32,000	25,000	127,000	120,000
Mark Drakeford <i>Welsh Minister</i>	94,611	94,611	37,000	36,000	132,000	131,000
Theodore Huckle <i>Counsel General</i>	95,801	95,801	37,000	36,000	133,000	132,000
Alun Davies <i>Welsh Minister (to 08/07/14)</i>	25,687	94,611	10,000	33,000	36,000	128,000
Rebecca Evans <i>Deputy Welsh Minister (from 09/07/14)</i>	57,907	-	26,000	-	84,000	-
Julie James <i>Deputy Welsh Minister (from 12/09/14)</i>	43,940	-	17,000	-	61,000	-
Jeff Cuthbert <i>Deputy Welsh Minister (to 25/06/2013) then Welsh Minister (from 26/06/2013 to 11/09/14)</i>	42,312	91,040	15,000	29,000	57,000	120,000
Vaughan Gething <i>Deputy Welsh Minister (from 01/07/2013)</i>	79,489	59,618	29,000	20,000	108,000	80,000
Ken Skates <i>Deputy Welsh Minister (from 01/07/2013)</i>	79,489	59,617	26,000	20,000	105,000	80,000
Gwenda Thomas <i>Deputy Welsh Minister (to 11/09/14)</i>	35,549	78,263	10,000	17,000	46,000	95,000

<sup>1</sup> Pension benefits are calculated on a formula basis which can create year on year variations

<sup>2</sup> Where applicable the 2013-14 figures have been restated for the revaluation of the deferred Office Holder element of pension which had been previously omitted.



Ministers	Accrued Pension at pension age as at 31/03/15 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/15 £000	CETV at 31/03/14 £000 <sup>2</sup>	Real increase in CETV £000
Rt. Hon Carwyn Jones <i>First Minister</i>	40-45	2.5-5	499	445	22
Leighton Andrews <i>Welsh Minister</i>	35-40	0-2.5	546	526	11
Edwina Hart MBE CStJ <i>Welsh Minister</i>	40-45	0-2.5	622	570	20
Lesley Griffiths <i>Welsh Minister</i>	20-25	0-2.5	306	264	22
Jane Hutt <i>Welsh Minister</i>	40-45	0-2.5	815	789	26
Carl Sargeant <i>Welsh Minister</i>	20-25	0-2.5	254	221	15
John Griffiths <i>Welsh Minister</i>	25-30	0-2.5	400	384	10
Huw Lewis <i>Welsh Minister</i>	25-30	0-2.5	383	342	17
Mark Drakeford <i>Welsh Minister</i>	5-10	0-2.5	132	90	29
Theodore Huckle <i>Counsel General</i>	5-10	0-2.5	122	87	21
Alun Davies <i>Welsh Minister</i>	10-15	0-2.5	155	147	5
Jeff Cuthbert <i>Welsh Minister</i>	15-20	0-2.5	328	317	14
Rebecca Evans <i>Welsh Minister</i>	5-10	0-2.5	60	38	2
Julie James <i>Welsh Minister</i>	5-10	0-2.5	93	74	12
Vaughan Gething <i>Deputy Welsh Minister</i>	10-15	0-2.5	133	110	10
Ken Skates <i>Deputy Welsh Minister</i>	5-10	0-2.5	47	31	9
Gwenda Thomas <i>Deputy Welsh Minister</i>	20-25	0-2.5	313	302	7

**Single total figure of remuneration**

The Financial Reporting Manual (FRm) requires that all central Government Departments include a Single Total Figure of Remuneration along with a prior year comparative within the remuneration report. Total remuneration includes salary, bonus payments and benefits in kind (as detailed in previous accounts) plus the addition of a pension benefit figure. Pension benefits have been calculated using the methodology used to derive pension values for tax purposes. As a result the figures can be influenced by other factors such as an individual deciding to make additional contributions or valuation factors that impact the pension scheme as a whole and are, therefore, not always a true representation of the actual amounts of pension paid or earned by an individual in any one year. Nevertheless, this methodology applies to all government departments including NHS bodies.

**Single total figure of remuneration – Board members of the Welsh Government**

<b>Officials:</b>	Salary 2014-15	Salary 2013-14	Pension benefits (to nearest £1000) <sup>3</sup> 2014-15	Pension benefits (to nearest £1000) <sup>3</sup> 2013-14	Total (to nearest £1000) 2014-15	Total (to nearest £1000) 2013-14
	£000	£000	£000	£000	£000	£000
Sir Derek Jones KCB <i>Permanent Secretary</i>	160-165	155-160	30-35	85-90	195-200	245-250
David Richards <i>Director of Governance (from 23/05/13)</i>	95-100	85-90 (full year equivalent 95-100)	30-35	-	130-135	85-90
Andrew Goodall <sup>1</sup> <i>Director General (from 08/06/2014)</i>	160-165 (full year equivalent 195-200)	-	50-55	-	210-215	-
Owen Evans <i>Director General</i>	130-135	130-135	50-55	50-55	180-185	180-185
June Milligan <i>Director General</i>	130-135	130-135	35-40	50-55	170-175	185-190
James Price <i>Director General</i>	130-135	130-135	25-30	25-30	160-165	160-165
Michael Hearty <sup>2</sup> <i>Director General</i>	140-145	145-150	30-35	65-70	165-170	215-220
Gareth Jones <i>Director General</i>	130-135	130-135	30-35	75-80	165-170	205-210
Jeff Godfrey <i>Director Legal Services ( from 23/05/13)</i>	105-110	90-95 (full year equivalent 105-110)	10-15	15-20	115-120	105-110
Elan Closs Stephens <i>Non-Executive Director</i>	10-15	10-15	-	-	10-15	10-15
James Turner <i>Non-Executive Director</i>	10-15	10-15	-	-	10-15	10-15
Sir Adrian Webb <i>Non-Executive Director</i>	15-20	10-15	-	-	10-15	10-15
Band of Highest Paid Director's Total Remuneration (£'000)	195-200	200-205				
Median Total Remuneration (£)	33,900	33,900				
Ratio	5.9	5.9				

<sup>1</sup> Andrew Goodall is seconded from Aneurin Bevan University Health Board, and he replaced David Sissling who left on 31/03/14.

<sup>2</sup> Michael Hearty's salary includes £nil (2013-14: £9,268) of taxable relocation allowances under the relocation policy.

<sup>3</sup> The calculation used for pension benefits produces anomalies when untypical movements in benefits arise, which are not reflected by actual amounts of pension earned or paid.

Welsh Government Consolidated Accounts 2014-15

	Accrued Pension at pension age as at 31/03/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/15	CETV at 31/03/14	Real increase in CETV
<b>Officials</b>	£000	£000	£000	£000	£000
Sir Derek Jones KCB <i>Permanent Secretary</i>	75-80 plus lump sum of 225-230	1.5-2 plus lump sum of 5-7.5	1,700	1,665	34
David Richards <i>Director Governance</i>	45-50 plus lump sum of 140-145	0-2.5 plus lump sum of 2.5-5	1,092	1,010	32
Andrew Goodall <i>Director General</i>	40-45 plus lump sum of 120-125	-	629	-	-
Owen Evans <i>Director General</i>	10-15	2.5-5	140	103	20
June Milligan <i>Director General</i>	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 5-7.5	1,130	1,046	33
James Price <i>Director General</i>	35-40	0-2.5	432	393	11
Michael Hearty <i>Director General</i>	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 5-7.5	1,090	1,010	28
Gareth Jones <i>Director General</i>	55-60 plus lump sum of 175-180	0-2.5 plus lump sum of 5-7.5	1,253	1,165	30
Jeff Godfrey <i>Director Legal Services</i>	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 2.5-5	818	769	10

**Salary**

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Welsh Government with the exception of Ministers as noted above.

Senior Civil Servants within the Welsh Government are contractually entitled to be considered for a performance related variable payment. Any payments made are paid at the end of July each year, but no payments were made. It is the role of the Senior Civil Service Remuneration Committee to apply the UK senior pay policy and approve any awards, assessing the relevant contributions and performance of Senior Civil Servants during the year. This Remuneration Committee consists of the Permanent Secretary, one Director General and the three non-executive Directors.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer, and treated by HM Revenue and Customs as a taxable emolument, is disclosed to the nearest £100. Benefits in kind assessed were nil.

## Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Welsh Government in the financial year 2014-15 was £195,000-200,000 (2013-14: £200,000-205,000). This was 5.9 times (2013-14: 5.9) the median remuneration of the workforce, which was £33,900 (2013-14: £33,900). The reduction is due to the change of personnel for the highest paid director. Based on the Permanent Secretary's banded remuneration the ratio is 4.8(2013-14: 4.7). In 2014-15 and 2013-14 no employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (Classic, Premium, or Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with Pensions Increase legislation. Members joining from 1 October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary related and range between 1.5% and 3.9% of pensionable earnings for Classic and 3.5% and 5.9% for Premium, Classic Plus and Nuvos. Increases to employee contributions applied from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, Classic Plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per Classic and benefits from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during his period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The remuneration statement was resigned by the Permanent Secretary following the receipt of revised data from the National Assembly for Wales Commission.

**Sir Derek Jones KCB**  
**Permanent Secretary and Principal Accounting Officer**  
**7 September 2015**

## STATEMENT OF ACCOUNTING OFFICERS' RESPONSIBILITIES

- 1 Under Section 131 of the Government of Wales Act 2006, the Welsh Ministers are required to prepare the consolidated resource account for the Welsh Government for the year ended 31 March 2015 in accordance with directions given to it by HM Treasury. The Treasury direction requires the detailing of the resources acquired, held, or disposed of during the period.
- 2 The consolidated resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Welsh Government and the other entities within the group at the end of the period, and of their net expenditure and cash flows for the financial period.
- 3 The Principal Accounting Officer (PAO) for the Welsh Ministers has responsibility for the overall organisation, management and staffing of the Welsh Government. This includes responsibility for Welsh Government-wide systems in finance and other matters, where these are appropriate, and for the management of the Welsh Government's net cash requirement. The PAO is also responsible for preparing and signing the Welsh Government's consolidated resource account.
- 4 In preparing the accounts the PAO is required to comply with the Financial Reporting Manual (FRoM), and in particular to:
  - observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the FRoM have been followed and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going concern basis.
- 5 Under Section 133(2) of the Government of Wales Act 2006 the PAO is able to designate other members of the Welsh Government staff as Additional Accounting Officers. The PAO designated the Chief Executive of the NHS as Accounting Officer of the National Health Service in Wales. The work of the Local Health Boards in Wales is governed by separate authority, and the Chief Executives of each of the Local Health Boards are appointed as Accountable Officers by the Chief Executive of the NHS in Wales.
- 6 These appointments do not detract from the PAO's overall responsibility as PAO for the Welsh Government accounts.
- 7 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Welsh Government's assets, and for taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Welsh Government Accounting Officers' Memorandum, issued by the Treasury.
- 8 The relationship between the PAO of the Welsh Government, and other Accounting Officers, as described in paragraphs 5 and 6 above, and their respective responsibilities, are set out in written agreements between the officials concerned.

## GOVERNANCE STATEMENT 2014-15

### Scope of Responsibility

1. As Principal Accounting Officer, I am responsible for ensuring that there is a high standard of probity in the management of public funds. In discharging this duty, I am responsible for maintaining a sound system of internal control that supports the achievement of the Welsh Government's policies, aims and objectives, facilitates the effective exercise of the functions of Welsh Ministers and which includes effective arrangements for the management of risk.
2. In undertaking my responsibilities, I have been supported by Directors General (DGs) who I have designated as Additional Accounting Officers (AAOs). Their responsibilities are set out in a formal Memorandum which further strengthens corporate governance and accountability arrangements by placing with them a personal responsibility for the propriety, regularity, affordability and achievement of value for money of the public finances for which they are answerable.
3. The Welsh Government is a complex organisation. Led by the First Minister, its responsibilities cover a number of key areas of public life such as health, education and the environment. A wide range of internal controls are in place to provide for the sound stewardship of its resources. From my review of the effectiveness of the governance framework, I am satisfied that risks have been generally well managed and that our internal controls are continuing to improve.
4. The Welsh Government delivers its aims and objectives in partnership with Welsh Government Sponsored Bodies (WGSBs), subsidiary companies and other public bodies. Accounting Officers appointed to sponsored public bodies are responsible for their organisation's management of public finances and are required to sign a governance statement which is published in the body's annual accounts. Their relationship with the Welsh Government is defined in a framework document for each sponsored body.

### Funding for Local Authorities

5. The Welsh Government provides grant funding for local authorities in Wales, which include unitary, fire and rescue, and national park authorities, and police and crime commissioners. The largest single component of grant funding is the Revenue Support Grant paid to unitary authorities. It may be used for any purpose these authorities choose in delivering the services for which they are responsible.
6. The Revenue Support Grant is distributed on the basis of a formula which reflects the factors that drive authorities' need to spend to deliver a wide range of services, including education and social care. The Welsh Government also provides funding to authorities in the form of grants that can only be used for the specific purposes for which they are provided.
7. In addition to the grant funding which unitary authorities receive from the Welsh Government, they receive some specific grants from UK Government Departments for non-devolved functions. They also receive income from nationally-set non-domestic rates, which is pooled and redistributed by the Welsh Government, from locally-set council tax; and from fees, charges and other income. Local authorities receive further grants from the Welsh Government for capital spending, which is supplemented by their own borrowing, based on a prudent assessment of their finances using professional codes of practice. Similar arrangements apply to the provision for police and crime commissioners, who are funded through a mix of Revenue Support Grant, redistributed non-domestic rates from the Welsh Government and Police Grant from the Home Office, from specific grants and council tax. Other authorities are funded through arrangements such as levies and precepts. In each case, the authority is accountable for how it uses the funding in delivering the functions for which it is responsible.
8. Assurances around the probity in the use of these funds are through the maintenance of proper accounting and governance arrangements, including the production of authorities' annual accounts in keeping with the statutory requirements set out in the Accounting and Audit Regulations and in line with proper accounting practices. In accordance with the Public Audit Wales Act 2013, there is a full audit of these accounts by the Auditor General for Wales and they are scrutinised through each local authorities' governance arrangements. In addition, some specific grants will have additional specific audit arrangements in place to provide the grant provider with assurances around the use of that funding in line with the terms and conditions set for the grant.
9. Each local authority has an appointed officer under section 151 of the Local Government Act 1972 who has statutory duties to ensure that there is proper administration of financial affairs, including the establishment of an internal audit function. Councils are held to account by their scrutiny functions and they are also subject to annual improvement audits conducted by the Auditor General for Wales covering value for money as well as governance and capacity matters.

## Funding for Health Bodies

10. Funding is provided to Local Health Boards (LHBs) to commission and provide Hospital and Community Health Services and to meet the costs of drugs prescribed by GPs for their resident populations. Funding is also provided to cover the costs of payments to independent contractors (including GPs, General Dental Practitioners and Pharmacists). Additional targeted funding is added to the core allocation and used to support the achievement of Welsh Government objectives. Capital funding is provided to LHBs to support the All Wales Capital Programme and other Welsh Government discretionary capital funding is also provided to support locally identified priorities.
11. The Chief Executives of the LHBs and NHS Trusts are designated as Accountable Officers who must ensure that there is an effective system of internal control within their individual organisation. Each LHB and Trust has its own Board charged with steering, monitoring and overseeing performance, and ensuring good governance and risk management. To support the Chief Executives and the Boards, each LHB and Trust has an Audit Committee and Internal Audit arrangements in addition to the work of external auditors.
12. The NHS Finance (Wales) Act 2014 and associated NHS Wales Planning Framework signalled a new medium-term approach to planning, requiring health boards and NHS trusts to set out how resources will be used over a three year period to: address areas of population health need and improve health outcomes; improve the quality of care; and ensure best value from resources. When assessing whether an LHB has met its set "resource limit", the Auditor General will compare the expenditure of the LHB over the 3 year period to the aggregated resource limit for the 3 year period.
13. For the 2014-15 financial year, three LHBs (Abertawe Bro Morgannwg, Cardiff & Vale and Cwm Taf) met their statutory duty to have an approved integrated medium term plan in place. One NHS trust (Velindre) met its administrative duty to have an approved integrated medium term plan in place. The remaining four LHBs (Aneurin Bevan, Betsi Cadwaladr, Hywel Dda and Powys) and two NHS trusts (Public Health Wales and Welsh Ambulance Services) operated an annual plan for the 2014-15 financial year.
14. Monitoring and oversight is achieved through the review of monthly detailed financial information that is received from the LHBs and Trusts accompanied by appropriate and relevant commentaries. Progress against performance targets is also reported either on a weekly or quarterly basis, depending on the type of indicator. Regular meetings are held by the Chief Executive of NHS Wales and his officials with LHB and Trust officials to consider all aspects of reported performance, including the identification of critical risks and issues.

## The Governance Framework

15. The governance framework comprises the systems, processes, culture and values by which the Welsh Government is directed and controlled and the activities through which it accounts to the National Assembly for Wales and engages with stakeholders. It enables the organisation to monitor the achievement of its policies, aims and objectives and whether value for money has been obtained.
16. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level rather than to eliminate all risk. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Welsh Government's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and then to manage them efficiently, effectively and economically. This framework has been developed to comply with good governance and is supported by *Managing Welsh Public Money* which sets out the principles for dealing with resources in Welsh public sector organisations.
17. I chaired the Board throughout the year, consisting of the Director of Governance, the Director of Legal Services, three Non-executive Directors and six Directors General (DGs) each leading major areas of Government responsibility in support of Ministers. The DGs portfolios of responsibilities altered significantly part-way through the year as a consequence of the Cabinet reshuffle. The implementation of an improved protocol to deal with such "machinery of government" changes facilitated an effective realignment of portfolios and I am grateful to the DGs for their contribution to the smooth transfer of responsibilities.
18. The Board has met monthly, to set strategic direction and monitor whether the organisation is performing effectively. The Board has taken particular responsibility for assessing and mitigating the highest level corporate risks, supporting me in my role as Principal Accounting Officer. In the course of the next year, I will be relying on the Board to help me drive the delivery of a new programme, "Preparing for the Future", which I have established to deliver the capabilities and capacity that are needed to meet the future challenges associated with the devolution of more powers and, thereby, more functions to the Welsh Government, during a time of exceptionally tight public finances.
19. I met regularly with Board members bilaterally and with the non-executive Directors collectively on a monthly basis. The First Minister attended a Board meeting in the year (January 2015) providing a further opportunity for challenge. The non-executive Directors also met the First Minister to review the performance of the Permanent Secretary and the Board.
20. Board Membership details for the year are provided below:



<b>Board Members</b>	<b>Meetings Attended (of 10 held)</b>
Derek Jones, Permanent Secretary	10
Owen Evans, DG Education & Skills	9
Andrew Goodall, DG, Health & Social Services (from 9 June 2014)	8*
Michael Hearty, DG, Finance & Corporate Services	9
Gareth Jones, DG, Natural Resources (Sustainable Futures pre-Cabinet changes)	10
June Milligan, DG, Local Government & Communities	10
James Price, DG, Economy, Science & Transport	10**
David Richards, Director, Governance	8***
Jeff Godfrey, Director, Legal Services	7
Elan Closs Stephens, Non-Executive Director	9
James Turner, Non-Executive Director	9
Adrian Webb, Non-Executive Director	10

\* Started in post in June 2014 – Board member for 8 meetings only

\*\* Attended for part of the meeting in February 2015

\*\*\* Attended for part of the meeting in September 2014

21. The Board has two standing sub-committees to deal with key aspects of organisational business and also establishes ad-hoc groups to deliver key corporate priorities. The two standing sub-committees are:
- The Corporate Governance Sub-Committee, which has advised me in my capacity as Principal Accounting Officer on my responsibilities for risk management, audit, internal controls and corporate governance. This sub-committee was chaired by a Non-Executive Director and attended by me.
  - The Remuneration Sub-Committee, which has been responsible for Senior Civil Service (SCS) pay and conditions, senior succession planning and recruitment, and all SCS personal cases. The sub-committee was chaired by a Non-Executive Director and attended by me.
22. Due to the major, top-down reconfiguration of the internal organisation of the Welsh Government (as part of “Preparing for the Future”), it was not considered appropriate or possible to conduct an in-depth, qualitative self-assessment of the Board’s effectiveness for the year. However, the Board commissioned a “light-touch” board effectiveness assessment which confirmed that it had operated in line with best practice. Once the new Board structure has been fully embedded, I intend to commission a more in-depth self-assessment for 2015-16.
23. Below the Board, the Operations Group has ensured that the Board’s strategic decisions are managed on a day-to-day basis across the organisation. The Group was chaired at Director level on a fixed term basis and included senior representatives from every Director General area to so that action was taken in a joined-up manner to improve the way we operate. In terms of operations, levels of sickness absence were a particular concern during 2014-15. Consequently, I asked the SCS to address the management of sickness absence fairly but robustly, to deliver continued improvement into the future.
24. My accountability requires me to ensure that public money is expended in a manner consistent with the principles of regularity, propriety and value for money. If I, or my officials, are directed to undertake a course of action that, in our opinion, does not meet this standard, I am expected to advise the relevant Minister and then to seek their formal direction to continue on that course of action. During the period covered by these accounts and their signing, no Ministerial Directions have been required or issued.

### The Risk and Control Framework

25. The Board is responsible for overseeing the implementation of the risk management policy and process. The risk management policy is based on the Orange Book guidance for managing risk and has the key objective of ensuring that the Welsh Government has a consistent process in place for measuring, controlling, monitoring and reporting risk across the whole of the organisation.
26. I have continued to promote a more innovative, less risk averse culture in which the taking of appropriate risks in pursuit of opportunities to benefit the Welsh Government is encouraged. The Welsh Government should not be unduly risk averse and, in pursuit of its objectives, must be prepared to take risks which have been properly assessed, evaluated and managed to encourage more effective exploitation of opportunities as they arise, whilst accepting that some failures might occur. Consequently, the Board has been reconsidering its approach to risk identification and the way it records its risk considerations, so that discussion of risk by the Board has remained dynamic and relevant.
27. Our approach to risk management is set out in our framework document, “Risk Essentials”. Under this framework, risks are identified, evaluated and managed at a number of different levels:
- a. The Board has been responsible for managing corporate risks which might have prevented or hindered the organisation from achieving its strategic objectives. The corporate risk register was reviewed on a quarterly basis by the Board taking into account the views of the Corporate Governance Committee.

- b. Each Director General/Director was responsible for managing the departmental risks which may have prevented or hindered them from achieving their objectives and outcomes. Departmental risks were reviewed regularly by senior management teams and by departments' own Corporate Governance Committees and underpinned by lower level risk registers.
  - c. Risk registers are in place for major projects managed through approved programme and project management methodologies eg Managing Successful Programmes (MSP) and Projects in Controlled Environments (PRINCE). Risk is assessed using the Cabinet Office's Gateway Risk Potential Assessment model and is reviewed on a regular basis by each project/programme board.
  - d. The Welsh Government uses the "five case model" to manage projects effectively and mitigate the risks around their delivery.
28. Our awareness and management of risk is embedded in policymaking, planning and delivery. Training has been available on risk management for all staff and on project management for programme and project managers. Particular emphasis was on the management of risk in respect of grants funding and a number of staff attended training to better understand these risks in the course of the year.
29. To support my own review of the overall control environment, I required the Directors General within the Welsh Government to complete an internal control questionnaire and Statement of Assurance to provide me with their assessment of the effectiveness of their department's internal controls frameworks. In particular this year, I asked the Directors General to provide me with an additional assurance in respect of their assessment of the reliability and robustness of the analytical models on which they rely to make critical business decisions. I have been assured that the analytical models used by the Welsh Government are sound and are subject to adequate validation and review.
30. Investments in organisational improvement have been coordinated through a 'portfolio approach' to programme and project management. The portfolio team manages a range of programmes and projects, aiming for alignment with strategic goals, efficient and effective delivery and realisation of measurable benefits. The Team focuses on best practice in governance, risks, costs and benefits across projects and also provides support to projects in applying a consistent approach and best practice for delivery.
31. Governance for this work has been exercised through the Operations Group with the Board providing oversight. In addition, each Project has had a Senior Responsible Officer (SRO) and Project Board. An overview of portfolio resourcing, progress, risks and benefits was provided to the Operations Group on a monthly basis. The Operations Group scrutinised the business cases for new projects seeking portfolio funding and regularly took detailed project progress reports from individual project SROs.
32. The Programme & Project (PPM) Management Centre of Expertise has provided advice and support to improve PPM professionalism throughout the organisation and to increase excellence in the delivery of programmes and projects. The Centre of Expertise has established an SRO network and PPM Community of Practice. Training has also been provided as part of our Programme of Learning; a full suite of training courses has been utilised for levels from beginner through to expert to support our aim to improve PPM capability across the organisation.
33. The Grants Centre of Excellence continued to provide advice to grant managers across the Welsh Government. Significant effort has been invested in improving internal processes and the Centre of Excellence provided consistent and practical support to grant managers through a range of training, guidance and templates that have been developed and are available for officials to use, as well as minimum standards. Management reporting has been improved so that we now have the ability to share key information across the Welsh Government. Awareness of the key issues has also improved. We have sought to achieve a balance so that appropriate measures are in place to mitigate the risks associated with grant funding while avoiding unmanageable systems which are difficult to operate and burdensome to all; considerable further progress has been made towards this aim.
34. The Counter Fraud Branch maintained our preventive and awareness capability in relation to the risk of fraud. This year, the emphasis for training and awareness was on teams processing grants, in particular those managing European funding. Awareness raising in relation to counter fraud has continued with discussion and advice to many areas of Welsh Government on recognising fraud risk and taking appropriate action to eradicate or minimise that risk.
35. The Head of Counter Fraud maintains a fraud alerts system for public sector organisations in Wales and a fraud and reporting telephone line and email line are in place; both are displayed on the main Welsh Government website. These systems have been beneficial in identifying potential frauds impacting upon the organisation.
36. The Head of Counter Fraud worked closely with Internal Audit and the Grants Centre of Excellence so that we continue to improve our due diligence and controls, particularly in relation to grants. His network of contacts was maintained with other fraud investigators and counter-fraud forums in Wales.
37. We maintained a Whistleblowing Panel so that all cases of internal whistle-blowing were addressed properly and appropriate action taken, as necessary, to deal with the issues raised. We have also maintained a separate External Assurance Panel to deal with issues brought to our attention by persons outside the Welsh Government. Mostly, these have related to how Welsh Government funds have been handled by our delivery partners and by beneficiaries

to our various grant schemes. The issues raised are not, exclusively, fraud-related but the Head of Counter-Fraud has been involved, in the investigation of external assurance concerns in particular, so that a consistent, proportionate and appropriate approach has been applied to concerns that both Panels have considered.

38. The Good Governance Group for Welsh Government Sponsored Bodies and major third sector recipient bodies continued to meet on a periodic basis, providing a forum for the identification of good practice in governance and for the sharing of practical experiences and lessons learned.
39. Our governance framework has continued to evolve in order to address significant devolution and policy developments which will have a major impact on the future governance of Wales within the UK. In particular, Welsh Government has been working on the implementation of the recommendations contained in the two reports by the Commission on Devolution in Wales, chaired by Sir Paul Silk, and the report of the Commission on Public Service Governance and Delivery, chaired by Sir Paul Williams, whilst also responding to emerging devolution matters arising from the outcome of the Scottish Referendum and the "St David's Day" Statement.
40. In September, more than 60 world leaders attended the NATO Summit in Wales. This was the first NATO summit since 2012 and the first to be held in the United Kingdom since NATO leaders came to London in 1990. For much of the year the Summit was recognised as a corporate-level risk due to its impact on the Welsh Government on a number of levels, including emergency preparedness, planning, logistics and staff deployment. With significant demands on resources to support the delivery of what is regarded to be an extremely successful event this demonstrated the effectiveness of our risk management approach and capability to deal with major logistical challenges.
41. In previous years I have reported on issues concerning the Welsh Government student loans book. I am pleased to report this year that management actions to strengthen controls have continued to mitigate the risks associated with this, which the Board continues to monitor to ensure an adequate management response.

#### Review of Effectiveness

42. As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. I take assurance from a wide spectrum of activities and my review of the effectiveness of the system of internal control is informed by the work of Internal Audit and those Welsh Government officials with responsibility for the development and maintenance of the internal control framework. I also take assurance from management responses to issues identified by the External Auditor in his management letter and other reports. I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board and the Corporate Governance Committee, and all of the key development improvements are outlined in this statement.
43. The Welsh Government has an Internal Audit Service, which operates to standards defined in the Public Sector Internal Audit Standards. It undertook a full programme of work based on an analysis of the major risks facing the organisation. The Head of Internal Audit submitted regular reports to the Corporate Governance Committee on progress in implementing this audit plan, and I met regularly with her through the year to discuss this.
44. The Head of Internal Audit, in her Annual Assurance report, has provided me with "reasonable assurance" on the operation of the framework of governance, control and risk management. This was supported by the provision of reasonable assurances by each of the Directors General in respect of their Departments.
45. The Internal Audit Service co-ordinates its work with that of the Wales Audit Office. Co-ordination of audit plans has progressed significantly this year with planned assignments and special investigations being successfully undertaken. A joint working protocol underpins the approach taken and quarterly liaison meetings have been held to share information and agree joint assignments.
46. The Welsh Government's European Funds Audit Team (EFAT) submitted an "Unqualified Opinion" on the four Structural Funds Operational Programmes in December 2014 in their Annual Control Report and Opinion for that year. This report has since been reviewed and accepted by European Commission auditors.
47. Based on its work over this reporting period, in the Chair's Annual Report for 2014-15, the Corporate Governance Committee was able to provide substantial assurance on the adequacy of audit arrangements for the Welsh Government, and on the assurances provided to the Principal Accounting Officer in respect of the governance, risk management and control arrangements operated within the organisation.
48. In addition to the main Corporate Governance Committee, all parts of the organisation are covered by a Departmental Corporate Governance Committee. All Corporate Governance Committees have met regularly to advise the Accounting Officer and Director Generals throughout the year. I am satisfied that these committees operated in an effective manner and provided good support to both myself and the Director Generals in the monitoring and review of risk, control and governance processes.
49. Based on my review of internal controls and all other information available to me, I am satisfied that, subject to the issues raised in the following paragraphs, the Welsh Government had in place during the year appropriate controls to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources.

**Information Governance**

- 50. As Principal Accounting Officer, I am responsible for ensuring that appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments, which require me to assess our risk and ensure appropriate mitigation strategies are in place. Information risk continues to have a high priority throughout the Welsh Government featuring in departmental risk registers.
- 51. Where third parties handle our information, it is vital that we tell them how to do so, as we often retain legal liability for that information even if the third party releases the information in error. We regularly assess the way that third parties handle our personal information using the HADRIAN online assessment tool. Information assurance clauses are included as standard in requirement specifications.
- 52. The Welsh Government has maintained its accreditation to ISO 27001, the international standard for information security management. This provides assurances that the corporate IT system and associated security policies comply with the requirements of the standard and are aligned with recommended procedures. The Internal Compliance Programme for 2014-5 and external accreditation inspections both concluded that the Welsh Government has robust processes in place and has met its commitments under the standard.
- 53. With respect to data loss incidents, there have been no incidents reported to the ICO. Incidents not falling within the requirement to report to the ICO were:

<b>Summary of Other Protected Personal Data related incidents in 2014-15</b>		
Incidents deemed by the Data Controller not to fall within the criteria for report to the ICO but recorded centrally within the Department are set out in the table below		
<b>Category</b>	<b>Nature of incident</b>	<b>Total</b>
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	6
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	18
V	Other	0

**Significant Internal Control Issues**

- 54. The Wales Audit Office has undertaken two significant un-planned reviews in the year, one of which, on Regeneration Investment Fund for Wales has been concluded and reported upon recently, and the other will be completed shortly. These raise some common themes that the Welsh Government needs to address in relation to those bodies operating at “arms-length” on its behalf, to deliver specific objectives and outcomes. The need has been identified to better understand the whole range of governance arrangements that operate between the Welsh Government and its subsidiary entities, in particular, those operating with the greatest autonomy or at greater distance from their sponsoring Departments.
- 55. The greatest challenges arise within those organisations operating as, or in partnership with, commercial organisations, where the application of the normal public service ethos and principles becomes more complex, and where conflicts of interest become more difficult to define and manage effectively. In the course of the next year, we will be looking critically at the models for good governance that are in place for such arms-length bodies to confirm that they are fit for purpose and that we are exercising the right oversight over their activities.
- 56. In his Annual Governance Statement to support the NHS Wales Summarised Accounts of the Local Health Boards and NHS Trusts, the Director General for the Department for Health and Social Services, in his role as NHS Chief Executive, has set out the assurances he has received from Internal and External Auditors and from Health Board and NHS Trust Accounting Officers in respect of the governance framework for the summarised accounts. In his section on Significant Issues, the Director General has made reference to the NHS Wales organisations that were placed on escalated monitoring arrangements in the course of the year being: Betsi Cadwaladr University Health Board; Abertawe Bro Morgannwg University Health Board; Cardiff and Vale University Health Board; Hywel Dda University Health Board; and the Welsh Ambulance Services NHS Trust.
- 57. The Welsh Government has seen an increase in the number of cases under review by its Counter Fraud Service, some of which are long-standing investigations while some are new referrals. However, this is considered to be a positive sign that our External Assurances protocols are working effectively and also that the efforts to improve grant management and raise the general level of fraud risk awareness across the Welsh Government are being successful. This has stretched the resources of the Counter Fraud Service and I have looked to related functions, mainly Internal Audit, to supplement these resources, both in the year and into the future. Resources will need to be focused effectively on those cases with the greatest potential for successful prosecution, with the ongoing aim of seeking recovery of public funds whenever possible.
- 58. Nevertheless, I am not complacent about the need to continue the ongoing improvement of controls and for the continued training, awareness and vigilance of staff. The Welsh Government is also conscious of the need for good

standards of governance, including fraud risk management, in the organisations with which it works and through which public services are delivered. Officials continue to work with our external partners to raise standards of practice in order to safeguard public money, for example, through the Good Governance Group.

59. Towards the end of the last financial year, the European Commission (EC) informed the Welsh Government that payments to Wales were being suspended in respect of ERDF structural funds due to failings in the audit work performed by the European Funding Audit Team (EFAT) in respect of 2013. The EC was satisfied with the quality of the audits performed, but was critical of the sampling methodology used by EFAT and of the number of audits performed. Despite this interruption, the Welsh Government was able to continue making payments to all its delivery partners by utilising its own cash resources whilst the audit issues were resolved. In addition, the rates of error in both ESF and ERDF structural funds that were identified by EFAT audits exceeded the level of materiality allowed by the EC and EC auditors, themselves, identified some systemic issues in ESF controls operated by WEFO. Wales was not alone amongst EC Member States in being subject to interruption during this time. However, Wales has been notable in achieving early resolution of the audit and control issues in a satisfactory manner, early in 2015, so that the interruption has been lifted and payments have recommenced to Wales in respect of its ERDF and ESF programmes.

## **CONCLUSION**

60. The system of internal control has been in place in the organisation for the year ending 31 March 2015 and up to the date of approval of the Annual Report and Consolidated Accounts. It accords with HM Treasury guidance.
61. I have considered the evidence provided to me by my review of the effectiveness of the governance framework. I am satisfied that the organisation has maintained a sound system of internal control during this time, that action is being taken to further improve our internal controls and that weaknesses are being addressed where they have been identified.

**Sir Derek Jones KCB**  
**Permanent Secretary and Principal Accounting Officer**  
**18 August 2015**

## The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Welsh Government for the year ended 31 March 2015 under the Government of Wales Act 2006. These comprise the Summary of Resource Outturn, Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Taxpayers' Equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Principal Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Government of Wales Act 2006 and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Welsh Government and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Welsh Government; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I read all the financial and non-financial information in Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Welsh Government and Group's affairs as at 31 March 2015 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury's directions issued under the Government of Wales Act 2006.

### Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government of Wales Act 2006; and
- the information which comprises the Management Commentary and the unaudited part of the Remuneration Report included within the Annual Report (pages 2 to 10) is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed;
- or, I have not received all of the information and explanations I require for my audit.

**Report**

- I have no observations to make on these financial statements.

Huw Vaughan Thomas  
Auditor General for Wales  
8 September 2015

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

**Welsh Government  
Summary of Resource Outturn  
For the year ended 31 March 2015**

	<b>Budget 2014-15</b>	<b>Outturn 2014-15</b>	<b>Outturn compared with Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Net expenditure</b>	<b>Net expenditure</b>	<b>Variance</b>
<b>AMBIT</b>			
Health and Social Services	5,657,480	5,570,582	86,898
Local Government	3,616,564	3,570,412	46,152
Education and Skills	2,040,988	2,002,960	38,028
Economy, Science and Transport	1,182,168	1,173,851	8,317
Communities and Tackling Poverty	636,948	636,570	378
Natural Resources	419,855	419,244	611
Central Services and Administration	366,163	330,845	35,318
<b>Total Resource and Capital requirements</b>	<b>13,920,166</b>	<b>13,704,464</b>	<b>215,702</b>

During the year there were a number of changes to Welsh Government voted budgets to reflect new Ministerial portfolios. In the prior year the budgets were structured and voted as in the table below.

	<b>Budget 2013-14</b>	<b>Outturn 2013-14</b>	<b>Outturn compared with Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Net expenditure</b>	<b>Net expenditure</b>	<b>Variance</b>
<b>AMBIT</b>			
Health and Social Services	5,432,630	5,405,748	26,882
Local Government	3,721,269	3,721,246	23
Communities and Tackling Poverty	203,091	195,758	7,333
Economy, Science and Transport	945,829	898,792	47,037
Education and Skills	2,372,495	2,382,632	(10,137)
Natural Resources and Food	388,796	381,607	7,189
Housing and Regeneration	399,978	398,647	1,331
Culture and Sport	136,834	136,480	354
Central Services and Administration	328,643	323,430	5,213
<b>Total Resource and Capital requirements</b>	<b>13,929,565</b>	<b>13,844,340</b>	<b>85,225</b>

**Welsh Government  
Net Cash Requirement 2014-15**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£000</b>	<b>£000</b>
Authorised for issue from Welsh Consolidated Fund	13,570,532	13,397,293
Funding drawn down	(13,430,393)	(13,392,938)
<b>Undrawn funding</b>	<b>140,139</b>	<b>4,355</b>

The Notes on pages 33 to 61 form part of these accounts.



**Consolidated Statement of Comprehensive Net Expenditure  
For the year ended 31 March 2015**

	Note	Year ended 31 March 2015		Restated Year ended 31 March 2014	
		WG £000	Consolidated £000	WG £000	Consolidated £000
<b>PROGRAMME COSTS</b>					
Expenditure	6	14,541,831	14,691,567	14,712,495	14,899,155
Income:					
Non EU Income	8	(1,190,616)	(1,459,696)	(1,093,889)	(1,350,157)
EU Income	8	(636,730)	(649,722)	(676,058)	(684,013)
		<b>(1,827,346)</b>	<b>(2,109,418)</b>	<b>(1,769,947)</b>	<b>(2,034,170)</b>
<b>Net Programme Costs</b>		<b>12,714,485</b>	<b>12,582,149</b>	12,942,548	12,864,985
<b>ADMINISTRATION COSTS</b>					
Staff Costs	4	214,456	249,204	207,245	239,750
Other Administration Costs	5	74,572	84,796	78,008	93,250
<b>Gross Administration Costs</b>		<b>289,028</b>	<b>334,000</b>	285,253	333,000
Administration Income		(1,098)	(1,110)	(827)	(827)
<b>Net Administration Cost</b>		<b>287,930</b>	<b>332,890</b>	284,426	332,173
<b>NET OPERATING COST</b>		<b>13,002,415</b>	<b>12,915,039</b>	13,226,974	13,197,158
<b>OTHER COMPREHENSIVE EXPENDITURE</b>					
Net (gain)/loss on revaluation of Property, Plant and Equipment		(1,682,692)	(1,730,126)	(128,367)	(163,352)
Net gain/(loss) on Available-for-sale investments taken to equity		-	(1,245)	-	(4,132)
Actuarial (gain)/ loss on pension		4,810	17,723	(20,180)	(39,962)
<b>Total Comprehensive Net Expenditure</b>		<b>11,324,533</b>	<b>11,201,391</b>	13,078,427	12,989,712

The Notes on pages 33 to 61 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2015

		As at 31 March 2015 WG	As at 31 March 2015 Consolidated	As at 31 March 2014 WG	Restated As at 31 March 2014 Consolidated
	Note	£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	9	15,644,830	18,374,146	13,930,534	16,468,686
Intangible Assets	10	10,354	20,176	14,147	20,385
Financial assets	11	2,632,400	2,365,084	2,258,706	2,062,549
Trade and other receivables	15	-	92,747	-	62,248
<b>Total non current assets</b>		<b>18,287,584</b>	<b>20,852,153</b>	16,203,387	18,613,868
<b>Current Assets:</b>					
Assets classified as held for sale		-	2,455	-	5,242
Development Asset Inventories	13	186,160	186,270	199,342	199,452
Inventories	14	30,117	88,947	32,282	91,569
Trade and other receivables	15	257,952	399,111	244,785	351,993
Cash & cash equivalents	16	212,812	399,431	21,242	207,967
<b>Total current assets</b>		<b>687,041</b>	<b>1,076,214</b>	497,651	856,223
<b>Total assets</b>		<b>18,974,625</b>	<b>21,928,367</b>	16,701,038	19,470,091
<b>Current liabilities:</b>					
Trade and other payables	17	(891,309)	(1,523,247)	(675,880)	(1,232,710)
Non-current assets plus/less net current assets/liabilities		18,083,316	20,405,120	16,025,158	18,237,381
<b>Non-current liabilities</b>					
Provisions	18	(707,407)	(764,275)	(605,013)	(673,340)
Trade and other payables	17	(133,642)	(211,968)	(142,251)	(220,355)
Pension fund deficits	26	(75,750)	(103,977)	(72,900)	(87,939)
National Loans Fund	21	(11,485)	(11,485)	(11,554)	(11,554)
Other liabilities		-	(19,600)	-	(35,394)
<b>Total non current liabilities</b>		<b>(928,284)</b>	<b>(1,111,305)</b>	(831,718)	(1,028,582)
<b>Total Assets less liabilities</b>		<b>17,155,032</b>	<b>19,293,815</b>	15,193,440	17,208,799
<b>Taxpayers' Equity &amp; other Reserves</b>					
General Fund		10,129,120	11,969,031	9,130,695	10,827,754
Revaluation Reserve		7,092,107	7,419,206	6,124,927	6,458,266
EU Deferred Grant Reserve		9,555	9,555	10,718	10,718
Pension Fund Reserve		(75,750)	(103,977)	(72,900)	(87,939)
<b>Total equity</b>		<b>17,155,032</b>	<b>19,293,815</b>	15,193,440	17,208,799

Sir Derek Jones KCB  
 Permanent Secretary and Principal Accounting Officer  
 Date: 18 August 2015

The Notes on pages 33 to 61 form part of these accounts

Consolidated Statement of Cash Flows for the year ended 31 March 2015

	Note	Year ended 31 March 2015		Restated Year ended 31 March 2014	
		WG	Consolidated	WG	Consolidated
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net operating cost		(13,002,415)	(12,915,039)	(13,226,974)	(13,197,158)
Non – cash transactions:					
Administrative costs	5	12,583	10,295	16,031	17,084
Programme costs	6	371,002	594,987	626,355	884,538
Income payable to Welsh Consolidated Fund		(122,894)	(122,894)	(7,549)	(7,549)
Movements in working capital other than cash	12	15,007	(9,219)	(239,054)	(280,067)
Other adjustments via General Fund		(2)	553	1	1,533
Use of provisions	18	(80,831)	(179,128)	(80,890)	(170,007)
<b>Net cash outflow from operating activities</b>		<b>(12,807,550)</b>	<b>(12,620,445)</b>	<b>(12,912,080)</b>	<b>(12,751,626)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(131,162)	(380,576)	(125,121)	(332,419)
Purchase of intangible assets		(351)	(5,831)	(4,141)	(7,187)
Proceeds of disposal of property, plant and equipment		1,906	8,194	4,440	16,541
Proceeds of disposal of development assets		19,205	19,205	11,752	11,752
Proceeds of disposal of financial assets		-	-	-	(22,452)
Proceeds of disposal of intangible assets		-	-	-	87
Purchase of development assets		(17,820)	(17,820)	(59,623)	(59,623)
Issue of loans and investments		(493,080)	(424,385)	(429,835)	(368,230)
Movement in bank loan		-	(9,300)	-	(14,600)
Repayment of loans		77,116	79,076	100,652	100,652
Interest received		-	40	-	33
<b>Net cash outflow from investing activities</b>		<b>(544,186)</b>	<b>(731,397)</b>	<b>(501,876)</b>	<b>(675,446)</b>
<b>Cash flows from financing activities</b>					
From Welsh Consolidated Fund (Supply) – current year		13,430,393	13,430,393	13,392,939	13,392,939
Capital element of payments for finance leases and on balance sheet PFI contracts		(8,327)	(8,327)	(8,056)	(8,056)
<b>Net Cash Outflow/Inflow from Financing activities</b>		<b>13,422,066</b>	<b>13,422,066</b>	<b>13,384,883</b>	<b>13,384,883</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the WCF</b>		<b>70,330</b>	<b>70,224</b>	<b>(29,073)</b>	<b>(42,189)</b>
Movements in non-operating receipts due to be surrendered to Welsh Consolidated Fund		121,240	121,240	(30,793)	(30,793)
<b>Net increase/(decrease) in cash and cash equivalent in the period after adjustment for receipts and payments to the WCF</b>	16	<b>191,570</b>	<b>191,464</b>	<b>(59,866)</b>	<b>(72,982)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	16	<b>21,242</b>	<b>207,967</b>	<b>81,108</b>	<b>280,949</b>
<b>Cash and cash equivalents at the end of the period</b>	16	<b>212,812</b>	<b>399,431</b>	<b>21,242</b>	<b>207,967</b>

The Notes on pages 33 to 61 form part of these accounts

**Consolidated Statement of changes on Taxpayers' Equity for the year ended 31 March 2015**

Consolidated	General Fund	European Deferred Grant Reserve	Revaluation Reserve	Pension Fund Reserve	Total Reserves
	£000	£000	£000	£000	£000
<b>Balance at 31 March 2013</b>	<b>10,555,184</b>	<b>11,881</b>	<b>6,393,374</b>	<b>(125,784)</b>	<b>16,834,655</b>
Welsh Consolidated fund – drawn down	13,392,939	-	-	-	13,392,939
Welsh Consolidated Fund - deemed	(7,417)	-	-	-	(7,417)
Net operating cost for the year	(13,197,158)	-	-	-	(13,197,158)
<b>Non-cash adjustments</b>					
Net gain/(loss) on revaluation	4,064	-	163,420	-	167,484
Adjustments	-	-	(1)	-	(1)
Impairment	1,156	-	-	-	1,156
Actuarial gain/(loss) on pension scheme	1,610	-	-	-	1,610
Student Loans	(21,526)	-	-	-	(21,526)
Consolidated Fund Extra Receipts	(25)	-	-	-	(25)
Loan repayments to Consolidated Fund	(107)	-	-	-	(107)
<b>Movements in reserves</b>					
Release of reserves to statement of Comprehensive Expenditure	-	(1,163)	-	-	(1,163)
Transfers between reserves	98,527	-	(98,527)	-	-
In year pension movement	507	-	-	37,845	38,352
<b>Restated balance at 31 March 2014</b>	<b>10,827,754</b>	<b>10,718</b>	<b>6,458,266</b>	<b>(87,939)</b>	<b>17,208,799</b>
Welsh Consolidated fund – drawn down	13,430,393	-	-	-	13,430,393
Welsh Consolidated Fund - deemed	(122,767)	-	-	-	(122,767)
Net operating cost for the year	(12,915,039)	-	-	-	(12,915,039)
<b>Non-cash adjustments</b>					
Net gain/(loss) on revaluation of property, plant and equipment	-	-	1,730,126	-	1,730,126
Net gain/(loss) on revaluation of investments	1,479	-	-	-	1,479
Net gain/(loss) on assets held for sale	-	-	(234)	-	(234)
Impairment	282	-	-	-	282
Other adjustments	(2)	-	2	-	-
Actuarial gain/(loss) on pension scheme	(1,190)	-	-	-	(1,190)
Student Loans	(20,210)	-	-	-	(20,210)
Consolidated Fund Extra Receipts	(21)	-	-	-	(21)
Loan repayments to Consolidated Fund	(106)	-	-	-	(106)
<b>Movements in reserves</b>					
Release of reserves to statement of Comprehensive Expenditure	-	(1,163)	-	-	(1,163)
Transfers between Reserves	768,954	-	(768,954)	-	-
In year pension movement	(496)	-	-	(16,038)	(16,534)
<b>Balance at 31 March 2015</b>	<b>11,969,031</b>	<b>9,555</b>	<b>7,419,206</b>	<b>(103,977)</b>	<b>19,293,815</b>

The Notes on pages 33 to 61 form part of these accounts.

Consolidated Statement of changes in Taxpayers' Equity continued

Welsh Government only	General Fund £000	European Deferred Grant Reserve £000	Revaluation Reserve £000	Pension Fund Reserve £000	Total Reserves £000
<b>Balance at 31 March 2013</b>	<b>8,906,269</b>	<b>11,881</b>	<b>6,083,587</b>	<b>(92,570)</b>	<b>14,909,167</b>
Welsh Consolidated fund – drawn down	13,392,939	-	-	-	13,392,939
Welsh Consolidated fund – to surrender	(7,417)	-	-	-	(7,417)
Net operating cost for the year	(13,226,974)	-	-	-	(13,226,974)
<b>Non-cash adjustments</b>					
Net gain/(loss) on revaluation of property, plant and equipment	-	-	128,367	-	128,367
Student Loans	(21,526)	-	-	-	(21,526)
Consolidated Fund Extra Receipts	(25)	-	-	-	(25)
Other adjustments	-	-	(1)	-	(1)
Loan repayments payable to Consolidated Fund	(107)	-	-	-	(107)
<b>Movements in Reserves</b>					
Release of reserves to Statement of Comprehensive Expenditure	-	(1,163)	-	-	(1,163)
Transfers of assets	-	-	-	-	-
Transfers between Reserves	87,026	-	(87,026)	-	-
In year pension movement	510	-	-	19,670	20,180
<b>Balance at 31 March 2014</b>	<b>9,130,695</b>	<b>10,718</b>	<b>6,124,927</b>	<b>(72,900)</b>	<b>15,193,440</b>
Welsh Consolidated fund – drawn down	13,430,393	-	-	-	13,430,393
Welsh Consolidated fund – to surrender	(122,767)	-	-	-	(122,767)
Net operating cost for the year	(13,002,415)	-	-	-	(13,002,415)
<b>Non-cash adjustments</b>					
Net gain/(loss) on revaluation of property, plant and equipment	-	-	1,682,692	-	1,682,692
Student Loans	(20,210)	-	-	-	(20,210)
Consolidated Fund Extra Receipts	(21)	-	-	-	(21)
Other adjustments	(3)	-	2	-	(1)
Loan repayments payable to Consolidated Fund	(106)	-	-	-	(106)
<b>Movements in Reserves</b>					
Release of reserves to Statement of Comprehensive Expenditure	-	(1,163)	-	-	(1,163)
Transfers between Reserves	715,514	-	(715,514)	-	-
In year pension movement	(1,960)	-	-	(2,850)	(4,810)
<b>Balance at 31 March 2015</b>	<b>10,129,120</b>	<b>9,555</b>	<b>7,092,107</b>	<b>(75,750)</b>	<b>17,155,032</b>

The Notes on pages 33 to 61 form part of these accounts.

## NOTES TO THE WELSH GOVERNMENT RESOURCE ACCOUNTS

### 1. Statement of accounting policies

These consolidated financial statements have been prepared in accordance with the *Government Financial Reporting Manual (FReM)*. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Welsh Government for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Welsh Government (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Welsh Government to prepare additional primary statements. The summary of Resource Outturn which shows actual outturn against budget, and supporting notes which reconcile outturn to net operating cost, and resources to cash requirement.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of investment property, property, plant and equipment, and certain financial assets and liabilities.

#### 1.2 Basis of Consolidation

These accounts comprise a consolidation of the Welsh Government, the 7 Local Health Boards, Finance Wales PLC, Regeneration Investment Fund for Wales LLP, WG Holdco Ltd and Career Choices. These consolidated companies produce and publish their own annual reports and accounts. Subsidiary companies are consolidated from draft accounts, there being no material difference between draft and final accounts. In addition WGC Holdco Ltd accounts are prepared on a UK GAAP basis, there being no material difference between UK GAAP and IFRS. Design Commission for Wales, Hybu Cig Cymru – Meat Promotion Wales, Life Sciences Hub Wales Ltd, Sector Development Wales Partnership Ltd, Welsh Development Management Ltd, Innovation Point Wales, Welsh Government Transport Company and International Business Wales Ltd have not been consolidated on grounds of materiality. Transactions between entities included in the consolidation are eliminated.

#### 1.3 Property, Plant and Equipment

##### Land and buildings (including Dwellings)

The Welsh Government and its related bodies capitalise freehold property where it is retained for use by the organisation itself. The Welsh Government capitalises leasehold property where the original lease was for greater than 100 years and land & buildings surplus to requirements. Leased property, where the original lease was for less than 100 years, is treated as a revenue cost. Freehold land and buildings and leasehold land and buildings, where the original lease was for greater than 100 years, have been restated at current cost using professional valuations either every five years, or annually, with appropriate indices in intervening years for non annual valuations. The exception is properties of a specialised nature held at depreciated replacement cost. The indices used for 2014-15 were taken from the Investment Property Databank (IPD) UK Annual Index (2015).

##### Network Assets

The road network is valued at its depreciated replacement cost in terms of the guidance in the Financial Reporting Manual for specialist assets for which market valuations are not available. To produce this valuation requires the use of assumptions, estimates and professional judgement. The model used to produce the valuation is known as the Roads Authorities' Asset Valuation Systems (RAAVS), run by external consultants W.S. Atkins. External professional surveyors undertake a full valuation of the network at intervals not exceeding five years. This valuation was carried out in 2014-15. Interim valuations use a series of standard costs to value the individual components of the network assets and indices to revalue these on an annual basis.

The trunk road network is recognised as a single infrastructure asset in accordance with the applicable guidance outlined in the FReM. However, it comprises four distinct elements that are accounted for differently: land; the road pavement; structures (such as bridges and culverts); and communications (such as variable message signs).

The road pavement element is valued using agreed rates determined to identify the gross replacement cost of applicable types of road on the basis of new construction on a green-field site. These rates are re-valued annually using indices to reflect current prices.

Structures are valued using agreed rates determined to identify the replacement cost of applicable types of structure on the basis of new construction on a green-field site where these are available but special structures, which tend to be one off by their nature, are valued using specific costs that are updated to current prices.

Communications are valued using agreed rates determined to identify the replacement cost of applicable types of communications.

Subsequent expenditure is capitalised where it adds to the service. Expenditure that does not replace or enhance service potential will be expensed as a charge to the Statement of Comprehensive Net Expenditure.

New roads are reclassified from Assets under Construction when the structural details have been provided by the Agent authority, which may be some time after the road has opened.

Transfers of the responsibility for maintaining sections of the road as part of the trunk road network from or to the local authority network are referred to as 'trunkings' or 'de-trunkings' respectively. The trunking or de-trunking of roads from or to local authorities is treated as a transfer from or to other government departments. Roads and structures de-trunked are effectively dealt with as disposals in accounting terms at nil consideration. The associated profit or loss is processed through the general fund.

Depreciation is accounted for in respect of the road pavement by reference to the service potential assessed by condition surveys that are carried out over the whole network as part of a rolling programme that covers every section of road at least every five years. The Structures and Communications elements are depreciated using the straight line method applied to the re-valued replacement costs, and also inspected every five years to identify any other changes. Land is not depreciated.

The indexation factors applied are:

Road Pavement and Structures	Baxter Index, published quarterly by the Department for Business, Innovation and Skills
Communications	Baxter Index, published quarterly by the Department for Business, Innovation and Skills
Land	Land indices produced by Valuation Office Agency

Upwards movements in value are taken to the revaluation reserve. Downward movements in value are set off against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Statement of Comprehensive Net Expenditure.

#### Information Technology and Fixtures and Fittings

Information technology and fixtures and fittings (which include vehicles, plant and equipment), are at historical cost. As these asset classes have a short useful economic life, reliable revaluations of these assets could only be obtained at prohibitive cost. No significant estimation techniques are used in the valuation of these asset classes.

#### Heritage Assets

The Welsh Government holds a number of non-operational heritage assets where the cultural, educational and historical value is unlikely to be fully reflected in a financial value derived from a market mechanism or price. These assets are of a specialist nature and reliable valuations either cannot be obtained or could only be obtained at a prohibitive cost. The Welsh Government, therefore, does not capitalise these assets in the accounts.

The minimum level for capitalisation of individual assets and grouped assets is £5,000.

### 1.4 Intangible Assets

Local Health Boards capitalise computer software licences as intangible fixed assets, where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic life.

The Welsh Government capitalises computer software licenses where expenditure of at least £5,000 has occurred.

### 1.5 Depreciation

The depreciation charge for the roads network consists of three elements:

- annual maintenance charge;
- an estimate of the permanent deterioration in the condition of the network in the year (which has been calculated by the computer model based on latest actual data on the condition of the network referred to in the non-current assets note above); and
- calculated depreciation of the structures and communications.

The annual depreciation charge for the road surface is the value of the service potential replaced through the maintenance programme, plus or minus any adjustment resulting from an annual condition survey. Structures and communications assets are depreciated on a straight line basis over the expected useful life of the asset.

Depreciation is provided at rates calculated to write-off the value of intangible assets and other property, plant and equipment assets by equal instalments over their estimated useful lives.

Lives are in the following ranges:

Network surface	20 to 50 years
Network structures	20 to 120 years
Network communication	15 years
Leasehold land & buildings	Remaining life
Dwellings	Remaining life
Freehold buildings	up to 60 years
Information technology	3 to 10 years
Intangible software assets	2 to 10 years
Fixtures & fittings	3 to 20 years

Freehold Land and Assets under construction are not depreciated.

Impairments of tangible fixed assets are charged to the Statement of Comprehensive Net Expenditure in the period in which they are occurred.

#### 1.6 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the donation preclude immediate recognition of the gain.

#### 1.7 Research and Development

Research and development expenditure is charged to the Statement of Comprehensive Net Expenditure in the year in which it is incurred, except where it relates to a clearly defined project and where the benefits can reasonably be regarded as assured. The expenditure deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Net Expenditure on a systematic basis over the period expected to benefit from the project.

#### 1.8 Financial Assets

Loans and Public Dividend Capital (PDC) issued to public bodies outside of the consolidated boundary are shown at historical cost less any necessary impairment to represent fair value. Other investments, in the form of joint ventures are shown at fair value.

The Welsh Government's accounting policy is to recognise an addition to the student loan book once the Student Loans Company (SLC) has issued the loan to the student. Student loan repayments are collected by the SLC and Her Majesty's Revenue and Customs (HMRC). For repayments made via the SLC, the Welsh Government recognises the repayment when the SLC has received the cash and updated the borrower record. For repayments collected via the tax system, this is recognised when the amounts which HMRC estimate as being due to the Welsh Government for the financial year are received. Student loans values are shown net of estimated future write-offs in respect of the non-recovery of loans.

Non-current assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and this should be expected to be completed within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

#### 1.9 Development Assets

Development assets, comprising land held for future development and built properties not required for own use, which are held with the ultimate intention for resale, are shown at the lower of historic cost and professional asset valuation, any impairment on revaluation being written off to the Comprehensive Net Expenditure Statement.

#### 1.10 Inventories

Inventories are valued at the lower of replacement cost and net realisable value, with the exception of oak wood, which is valued at current replacement cost. The Welsh Government does not consider there to be a material difference between the replacement cost and historic cost of stocks. Stocks with a finite useful life are written-off at the end of their lives.

#### 1.11 Operating Income

Operating income relates directly to the operating activities of the Welsh Government and the related bodies.

Revenue from the European Union in respect of the European programmes, funds and initiatives is brought to account in line with grants payable in respect of these amounts and is shown in Note 8. The funds are paid to the Welsh European Funding Office (which is part of the Finance and Corporate Services Department). These funds are then transferred to the relevant department within the Welsh Government and are accounted for within Note 6.



Health revenue includes Health Funding Contributions payable by HM Revenue and Customs which are subject to audit by the National Audit Office. The audit of these transactions had not been completed by the time these accounts were produced. Any adjustments arising from the audit will therefore be made in future accounting periods. These are not likely to be material.

#### 1.12 Administration & Programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the cost of running the Welsh Government, with associated operating income. Programme costs reflect all expenditure by the Local Health Boards and non-administration costs, (including payments of grants and other disbursements) by the Welsh Government.

#### 1.13 Value Added Tax (VAT)

The Welsh Government recovers some elements of VAT for business services and contracted out services. For other goods and services expenditure these are recorded inclusive of VAT

#### 1.14 Pensions

The majority of present and past employees of the Welsh Government are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in Note 26. The defined benefit elements of the scheme are unfunded. The Welsh Government recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Welsh Government recognises the contributions payable for the year. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised through reserves in the period in which they arise.

Some former Welsh Development Agency staff, current Finance Wales PLC staff and Career Choices staff participate in a number of Local Government Pension Schemes in Wales which are multi-employer funded schemes. Welsh Government staff contributed to: the British Tourist Boards' Pension Scheme: a joint superannuation scheme (FPS 1655), together with the Nursing and Midwifery Council, NHS Education for Scotland, Department of Health and the Nurses Welfare Trust; and the West Yorkshire Pension Scheme administered by the City of Bradford Metropolitan District Council.

Employees of Local Health Boards participate in the NHS pension scheme. Information on this scheme can be found in the LHB Summarised Accounts.

#### 1.15 Early departure costs

The Welsh Government is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Welsh Government provides in full for this cost when the early retirement programme has been announced and is binding. The Welsh Government may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Government Banking Service at the Bank of England for the credit of the Civil Superannuation Vote. Similar arrangements are in place for LHB employees who retire early.

For pre-merger employees and ex-employees of the former Welsh Development Agency in the Rhondda Cynon Taff Pension Scheme, the Welsh Government meets the additional cost of benefits beyond the scheme benefits in respect of employees who retire early.

#### 1.16 Operating leases

Expenditure on non-capitalised operating leases, including land and buildings, is charged to the Statement of Comprehensive Net Expenditure in the period to which it relates.

#### 1.17 Grants

Grants payable or paid are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

#### 1.18 Private Finance Initiative / Public Private Partnership transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The LHB, therefore, recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The fair value of services received in the year is recorded under the relevant expenditure headings within programme costs.

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently the assets are measured at fair value, which is kept up to date in accordance with the principles of IAS 16.

The PFI liability is recognised at the same time as the PFI asset. This is measured at the same amount as the fair value of the PFI assets and is subsequently measured as finance lease in accordance with IAS 17. An annual finance cost is calculated by applying the implicit interest rate in the lease to the operating lease liability for the period and is charged to Income. The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

#### 1.19 Provision for Doubtful Debts

The Welsh Government provides in full for doubtful debts after 6 months unless there is reasonable certainty that the debt will be paid.

#### 1.20 Exchange Rate Gains and Losses

The Welsh European Funding Office, which is part of the Central Services Department requests programme funding from the European Commission at the Euro equivalent level to the sterling required and pays out funds in sterling. The exchange gain or loss on these transactions is calculated and accounted for in line with IAS 21.

Other transactions in foreign currencies are translated into sterling at the rate of exchange ruling at that date. Exchange differences are taken into account in the Statement of Comprehensive Net Expenditure.

#### 1.21 Provisions

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions for liabilities and charges are made at the year-end where present legal or constructive obligation exists (ie a present obligation arising from past events), the outflow of resources that will be required to settle the obligation is probable and a reasonable estimate of the obligation can be made.

Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates.

#### 1.22 Deferred Income

Deferred Income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent as at the balance sheet date.

#### 1.23 National Non-Domestic Rating

To avoid the need for transfers of National Non-Domestic Rating (NNDR) monies between local authorities and the Welsh Government (and between the Welsh Government and the Welsh Consolidated Fund), the Welsh Government takes account of the NNDR entitlement of each local authority and nets the Revenue Support Grant (RSG) payable when calculating the actual RSG payments. The RSG payments are then treated as grant-in-aid and are accounted for on a cash basis.

#### 1.24 Financial Instruments

IFRS 7: requires the disclosure of information which allows the user to evaluate the significance of financial instruments on financial performance, and the nature and extent of its exposure to risks arising from financial instruments.

As the majority of the Welsh Government's resources are met by the Welsh Consolidated Fund, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size.

#### Credit Risk

The Welsh Government's objective is full recovery of debt, which we actively pursue. The policy is to operate normal credit control procedures for the management of risk of default by trade debtors through the Accounts Receivable function. Due to the nature and value of debtors, the credit risk associated is deemed as minor. Provisions for doubtful debts are made once debts are over 6 months old.

The Welsh Government has a statutory obligation to issue student loans, and is not permitted to withhold loans on the basis of poor credit rating. Exposure to the risk of non-repayment of loans is managed and monitored, and the impact is accounted for via an annual impairment review.

Market Risk

Foreign Currency Risk - the Welsh Government is exposed to negligible currency risk on its foreign currency transactions, except for funds received from the European Union to the Welsh European Funding Office. Private sector mitigation options are not available. However, total funding received from the European Commission is managed to ensure the available funding is flexibly allocated to projects, enabling targeted expenditure levels to be met. Funding claims from the Commission are also prompt to limit delays between incurring expenditure and its reimbursement.

Liquidity Risk

The Welsh Government only borrows from the National Loans Fund, and relies primarily on funding received from Parliament via the Welsh Consolidated Fund for its cash requirements. There is no reason to believe that future funding will not be forthcoming, therefore on this basis it is not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency rate risk other than the risks arising from receipt of funds from the European Commission in Euros.

**2. Prior year adjustments**

The 2013-14 consolidated figures as at 31 March 2014 have been re-stated to include the final accounts of 2 subsidiaries which had previously been consolidated in draft for last year's consolidation. The net effect is shown below:

	<b>£000</b>
Comprehensive net expenditure for the year ended 31 March 2014	12,990,307
Prior period adjustment	(595)
Restated comprehensive net expenditure for the year ended 31 March 2014	<u>12,989,712</u>
Reserves balance as at 31 March 2014 as previously reported	17,208,204
Prior period adjustment:-	
General Fund	767
Revaluation Reserve	(172)
Restated Reserves balance as at 31 March 2014	<u>17,208,799</u>

**3a. Reconciliation of outturn to net operating cost**

	<b>Outturn 2014-15 £000</b>	<b>Outturn 2013-14 £000</b>
Net resource outturn	<b>13,704,464</b>	13,844,340
Excess income surrender to WCF less Capital, Loans & adjustments	<b>(702,049)</b>	-
<b>Net operating cost</b>	<b><u>13,002,415</u></b>	<u>13,226,974</u>

**3b. Reconciliation of resources to cash requirement**

	<b>Budget 2014-15 £000</b>	<b>Outturn 2014-15 £000</b>	<b>Outturn compared with Budget £000</b>	<b>Outturn 2013-14 £000</b>
<b>Net resource outturn</b>	<b>13,920,166</b>	<b>13,704,464</b>	<b>215,702</b>	13,844,340
Excess income surrender to WCF	-	-	-	-
Depreciation	(160,866)	(161,396)	530	(129,282)
Impairments	(131,999)	(46,903)	(85,096)	(17,453)
Student loans	33,661	(82,843)	116,504	(418,301)
Movements in provisions	(183,278)	(102,395)	(80,883)	(69,893)
Movements in working capital	92,848	(76,660)	169,508	197,894
Addition of amounts not part of resource outturn	-	7,098	(7,098)	39,505
Other	-	(2,543)	2,543	5,994
<b>Net cash requirement</b>	<b><u>13,570,532</u></b>	<b><u>13,238,822</u></b>	<u>331,710</u>	<u>13,452,804</u>

#### 4. Staff Numbers and Costs

The average number of full-time equivalent persons employed (including senior management and special advisers) during the period is as follows:

	Permanently employed staff	Other staff	Special Advisers	Total 2014-15	Total 2013-14
<b>Total</b>	<b>71,386</b>	<b>1,596</b>	<b>10</b>	<b>72,992</b>	72,399
Of which:					
Welsh Government	5,113	433	10	5,556	5,497
Local Health Boards	65,394	1,163	-	66,557	66,010
Subsidiaries	879	-	-	879	892

The aggregate payroll costs for staff were as follows (the cost of LHB staff is included within Note 6 – Programme Costs):

Administration Staff costs	Permanently employed staff	*Other Staff	Special Advisers	Year ended 31 March 2015 Total	Restated Year ended 31 March 2014 Total
	£000	£000	£000	£000	£000
Salaries	204,820	34,636	461	<b>239,917</b>	235,657
Social Security Costs	17,778	1,931	89	<b>19,798</b>	19,627
Other Pension Costs	39,446	6,112	43	<b>45,601</b>	42,921
Pension liabilities	11,179	-	-	<b>11,179</b>	4,458
<b>Total</b>	<b>273,223</b>	<b>42,679</b>	<b>593</b>	<b>316,495</b>	302,663
Less:					
Recoveries from outward secondments	(1,289)	-	-	<b>(1,289)</b>	(1,414)
Recharged to programme costs	(66,002)	-	-	<b>(66,002)</b>	(61,499)
<b>Net administration staff costs</b>	<b>205,932</b>	<b>42,679</b>	<b>593</b>	<b>249,204</b>	239,750
Of which: Core department	210,360	3,503	593	214,456	207,245

\*The social security and pension costs for temporary and seconded staff under the core figures for other staff have been included in salaries as they are invoiced on a gross basis.

Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances, and private office allowances.

Salaries of Welsh Ministers are paid by the National Assembly for Wales Commission and are reflected in those accounts.

##### 4.1 Reporting of Civil Service and other compensation schemes – exit packages

There were no compulsory redundancies; flexible early retirement or approved early retirement; or flexible early severance in 2014-15 or 2013-14.

For 2014-15 132 (2013-14:32) employees have left or agreed to leave on Voluntary Exit terms between 31 March 2014 and 31 March 2015. They will receive compensation payments totalling £6,324,960 (2013-14: £1,593,171).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the Welsh Government and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Exit package cost band	Total number of exit packages by cost band	Total number of exit packages by cost band
	2014-15	2013-14
<£10,000	2	3
£10,000 - £25,000	29	11
£25,000 - £50,000	54	5
£50,000 - £100,000	39	9
£100,000 - £150,000	6	3
£150,000 - £200,000	1	1
£200,000+	1	-
Total number of exit packages by type	132	32
Total resource cost £	6,324,960	1,593,171

The costs included in the table above provide the total cost to the organisation of any exit. In some instances these are cash payments, but in other instances costs include items such as early access to pension costs, pension costs between leaving date and scheme retirement age.

## 5. Other Administration Costs

	Year ended 31 March 2015		Restated Year ended 31 March 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
Goods and Services	51,985	63,929	51,049	64,829
Rentals under operating leases	3,877	3,877	4,408	4,408
Travel, subsistence and hospitality	4,961	5,294	5,001	5,273
Early retirement cost	207	207	443	443
Audit Fees	406	641	406	543
Relocation costs*	550	550	618	618
Loss/(Gain) on exchange rate	3	3	52	52
	<b>61,989</b>	<b>74,501</b>	61,977	76,166
Non Cash Items:				
Depreciation	7,021	7,284	6,881	7,003
Amortisation	3,096	4,063	3,186	3,662
Impairment of property, plant and equipment	3,138	3,138	5,415	5,415
(Gain)/loss on disposal of property, plant and equipment	(20)	(20)	-	(1,055)
(Gain)/loss from fair value of investments	-	(3,078)	3	1,761
Provisions	1,308	1,308	36	(59)
Pension finance*	(1,960)	(2,400)	510	357
	<b>12,583</b>	<b>10,295</b>	16,031	17,084
<b>Total Other Administration Costs</b>	<b>74,572</b>	<b>84,796</b>	78,008	93,250

\* these costs are subject to UK taxation

**6. Programme Costs**

	Year ended 31 March 2015		Restated Year ended 31 March 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
<b>Programme expenditure:</b>				
Grants	13,723,032	7,805,762	13,638,694	7,925,612
Goods and services (a)	361,991	3,306,114	367,682	3,189,464
Staff costs	66,002	2,943,058	61,499	2,860,986
Rentals under operating leases	6,299	28,141	5,214	25,504
PFI and other service concession arrangements service charges (b)	13,505	13,505	13,051	13,051
	<b>14,170,829</b>	<b>14,096,580</b>	14,086,140	14,014,617
<b>Non-cash costs:</b>				
Depreciation	70,224	202,137	50,207	176,069
Amortisation	1,295	3,063	616	2,221
Government granted assets	-	(1,434)	-	(3,901)
Donated assets	-	(10,619)	-	(107)
Impairment of property, plant and equipment	30,734	34,656	6,170	53,373
Impairment of development assets	16,441	16,441	4,373	4,373
Impairment of investments	(3,410)	(3,410)	1,492	1,492
Profit on disposal of development assets	(7,894)	(7,894)	(4,460)	(4,460)
(Profit)/loss on disposal of property, plant and equipment	14	(662)	72	(533)
Investment diminution Finance Wales	-	12,363	-	9,274
Student loans (c)	82,843	82,843	418,301	418,301
Increase/ (Decrease) in Provisions	181,918	268,958	150,747	229,891
Release of PFI deferred credits	-	(292)	-	(292)
Release of EU Grant	(1,163)	(1,163)	(1,163)	(1,163)
	<b>371,002</b>	<b>594,987</b>	626,355	884,538
	<b>14,541,831</b>	<b>14,691,567</b>	14,712,495	14,899,155

a. Includes £79,760,000 (2013-14: £68,392,000) classed as capital maintenance depreciation

b. Welsh government figures only

c. Student loans non-cash charges were adjusted by £350,131,000 as at 31 March 2014 following adoption of a new loan model, resulting in a write down of the loan book value.

**7. Audit fees payable to the Auditor General for Wales**

The amount payable to the Auditor General for placing an opinion on the consolidated financial statements of the Welsh Government for 2014-15 is £406,357 (2013-14: £406,305) and has been included in the audit fees disclosed at Note 5.

Also included within the consolidated financial statements are fees levied by the Auditor General for Wales in respect of other accounts prepared by Welsh Ministers.

Account	2014-15 £	2013-14 £
NHS Summarised Account	39,550	39,558
National Non Domestic Rate Account	9,950	10,069
Whole of Government Account	39,207	39,375
Welsh Consolidated Fund	16,474	16,950

8. Programme Income

	Year ended 31 March 2015		Restated Year ended 31 March 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
<b>Programme Income</b>				
Non-EU Income:				
National Insurance health funding contribution	973,384	973,384	910,480	910,480
Housing Revenue Account	72,690	72,690	72,791	72,791
Student loans interest receivable	57,372	57,372	41,160	41,160
Health income	36,945	306,922	26,022	276,263
Property & investment income	27,790	27,790	27,508	27,508
Other	22,414	21,517	15,903	21,930
	<b>1,190,595</b>	<b>1,459,675</b>	1,093,864	1,350,132
<b>Income outside the supply process</b>				
Consolidated Fund Extra Receipts	21	21	25	25
	<b>1,190,616</b>	<b>1,459,696</b>	1,093,889	1,350,157
<b>EU Income:</b>				
Common Agricultural Policy	246,099	246,099	300,818	300,818
European Structural Funds Programmes	388,120	401,112	372,845	380,800
Other	2,511	2,511	2,395	2,395
	<b>636,730</b>	<b>649,722</b>	676,058	684,013
	<b>1,827,346</b>	<b>2,109,418</b>	1,769,947	2,034,170



## 9. Property, plant and equipment

	Network Assets	Land	Buildings excluding Dwellings	Dwellings	Information Technology	Fixtures and Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
At 1 April 2013	15,677,093	386,445	1,932,370	48,597	163,155	541,583	314,587	19,063,830
Additions	-	899	22,992	713	10,150	41,166	253,449	329,369
Disposals	(102)	(6,440)	(9,646)	-	(6,945)	(32,857)	-	(55,990)
Impairments	(5,186)	(1,492)	(44,699)	(1,327)	(245)	(5,523)	(425)	(58,897)
Revaluations	168,229	901	38,845	987	-	-	-	208,962
Reclassified to held for sale	-	(3,588)	(14,658)	(499)	-	-	-	(18,745)
Reclassification	36,817	527	93,639	7	660	470	(136,325)	(4,205)
<b>Restated at 31 March 2014</b>	<b>15,876,851</b>	<b>377,252</b>	<b>2,018,843</b>	<b>48,478</b>	<b>166,775</b>	<b>544,839</b>	<b>431,286</b>	<b>19,464,324</b>
<b>Depreciation</b>								
At 1 April 2013	2,253,796	-	98,183	1,994	108,620	358,965	1,879	2,823,437
Charged in year	115,638	-	72,492	1,464	17,112	44,756	-	251,462
Transfers	-	-	-	-	-	-	-	-
Disposals	(18)	-	(2,746)	-	(6,920)	(32,782)	-	(42,466)
Impairments	424	-	(909)	(146)	(137)	(49)	-	(817)
Revaluations	(22,071)	-	(902)	33	-	-	-	(22,940)
Reclassified to held for sale	-	-	(12,703)	(335)	-	-	-	(13,038)
Reclassification	-	-	87	-	(49)	49	(87)	-
<b>Restated at 31 March 2014</b>	<b>2,347,769</b>	<b>-</b>	<b>153,502</b>	<b>3,010</b>	<b>118,626</b>	<b>370,939</b>	<b>1,792</b>	<b>2,995,638</b>
<b>Carrying amount at 31 March 2014</b>	<b>13,529,082</b>	<b>377,252</b>	<b>1,865,341</b>	<b>45,468</b>	<b>48,149</b>	<b>173,900</b>	<b>429,494</b>	<b>16,468,686</b>
Carrying amount at 31 March 2013	13,423,297	386,445	1,834,187	46,603	54,535	182,618	312,708	16,240,393
	Network Assets	Land	Buildings excluding Dwellings	Dwellings	Information Technology	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Asset financing:</b>								
Owned	13,142,482	366,197	1,763,781	43,298	48,149	171,296	429,494	15,964,697
Finance Leased	-	-	13,021	-	-	2,604	-	15,625
On-balance sheet PFI contracts	386,600	11,055	88,539	2,170	-	-	-	488,364
<b>Restated carrying amount at 31 March 2014</b>	<b>13,529,082</b>	<b>377,252</b>	<b>1,865,341</b>	<b>45,468</b>	<b>48,149</b>	<b>173,900</b>	<b>429,494</b>	<b>16,468,686</b>

## 9. Property, plant and equipment continued

	Network Assets	Land	Buildings excluding Dwellings	Dwellings	Information Technology	Fixtures and fittings	Payments on Account & Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	15,876,851	377,252	2,018,843	48,478	166,775	544,839	431,286	19,464,324
Additions	-	2,035	30,182	(48)	22,246	59,206	311,122	424,743
Disposals	(378)	(783)	(4,801)	(385)	(11,588)	(30,129)	-	(48,064)
Transfers	-	-	-	-	-	-	3,250	3,250
Impairments	(24,292)	727	(377)	350	(201)	(930)	-	(24,723)
Revaluations	2,001,856	7,197	50,304	1,919	7	758	-	2,062,041
Reclassified to held for sale	-	(1,278)	(1,077)	(36)	-	(64)	-	(2,455)
Reclassifications	97,680	467	136,937	(1,014)	127	8,587	(243,409)	(625)
<b>At 31 March 2015</b>	<b>17,951,717</b>	<b>385,617</b>	<b>2,230,011</b>	<b>49,264</b>	<b>177,366</b>	<b>582,267</b>	<b>502,249</b>	<b>21,878,491</b>
<b>Depreciation</b>								
At 1 April 2014	2,347,769	-	153,502	3,010	118,626	370,939	1,792	2,995,638
Charged in year	146,781	-	78,944	1,522	17,230	44,703	-	289,180
Disposals	(35)	-	(3,832)	(230)	(11,577)	(29,927)	-	(45,601)
Transfers	-	-	-	-	-	-	-	-
Impairments	4,839	-	4,946	(230)	(136)	(674)	-	8,745
Revaluations	254,621	-	(1,818)	200	-	3,519	-	256,522
Reclassified to held for sale	-	-	-	-	-	-	-	-
Reclassification	-	-	73	(37)	258	(433)	-	(139)
<b>At 31 March 2015</b>	<b>2,753,975</b>	<b>-</b>	<b>231,815</b>	<b>4,235</b>	<b>124,401</b>	<b>388,127</b>	<b>1,792</b>	<b>3,504,345</b>
<b>Carrying amount at 31 March 2015</b>	<b>15,197,742</b>	<b>385,617</b>	<b>1,998,196</b>	<b>45,029</b>	<b>52,965</b>	<b>194,140</b>	<b>500,457</b>	<b>18,374,146</b>
Carrying amount at 31 March 2014	13,529,082	377,252	1,865,341	45,468	48,149	173,900	429,494	16,468,686
	Network Assets	Land	Buildings excluding Dwellings	Dwellings	Information Technology	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Asset financing:</b>								
Owned	14,816,235	374,340	1,895,690	42,810	52,965	191,516	500,457	17,874,013
Finance Leased	-	-	12,439	-	-	1,819	-	14,258
On-balance sheet PFI contracts	381,507	11,277	90,067	2,219	-	805	-	485,875
<b>Carrying amount at 31 March 2015</b>	<b>15,197,742</b>	<b>385,617</b>	<b>1,998,196</b>	<b>45,029</b>	<b>52,965</b>	<b>194,140</b>	<b>500,457</b>	<b>18,374,146</b>

9. Property, plant and equipment continued

Analysis of property, plant and equipment	Network Assets	Land	Buildings excluding Dwellings	Dwellings	Information Technology	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Core department at 31 March 2015</b>	15,197,742	26,387	116,660	1,710	12,303	21,878	268,150	15,644,830
<b>LHB's and subsidiaries at 31 March 2015</b>	-	359,230	1,881,536	43,319	40,662	172,262	232,307	2,729,316
<b>Core department at 31 March 2014</b>	13,529,082	24,881	106,275	1,760	15,986	13,105	239,445	13,930,534
<b>LHB's and subsidiaries at 31 March 2014</b>	-	352,371	1,759,066	43,708	32,163	160,795	190,049	2,538,152

Most of the freehold land and buildings (with exceptions noted at 1) and 2) below) were valued on 31 March 2015 by GVA Grimley, Chartered Surveyors, on the basis of open market value for existing use in accordance with the 'Appraisal and Valuation Manual', produced jointly by the Royal Institute of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating and Valuation. Long leaseholds (over 100 years) are capitalised on the same basis as above. Specialised properties are valued on a depreciated replacement cost basis, in accordance with the 'Appraisal and Valuation Manual', produced jointly by the Royal Institute of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating and Valuation.

- 1) Properties and land managed by the Department for Economy, Science and Transport were valued on an annual basis by Jones Lang La Salle, Chartered Surveyors during the current year.
- 2) In intervening financial years, between formal 5 yearly valuations, freehold land and buildings are valued using latest available indices at March in each financial year to provide a reasonable estimate of valuation. Network Assets were formally revalued in 2014-15 and due to high variations in key parameters the revaluation is significantly higher, as an in-year movement.

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10. Intangible assets

	Information Technology £000
<b>Cost or valuation</b>	
At 1 April 2014	46,258
Additions	6,430
Disposals	(1,298)
Revaluation	-
Reclassifications	625
<b>At 31 March 2015</b>	<b>52,015</b>
<b>Amortisation</b>	
At 1 April 2014	25,873
Charged in year	7,126
Disposals	(1,299)
Reclassification	139
<b>At 31 March 2015</b>	<b>31,839</b>
<b>Net Book Value at 31 March 2015</b>	<b>20,176</b>
Net Book Value at 1 April 2014	20,385
<b>Cost or valuation</b>	
At 1 April 2013	34,457
Additions	7,855
Disposals	(259)
Revaluation	-
Reclassifications	4,205
<b>Restated at 31 March 2014</b>	<b>46,258</b>
<b>Amortisation</b>	
At 1 April 2013	20,163
Charged in year	5,882
Disposals	(172)
Reclassification	-
<b>Restated at 31 March 2014</b>	<b>25,873</b>
<b>Net Book Value at 31 March 2014</b>	<b>20,385</b>
Net Book Value at 1 April 2013	14,294
<b><u>Analysis of intangible assets</u></b>	
<u>Core at 31 March 2015</u>	10,354
<u>Core at 31 March 2014</u>	14,147

11 Financial Assets

	Student Loans £000	NHS Trusts Public Dividend Capital £000	Other Financial assets £000	Total £000
Balance at 31 March 2013	1,909,476	131,602	131,737	2,172,815
Additions	329,364	11,847	27,019	368,230
Loan repayments	(86,212)	(1,586)	(13,686)	(101,484)
Capitalised interest	41,160	-	-	41,160
Fair value adjustment	(418,303)	-	131	(418,172)
<b>Balance at 31 March 2014</b>	<b>1,775,485</b>	<b>141,863</b>	<b>145,201</b>	<b>2,062,549</b>
Additions	360,183	16,164	48,038	424,385
Loan repayments	(80,814)	-	(13,856)	(94,670)
Capitalised interest	57,372	-	-	57,372
Fair value adjustment <sup>1</sup>	(82,842)	-	(1,710)	(84,552)
<b>Balance at 31 March 2015</b>	<b>2,029,384</b>	<b>158,027</b>	<b>177,673</b>	<b>2,365,084</b>

Core at 31 March 2015: £2,632,400 (31 March 2014: £2,258,706)

<sup>1</sup>In last year's accounts this was shown as Fair value adjustment £68,172,000 and changes in assumptions and modelling £350,131,000

The Welsh Government issues financial instruments, in particular loans, to other public sector bodies in Wales such as NHS bodies. This lending occurs as part of its normal course of activities and the Welsh Government does not undertake any trading activity in these financial instruments. The Welsh Government has taken advantage of the exemption available for short-term debtors and creditors. For issues of public dividend capital, fair value was calculated as the net assets of the recipient body (stated after deducting any provisions for liabilities and charges) less the amount of any loan included in the balance sheet. Other loans were discounted over their remaining life using the National Loans Fund rate applicable to the terms of the repayment (between 1.67% and 3.1%).

In accordance with IAS 39, student loans are classified as Loans and Receivables and are recorded in the financial statements at amortised cost. Student loans are currently issued under Section 22 of the Teaching and Higher Education Act 1998. They were first issued in 1990-91. The Welsh Government is responsible for loans issued to Welsh domiciled students from 1998-99 onwards (although student finance was only devolved to the Welsh Government in 2006).

Students in Wales can apply for support with tuition fee and maintenance in the form of a loan. Students who study at a publicly-funded university or college can be charged a maximum of £9,000. A Tuition Fee Loan can be taken out to cover the first £3,685 of tuition fees, with a grant available to cover the rest. Loans are also available to assist with living costs. Interest is charged on loans from the first day the money is paid out until it is repaid in full. This interest rate is lower than market rates and is subsidised by the Welsh Government. Loans begin repayment once a student has left higher education and is earning a certain amount; for loans taken out in 2014-15 this is £21,000. Repayments are collected by HMRC through the tax system or direct by the Student Loans Company.

A statistical model is used to estimate the total value of the loans issues. This makes a number of assumptions including the amount of loans that will be taken out, the earnings levels of Welsh graduates, interest rates, when loans will start to be repaid, the amount of loans that will have to be written off (due to age, death or policies such as partial cancellation and repayment thresholds) and how much repayments made in the future are worth in today's money. As a substantial asset, changes to the assumptions used in the modelling, for example interest and growth rate resulting from the general economic position, can have a large effect on the loan funding and the non-cash adjustments valuing the loan book.

Other financial assets comprise: Welsh Government financial interests in joint ventures and investments; Invest to Save loans with Local Authorities; and, Available-for-Sale assets held by Finance Wales.

**12. Movements in working capital other than cash**

	Year ended 31 March 2015		Year ended 31 March 2014	
	WG	Consolidated	WG	Consolidated
	£000	£000	£000	£000
Increase/(decrease) in inventories	(15,347)	(15,804)	47,591	49,438
Increase/(decrease) in receivables: non current	-	30,499	-	20,449
: current	13,167	47,118	46,080	47,888
(Increase)/decrease in payables: current	(215,429)	(290,537)	181,354	202,132
: non-current	8,609	9,281	8,326	10,280
Increase/(decrease) in other current assets	-	-	-	(4,064)
(Increase)/decrease in other liabilities	-	320	-	1
National Loans Fund	69	69	59	59
	<b>(208,931)</b>	<b>(219,054)</b>	283,410	326,183
Student Loans interest	57,372	57,372	41,160	41,160
Development assets movement	13,182	13,182	(47,958)	(47,958)
Adjustments for accrual movement fixed assets	10,456	32,714	1,291	(8,888)
Finance Wales – movement in loan provisions	-	6,843	-	4,862
Finance Wales - debtor	-	-	-	(21)
Adjustment for capital provision	-	-	-	(33)
Other investments held as current assets	-	5,506	-	4,143
PFI/Finance lease capital element	(8,326)	(8,326)	(8,056)	(8,056)
Medical stock write off	-	-	-	-
Other adjustment	-	(258)	-	(532)
Less movement in amounts payable to the Welsh Consolidated Fund and other non-operating cost balances	121,240	121,240	(30,793)	(30,793)
	<b>(15,007)</b>	<b>9,219</b>	239,054	280,067

**13. Inventories - Development Assets**

	As at 31 March 2015		As at 31 March 2014	
	WG	Consolidated	WG	Consolidated
	£000	£000	£000	£000
As at 1 April	199,342	199,452	151,384	151,494
Additions	17,820	17,820	59,623	59,623
Disposals	(11,311)	(11,311)	(7,292)	(7,292)
Transfers	(3,250)	(3,250)	-	-
Impairment on revaluation	(16,441)	(16,441)	(4,373)	(4,373)
<b>As at 31 March</b>	<b>186,160</b>	<b>186,270</b>	199,342	199,452

**14. Inventories**

	As at 31 March 2015		As at 31 March 2014	
	WG	Consolidated	WG	Consolidated
	£000	£000	£000	£000
Drugs	24,925	46,248	25,653	44,894
Telecommunication spares	3,174	3,174	4,207	4,207
Road salt	1,411	1,411	1,718	1,718
Other consumables	607	38,114	704	40,750
	<b>30,117</b>	<b>88,947</b>	32,282	91,569

15. Trade and other receivables

	As at 31 Mar 2015		As at 31 Mar 2014	
	WG	Consolidated	WG	Consolidated
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade receivables	75,331	194,490	108,304	191,945
Deposits & advances	57	57	76	76
Other tax	15,291	15,291	17,343	17,343
Prepayments and accrued income <sup>1</sup>	167,273	189,273	118,799	142,366
Welsh Consolidated Fund	-	-	263	263
	<b>257,952</b>	<b>399,111</b>	<b>244,785</b>	<b>351,993</b>
<b>Amounts falling due after more than one year:</b>				
Prepayments	-	3,389	-	3,294
Other receivables	-	89,358	-	58,954
	-	<b>92,747</b>	-	<b>62,248</b>
<b>Total trade receivables and other current assets</b>	<b>257,952</b>	<b>491,858</b>	<b>244,785</b>	<b>414,241</b>

<sup>1</sup> Includes EU debtor of £27,478,000 (2013-14: £38,304,000)

15.1 Intra-Government Balances

Consolidated figures only required	Amounts falling due within one year		Amounts falling due after more than one year	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Balances with other central government bodies	89,120	26,501	-	-
Balances with local authorities	23,496	16,311	-	-
Balances with NHS Trusts	13,105	14,750	-	-
Balances with public corporations and trading funds	-	-	-	-
<b>Subtotal: intra-government balances</b>	<b>125,721</b>	<b>57,562</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	273,390	294,431	92,747	62,248
<b>Total Trade payables</b>	<b>399,111</b>	<b>351,993</b>	<b>92,747</b>	<b>62,248</b>

**16. Cash and cash equivalents**

	<b>WG As at 31 March 2015</b>	<b>Consolidated As at 31 March 2015</b>	<b>WG As at 31 March 2014</b>	<b>Consolidated As at 31 March 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April	21,242	207,967	81,108	280,949
Net change in cash and cash equivalent balances	191,570	191,464	(59,866)	(72,982)
Balance at 31 March	<b>212,812</b>	<b>399,431</b>	21,242	207,967
The following balances were held at:				
Government Banking Service	209,413	225,473	19,810	61,965
Commercial banks & cash in hand	3,399	173,958	1,432	146,002
<b>Total</b>	<b>212,812</b>	<b>399,431</b>	21,242	207,967

**17. Trade payables and other current liabilities**

	<b>As at 31 Mar-2015</b>		<b>Restated As at 31 Mar-2014</b>	
	<b>WG £000</b>	<b>Consolidated £000</b>	<b>WG £000</b>	<b>Consolidated £000</b>
<b>Amounts falling due within one year:</b>				
Other taxation and social security	5,333	30,307	5,310	61,218
Trade and other payables	413,316	715,013	432,979	679,979
Accruals & deferred income:				
European Union	71,900	71,900	40,094	40,094
Other accruals and deferred income	265,269	565,962	179,489	429,256
Amounts payable to the Welsh Consolidated Fund	126,882	126,882	9,682	9,682
Obligations under finance leases and PFI contracts	8,609	13,183	8,326	12,481
	<b>891,309</b>	<b>1,523,247</b>	675,880	1,232,710
<b>Amounts falling due after more than one year</b>				
Obligations under finance leases and PFI contracts and other payables	133,642	211,968	142,251	220,355
	<b>133,642</b>	<b>211,968</b>	142,251	220,355
<b>Total trade payables and other current liabilities</b>	<b>1,024,951</b>	<b>1,735,215</b>	818,131	1,453,065



17.1 Trade payables and other current liabilities continued

Intra-Government Balances

Consolidated figures only required	Amounts falling due within one year		Amounts falling due after more than one year	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Balances with other central government bodies	13,436	10,359	-	-
Balances with local authorities	100,730	74,722	-	-
Balances with NHS Trusts	111,532	91,329	-	-
Balances with public corporations and trading funds	-	833	-	-
<b>Subtotal: intra-government balances</b>	<b>225,698</b>	<b>177,243</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	1,297,549	1,055,467	211,968	220,355
<b>Total Trade payables</b>	<b>1,523,247</b>	<b>1,232,710</b>	<b>211,968</b>	<b>220,355</b>

18. Provisions for liabilities and charges

	WG As at 31 March 2015	Consolidated As at 31 March 2015	WG As at 31 March 2014	Consolidated As at 31 March 2014
	£000	£000	£000	£000
<b>Balance at 1 April</b>	<b>605,012</b>	<b>673,340</b>	535,121	613,482
Provided in the year	188,921	388,740	150,782	342,972
Provisions not required written back	(5,695)	(105,866)	-	(112,342)
Borrowing costs	-	(12,811)	-	(364)
Transfer	-	-	-	(401)
Provisions utilised in year	(80,831)	(179,128)	(80,890)	(170,007)
<b>Balance at 31 March</b>	<b>707,407</b>	<b>764,275</b>	605,013	673,340

Analysis of expected timing of discounted flows

	WG As at 31 March 2015	Consolidated As at 31 March 2015	WG As at 31 March 2014	Consolidated As at 31 March 2014
	£000	£000	£000	£000
Not later than one year	100,690	248,043	91,937	234,762
Later than one year and not later than five years	295,110	275,385	172,174	215,879
Later than 5 years	311,607	240,847	340,902	222,699
<b>Balance at 31 March</b>	<b>707,407</b>	<b>764,275</b>	605,013	673,340

**Consolidated provisions by type:**

	Employ- ment	Commercial	Health	Total
	£000	£000	£000	£000
Not later than one year	1,489	5,384	241,170	248,043
Later than one year and not later than five years	665	15,000	259,721	275,386
Later than 5 years	71	-	240,775	240,846
<b>Balance at 31 March 2015</b>	<b>2,225</b>	<b>20,384</b>	<b>741,666</b>	<b>764,275</b>

**(i) Employment provision**

The Welsh Government has various potential pension and employment liabilities in respect of previous employees.

**(ii) Commercial provision**

The Welsh Government has various commercially sensitive provisions which underwrite projects with the aim of improving economic growth prospects.

**(ii) Health provision**

The Welsh Government has various minor health related provisions including LHB employment liabilities, the Skipton Fund (Hepatitis C infection claims) and the NHS Electronic Staff Records system; as well as expected future re-imbursements of the Welsh Risk Pool. The Welsh Risk Pool (WRP) assists Welsh NHS bodies with risk management and settlement of disputed claims for alleged medical or employer negligence.

**19. Capital and other commitments**

**19.1 Capital commitments**

Contracted capital commitments not otherwise included within these financial statements

	31 Mar 2015		31 Mar 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
<b>Property, plant and equipment</b>				
Network Asset Construction	273,385	273,385	340,777	340,777
Buildings/dwellings	158,600	158,600	231,918	231,918
Local Health Boards	-	116,883	-	317,315
Development assets	-	-	2,200	2,200
	<b>431,985</b>	<b>548,868</b>	574,895	892,210

**19.2 Commitments under leases**

**19.2.1 Commitments under operating leases**

Total future minimum lease payments under operating leases are given in the table below:

	31 Mar 2015		Restated 31 Mar 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
<b>Land</b>				
Not later than one year	11	11	8	8
Later than one year and not later than five years	41	41	32	32
Later than five years	321	321	283	283
	<b>373</b>	<b>373</b>	323	323
<b>Buildings</b>				
Not later than one year	6,652	25,272	6,734	24,408
Later than one year and not later than five years	23,936	66,403	23,436	60,596
Later than five years	51,934	90,127	54,914	92,025
	<b>82,522</b>	<b>181,802</b>	85,084	177,029
<b>Other:</b>				
Not later than one year	81	81	83	83
Later than one year and not later than five years	77	77	138	138
Later than five years	-	-	-	-
	<b>158</b>	<b>158</b>	221	221
	<b>83,053</b>	<b>182,333</b>	85,628	177,573

**19.2.2 Commitments under finance leases**

The Welsh Government was committed to making the following minimum lease payments on buildings:

	31 Mar 2015 £000	31 Mar 2014 £000
Not later than one year	1,254	1,254
Later than one year and not later than five years	5,016	5,016
Later than five years	2,171	3,425
	<b>8,441</b>	9,695
Less interest element	<b>(3,030)</b>	(3,743)
Present value of obligations	<b>5,411</b>	5,952

Details of LHB finance leases are held within the LHB summarised account.

### 19.3 Commitments under PFI contracts

Commitments for Welsh government related PFI contracts are shown below. Local Health Board PFI contract details are reported within the accounts of the seven individual Health Board accounts.

#### *Off-balance sheet*

##### **Bute Avenue PFI contract**

The Welsh Government is committed to pay £5.1m annually, index linked, to the primary contractor associated with the Bute Avenue (PFI) project, until November 2025. The private sector partner maintains for 25 years (from 2000/01) the Bute Avenue road network. After this time the road will be transferred to Cardiff County Council. The road is not an asset of the Welsh Government. The total charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet PFI transactions and the service element of on-balance sheet PFI transactions was £13,505,412 (2013-14: £13,051,438); and the payments to which the Welsh Government is committed, are as follows:

	<b>31 Mar 2015</b>	31 Mar 2014
	<b>£000</b>	£000
Not later than one year	<b>13,430</b>	13,258
Later than one year and not later than five years	<b>71,521</b>	67,794
Later than five years	<b>97,243</b>	114,401
	<b>182,194</b>	195,453

#### *On balance sheet*

##### **A55 PFI contract**

The A55 road network is maintained by contractors for a period of 30 years (from 1998), after which time the ownership of the A55 will revert to the Welsh Government. The road is treated as an asset of the Welsh Government and Unitary payments comprise of two elements – imputed finance lease charges and service charges.

Total obligations under on balance sheet PFI contracts for the following periods:	<b>31 Mar 2015</b>	31 Mar 2014
	<b>£000</b>	£000
Not later than one year	<b>17,000</b>	17,000
Later than one year and not later than five years	<b>84,000</b>	81,000
Later than five years	<b>146,000</b>	166,000
Less interest element	<b>(31,399)</b>	(35,568)
Present value of obligations	<b>215,601</b>	228,432

#### 19.4 Other Financial Commitments

The Welsh Government and its related bodies entered into non-cancellable contracts (which are not leases or PFI contracts) for services. The payments to which the Welsh Government is committed, analysed by the period during which the commitment expires are as follows:

	31 Mar 2015		31 Mar 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
Not later than one year	255,108	255,108	221,542	221,542
Later than one year and not later than five years	522,599	522,599	672,306	672,306
Later than five years	8,620	8,620	1,600	1,600
	<b>786,327</b>	<b>786,327</b>	895,448	895,448

The figures include commitments for: Arriva Trains Wales for the operation of the rail franchise; and provision of information technology services to the Welsh Government until January 2019.

This note does not contain any grant commitments as the Welsh Government does not accrue for grant funding commitments.

In addition, in March 2007 the (then) National Assembly for Wales entered into a commitment (revocable only by legislation) with Cardiff City Council to provide funding in respect of the Council's obligations under the Cardiff Bay Barrage Act 1993 for maintenance and operation of the Cardiff Bay Barrage.

#### 19.5 Financial guarantees, Indemnities and Letters of Comfort

The Welsh Government has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote.

**Guarantees:** in special circumstances the Welsh Government acts as a guarantor for its sponsored bodies. None of these guarantees are material.

**Indemnities:**

The Welsh Government has indemnified the Secretary of State against all actions, proceedings, costs, claims and demands by third parties in respect of: any damage or liability caused by or arising from the Joint Parties Agreement regarding Arriva Trains Wales. The possibility of the liability maturing is assessed as remote.

The Welsh Government has committed to indemnify Housing Stock Transfer organisations against the financial consequences of any future withdrawal of, or amendment to the VAT Mitigation Scheme. The liabilities cover eight organisations for £411.7 million and the period of liability varies. There are no current concerns regarding the continuation of the scheme, and the potential of the liability maturing is considered to be too remote to include as a contingent liability.

The Government Indemnity Scheme provides indemnities to enable the National Library of Wales, the National Museum of Wales, and other eligible institutions to borrow objects and artworks. The probability of these guarantees being acted on is counted as too remote to be included as a contingent liability. The value of these guarantees at 31 March 2015 was £52 million.

**Letters of comfort:**

The Welsh Government has a maximum liability to underwrite at last resort, costs regarding contaminated land at the Brofiscin tip of £1 million.

**Other:**

Details on restricted and as yet un-quantified potential liabilities are not shown due to their sensitivity to commercial and legal confidentiality.

**20 Contingent Liabilities disclosed under IAS 37**

	Year ended 31 March 2015		Year ended 31 March 2014	
	WG £000	Consolidated £000	WG £000	Consolidated £000
Legal Claims – alleged medical/ employer negligence	-	(76,059)	-	(92,181)
Potential contractual obligations under the WDA Act 1975	(10,000)	(10,000)	(10,000)	(10,000)
Other legal and contractual claims	(9,440)	(10,134)	(20,555)	(22,325)
	<b>(19,440)</b>	<b>(96,193)</b>	<b>(30,555)</b>	<b>(124,506)</b>

Details on restricted and as yet un-quantified potential liabilities are not shown due to their sensitivity to commercial and legal confidentiality.

Final claims to the European Commission for the 2007-2013 programmes will not be agreed for some years. Should the value of the Euro weaken significantly in that period, the flexibility within programmes may not be sufficient to contain all potential exchange losses. It is not possible to put a likely value on this due to the range of variables.

**21 National Loans Fund**

	£000
Balance at 1 April 2014	11,554
Repayments during year	(69)
<b>Balance at 31 March 2015</b>	<b>11,485</b>
Amounts falling due within 1 year	79
Amounts falling due between 1 and 5 years	452
Amounts falling due after 5 years	10,954
<b>Total</b>	<b>11,485</b>

The National Loans Fund loans are repayable over periods of up to 60 years from the Welsh Consolidated Fund. They bear interest rates between 13.5% and 17.25%. The Welsh Government is only responsible for repayment of the loan principal.

**22. Losses and Special Payments**

**a) Losses (Excluding Local Health Boards)**

	Year ended 31 March 2015			
	WG		Consolidated	
	No of Cases	£000	No of Cases	£000
Cash Losses	4	1	4	1
Claims Abandoned	171	4,931	171	4,931
Loss of accountable stores	5	2,927	5	2,927
Fruitless Payments	23	12	23	12
	<b>203</b>	<b>7,871</b>	<b>203</b>	<b>7,871</b>

	Year ended 31 March 2014			
	WG		Consolidated	
	No of Cases	£000	No of Cases	£000
Cash Losses	6	5	6	5
Claims Abandoned	125	1,614	125	1,614
Loss of accountable stores	4	1,214	4	1,214
Fruitless Payments	17	1	17	1
	<b>152</b>	<b>2,834</b>	<b>152</b>	<b>2,834</b>

**b) Special Payments (Excluding Local Health Boards)**

	WG		Consolidated	
	No of Cases	£000	No of Cases	£000
Year ended 31 March 2015	13	286	13	286
Year ended 31 March 2014	4	47	4	47

Special payments for LHB's are held within the LHB summarised accounts

Details on losses that exceed £300,000:

Tryst Engineering Company	£1,060,000	Company in liquidation
Desk Link Office	£1,160,000	Company in administration
Strategic drug stores	£2,926,461	Shelf life expired

**23 Related Party Transactions**

The Welsh Government receives most of its funding from the Welsh Consolidated Fund.

The Welsh Government funds its Welsh Local Authorities, NHS bodies in Wales, subsidiary companies and Sponsored Bodies. These bodies are regarded as related parties with which the Welsh Government has had various material transactions during the period. In addition, the Welsh Government has had a number of transactions with other government departments and central government bodies primarily, the Welsh Office, the Rural Payments Agency and the Department for Work and Pensions.

None of the Welsh Ministers, key managerial staff or other related parties has undertaken any material transactions with the Welsh Government during the year, except as noted below.

The wife of Leighton Andrews (Minister for Public Services) is a director of BT Wales. The Welsh Government has a number of contracts with BT, principally Next Generation Broadband. BT received £73,712,779 in 2014-15. All procedures regarding related party transactions described in the ministerial Code have been complied with. The Minister has had no involvement in the award of any contracts which BT won.

Sir Adrian Webb (non-executive director) is the Chair of Big Lottery Fund Wales which received funding in 2014-15 of £4,001,683 from Communities programmes.

Related party transactions of the Local Health Boards in Wales and other subsidiary companies are disclosed in their own published accounts.

**24. Interreg**

**a) Interreg III**

Interreg III is a community initiative, which promotes inter-regional co-operation in the EU. The Ireland/Wales Interreg IIIA programme is monitored by a committee made up of partnership interests in Ireland and Wales. The scheme is administered by the Welsh Government, which holds a separate Euro bank account for this purpose. The scheme has finished and a balance sheet position of €543,000 remains as at 31 March 2015.

**b) Interreg DE\_LAN**

Interreg De-Lan (Digital Ecosystems-Learning Applications Network) is a project to improve the effectiveness of regional development policies for the knowledge economy. No income was received and expenditure of €2,000 was spent on this project.

**c) Interreg IV**

Interreg IV is the replacement for Interreg III, and it has the same objectives, remit and governance as Interreg III. An advance of €1,584,000 has been received, with no other transactions.

**25. Results of related companies**

**Results of Consolidated wholly owned companies**

Name of Interest	2014-15	2014-15	2013-14	2013-14
	Profit/ (Loss) £	Share Capital & Reserves £	Profit/ (Loss) £	Share Capital & Reserves £
Finance Wales PLC (i)	999,937	104,993,471	(4,507,826)	112,894,775
Regeneration Investment Fund for Wales LLP	223,054	30,219,431	1,156,398	30,442,485
WGC Holdco Ltd	Nil	53,950,000	Nil	53,950,000
Careers Choices Dewis Gyrfa Ltd	(3,191,000)	(21,282,000)	1,144,000	(6,368,000)

(i) Investment of 12,500 ordinary £1 shares

(ii) At the time of signing these accounts, the accounts for WGC Holdco Ltd had not been fully audited and certified.

**Associate Undertakings**

The Welsh Government has an interest in the following associate undertakings; with no significant influence (these are included within Note 11 Financial Assets)

Name of Undertaking	Nature of Interest %	Fair Value 2014-15 £	Fair Value 2013-14 £
Welsh Industrial Partnership LLP (i)	49	-	10,000
Dragon 24 LLP (i)	50	-	3,794,413
Ely Bridge Development Company Ltd	(ii)	6,000,000	6,000,000
(i) In process of being dissolved			
(ii) Minor interest in 'not for profit' company			

**Other minor subsidiaries and interests**

The Welsh Government has a number of other minor subsidiaries for which no trading results are disclosed in these consolidated accounts. These include:-

- DCFW Ltd - Design Commission for Wales / Comisiwn Dylunio Cymru
- Hybu Cig Cymru / Meat Promotion Wales Ltd
- Sector Development Wales Partnership Ltd
- Life Sciences Hub Wales Ltd
- Welsh Development Management Ltd
- International Business Wales
- Innovation Point Wales
- Welsh Government Transport Company

Student Loans Company Ltd - one share with a nominal value of £1. Joint ownership is held with department of Business, Innovation and Skills, Scottish Government and Northern Ireland Government. The share gives the Welsh Government 5% holding in the company.

EADS Foundation Wales – a joint interest in a company limited by guarantee. Joint ownership is held with Cassidian Ltd and Cardiff University,



**Local Health Board NHS Charities**

The Welsh Government has not included the Local Health Board NHS Charities in the consolidated account on the grounds of materiality. The summarised results of the LHB NHS Charities are set out below for significant balances, for information. NHS Charitable funds held on trust financial activities for 2014-15 have been reported to the Department of Health and Social Services as an additional financial return. They have been formally approved by the Boards of Directors of the Local Health Boards and will be subject to independent audit certification during autumn 2015.

		Restated
<b>Statement of Financial Activities</b>	<b>2014-15</b>	2013-14
	<b>£000</b>	£000
Total incoming resources	<b>8,169</b>	8,561
Total resources expended	<b>(8,027)</b>	(10,986)
Other recognised gains and losses	<b>2,597</b>	676
Net movement in funds	<b>2,739</b>	(1,749)
<b>Balance Sheet</b>	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000
Investments	<b>36,119</b>	33,569
Cash	<b>2,626</b>	3,847
Other Assets	<b>3,085</b>	3,026
<i>Total Assets</i>	<b>41,830</b>	40,442
Liabilities	<b>(2,720)</b>	(4,071)
<i>Total Net Assets</i>	<b>39,110</b>	36,371

**26. Pensions**

Employees of the Welsh Government belong to the Principal Civil Service Pension Scheme, with the exception of a small number of staff who have elected to retain membership of other public sector schemes. The material scheme disclosures are shown below.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Welsh Government is unable to identify its share of the underlying assets and liabilities. Details can be found in the resource accounts of the Cabinet Office.

For 2014-15, employers contributions of £36,800,571 were payable to the PCSPS (2013-14: £35,553,532) at one of four rates in the range 16.7 to 24.3 per cent (2013-14: 16.7 to 24.3) based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2014-15, the rates will be in the range 16.7 to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £175,307(2013-14: £196,066) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable earnings. Employers also match employee contributions up to 3 per cent of earnings (which are included in the pension figures in Note 4). In addition, employer contributions of £12,530, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2013-14: nil). Contributions prepaid at the date were £nil (2013-14: £nil).

One individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil.

A small number of former Welsh Development Agency employees elected to retain their existing terms and conditions and pension arrangements. They participate in the Local Government Pension Scheme, which is a multi-employer funded scheme providing pension and related benefits, which is now on a career average basis rather than a final salary basis. The assets of the scheme are held separately from the assets of the Welsh Government and are administered by Rhondda Cynon Taf County Borough Council. Additional retirement benefits are granted in accordance with the Local Government (Compensation for Premature Retirement) Regulations 1982 and these benefits are provided on a pay-as-you-go basis. Details of Local Health Board Pensions are contained in their accounts.

Analysis of amount charged to income and expenditure

	<b>Value as at 31 March 2015 £000</b>	Value as at 31 March 2014 £000
Fair value of assets	<b>140,730</b>	122,270
Present value of funded defined benefit obligation	<b>(216,480)</b>	(195,170)
Asset/(liability) recognised on statement of financial position	<b>(75,750)</b>	(72,900)
Other pension liabilities	<b>(28,227)</b>	(15,039)
	<b>(103,977)</b>	(87,939)

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon



Llywodraeth Cymru  
Welsh Government

Mr Darren Millar AM  
Chair  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
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14 September 2015

Dear Chair

## FINANCIAL CHALLENGES FACING LOCAL GOVERNMENT

Thank you for your letter of 8 July welcoming me into my new post as Deputy Permanent Secretary of Education and Public Services Group. I look forward to engaging with the Committee. Your letter asked for further information regarding the financial challenges facing local government in Wales. The following goes into some detail but it is important we establish a clear, common understanding of the issues.

First, you asked for the Welsh Government's assessment of the scale of funding reductions faced by Local Government. Annual Local Authority general revenue spending each year is some £7 billion excluding that raised through service fees and charges. Supporting this spending, Welsh Government provides funding through Revenue Support Grant and Non Domestic Rates of £4.1 billion in 2015-16 which equates to about 58 per cent of the spending. Other sources of finance include council tax, specific grants from the Welsh Government and from other bodies (including the UK Government). In addition, Local Authorities also set fees and charges and raise income, including through borrowing arrangements and drawing on reserves. So, whilst Welsh Government funding is an important component of Local Authority funding, it is by no means the only source. It follows that the Welsh Government is only able to comment on the scale of funding reductions in relation to the resources it provides.

In answer to the point about reductions in Welsh Government funding, Ministers maintained the Revenue Support Grant Settlement in cash terms between 2010-11 and 2013-14. This was a radically different position to that in England where authorities faced very significant reductions. The settlements for 2014-15 and 2015-16 are a matter of record – reductions of £149 million and £145 million respectively equivalent to a reduction of 3.4 per cent in each year on a like for like basis. Nonetheless, the Committee will wish to note that taking into account the full range of funding available to Authorities, general expenditure is budgeted to be more than £177 million more in 2015-16 than it was in 2010-11.



Looking to 2016-17, the absence of published UK Government baselines mean that the Welsh Government is no better placed to assess the possible scale of future funding reductions on its grant than Local Authorities themselves at this stage. To meet their medium term financial planning obligations, Local Authorities are engaged in developing working assumptions based on the range of forecasts and data that is publicly available. We will continue to work with Authorities through the Society of Welsh Treasurers to inform a common understanding of the future financial outlook wherever we can.

The Committee is aware that each Authority is a separate, democratically accountable body which is subject to statutory duties around setting and managing its budgets. Therefore, the range of information which Authorities require to plan, budget and manage effectively is necessarily much broader and more detailed than simply that relating to future levels of Welsh Government funding. Nonetheless, we are acutely aware that early data about indicative levels of general grant funding is an important piece of information to support Authorities' planning and our record of publishing Settlement figures before both England and Scotland is very good.

Turning to the issue of specific grants and ring fencing. In absolute terms, we agree that the value of specific grants is substantial. We also agree that the specific grant regime incurs a level of administrative cost for all organisations involved which, during a period of reducing budgets, should be minimised so far as possible. The Auditor General's work in this area has provided a valuable contribution to our thinking. Likewise, Ministers continue to balance carefully the need for ring fencing with assurance around delivery of priorities and are considering how to make further progress in this area.

As a percentage of general revenue spending, specific grants account for 10 per cent. This is not a significant proportion and is in keeping with arrangements elsewhere in the UK. A good deal of progress has been made in recent years and Welsh Government has transferred £189 million into the RSG since 2010-11. Most recently, the Minister for Public Services has announced he will transfer a further £31 million from the Outcome Agreement programme. Significant progress has been made too, in aggregating smaller grants together, notably in the Education portfolio.

You asked about the Welsh Government's assessment of the proportion of Local Authority budgets which are committed to statutory responsibilities, or to Welsh Government policy priorities, and the proportion which is not "ring-fenced".

The law relating to Local Authorities and Local Authority services and functions is complex. All Local Authority functions are set out in, and limited by, law and no Authority can do anything without the appropriate legal provision. However, there is a distinction between the services and functions Authorities must provide and those where Authorities have the legal power under which they can choose to provide a service or function. How they provide a particular service in practice, and the extent of that service, is a matter for the Authority itself to determine taking account of local needs and priorities, hence the variability in service models and coverage across the 22 Authorities.

Defining and quantifying the proportion of each Local Authority budget attributable to each function (again, bearing in mind the range and timing of funding sources involved) would be a highly complex and contestable exercise. Preparing even a rudimentary analysis would require the Welsh Government to collect substantial additional information from Authorities who would incur further administrative work and cost at a time when the aim is to minimise management overheads. The Committee will appreciate the paradox in this approach.

You wanted to explore the use made by the Welsh Government of information collected on Local Authorities' use of reserves, currently standing at some £1.4 billion. Between 2011 and 2015 the total stock of Reserves increased by 10 per cent. The purpose of gathering the data was to assess the accessibility and clarity of information on reserves which would enable effective scrutiny by elected Members. The Committee will understand that openness and transparency are vital to good scrutiny; and that effective scrutiny leads to more informed and better decisions, which is especially important in relation to financial and spending matters at the current time.

The survey data showed considerable variation exists in the presentation and disclosure of data. We provided the information to Chief Finance Officers and followed that with discussions so as to highlight areas of best practice. Early indications suggest there have been improvements in the presentation of information on reserves in the latest statutory accounts of some Authorities which is a positive step forward. We will keep the situation under review.

More generally, Ministers continue to be interested in the levels of reserves held by Authorities. They recognise that the size of reserves is determined according to a set of local needs, service priorities and spending plans and there will inevitably be variation between Authorities. There will be occasions when Ministers wish to understand the reasons for the variation in the composition of a set of reserves, or the cash levels themselves and, in those circumstances, we believe it is reasonable to seek further information.

Finally, you asked whether Welsh Government is satisfied that Local Government appreciates the collaborative process in setting the funding formula and whether the process allows the best decisions on allocations to be made rather than those that most readily find consensus.

We have previously provided detailed information to the Committee about the consultative arrangements on Local Government finance which form some of the most comprehensive processes within government in the UK. They rely on effective joint working between Local Authorities and the Welsh Government primarily through the Finance Sub Group of the Partnership Council and its technical working group, the Distribution Sub Group. The arrangements have been in place for several years and operate according to a clear set of agreed principles.

So far as making sure the outcome is the most effective distribution of funding rather than the one which most readily funds consensus, proposals on distribution are fully evidenced when put forward and detailed information on methodology and the development of the formula is made widely available. That evidence needs to be well founded in order to convince the twenty two Authorities of the merits of any changes, respecting that each Authority has different needs and priorities. It is also worth noting that we do not always achieve consensus in these technical discussions.

I hope this information addresses the Committee's requests.

Yours sincerely



**Owen Evans**

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Mr Darren Millar AC  
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Cynulliad Cenedlaethol Cymru  
Bae Caerdydd  
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Dyddiad: 29 Medi 2015  
Ein cyf: HVT/2392/caf  
Tudalen: 1 o 3

Annwyl Darren

## Ymchwiliad y Pwyllgor Cyfrifon Cyhoeddus i'r Heriau Ariannol sy'n wynebu Llywodraeth Leol – Ymateb Llywodraeth Cymru

Yn dilyn gohebiaeth ddiweddar o ran yr uchod, rwy'n ysgrifennu gyda fy sylwadau ar yr ymateb gan y Dirprwy Ysgrifennydd Parhaol, Owen Evans, yn ei lythyr dyddiedig 14 Medi 2015.

Mae llythyr y Dirprwy Ysgrifennydd Parhaol yn adeiladu ar y sylwadau a wnaed gan June Milligan yn ei llythyr at y Pwyllgor dyddiedig 24 Mehefin 2015, y rhoddais sylwadau arnynt yn fy llythyr dyddiedig 1 Gorffennaf. Codwyd pum mater pwysig gan y Pwyllgor ac mae'r Dirprwy Ysgrifennydd Parhaol wedi ymateb i bob un o'r rhain.

Mae'r mater cyntaf yn ymwneud â'r gwahaniaeth o ran dehongli faint y mae cyllid llywodraeth leol a ddarperir gan Lywodraeth Cymru wedi lleihau dros y blynyddoedd diwethaf. Mae'r ymateb a gafwyd gan y Dirprwy Ysgrifennydd Parhaol yn cydnabod bod anawsterau gwirioneddol o ran cynnal asesiad o'r fath ond nid yw'n darparu sefyllfa llinell waelod o ran cyfanswm y gostyngiadau yng nghyllidebau llywodraeth leol rhwng 2010-11 a 2014-15.

Mae gwaith rwy'n ei gynnal ar gyfer yr adroddiad 'Darlun o Wasanaethau Cyhoeddus 3' yn dangos bod llywodraeth leol yn derbyn y rhan fwyaf o'i chyllid drwy'r Cyllid Allanol Cyfun. Mae cymharu Cyllid Allanol Cyfun ar draws y cyfnod 2010-11 i 2014-15 yn gymhleth am ddau brif reswm. Yn gyntaf, mae Llywodraeth Cymru wedi corffori i mewn i grantiau Cyllid Allanol Cyfun a ddarparwyd ar wahân yn flaenorol. Er bod y 'dadneilltuo' hwn o grantiau yn arwain at gynnydd mewn Cyllid Allanol Cyfun, nid yw o reidrwydd yn gynnydd net mewn cyllid. Mae gwerth net grantiau a ymgorfforwyd i mewn i Gyllid Allanol Cyfun ers 2010-11 tua £137 miliwn mewn termau real (addaswyd ar gyfer chwyddiant). Yn ychwanegol, mae'r darlun yn cael ei gymhlethu gan ddatganoli budd-dal y dreth gyngor, sydd wedi cael ei gorffori i mewn i'r Cyllid Allanol Cyfun. Ar ôl addasu ar gyfer y ffactorau hyn i sicrhau cymharu tebyg am debyg mor agos â phosibl yn seiliedig ar y wybodaeth sydd ar gael, fy amcangyfrif yw y bu gostyngiad termau real o £464 miliwn (10 y cant) yng nghyllid llywodraeth leol gan Lywodraeth Cymru rhwng 2010-11 a 2014-15.

Yn ail, ar fater clustnodi grantiau, mae'r ymateb gan y Dirprwy Ysgrifennydd Parhaol yn ailadrodd yn fras yr ymateb gwreiddiol gan June Milligan ac er ei fod yn cydnabod bod cynnydd wedi'i wneud o ran lleihau nifer y grantiau mewn rhai meysydd, mae grantiau yn dal i gyfrif am 10 y cant o'r gwariant refeniw. Mae'r Dirprwy Ysgrifennydd Parhaol yn cydnabod ei bod yn bwysig, yn yr hinsawdd ariannol bresennol, lleihau cymaint â phosibl y baich o weinyddu grantiau a chwilio am arbedion effeithlonrwydd.

Er nad yw'r ymateb gan y Dirprwy Ysgrifennydd Parhaol yn cynnwys unrhyw fanylion am sut y mae Llywodraeth Cymru yn bwriadu gwella hyn ymhellach, am rai blynyddoedd nawr rwyf wedi bod yn pwysu ar Lywodraeth Cymru i adolygu cwmpas a natur eu trefniadau a gomisiynwyd i ardystio grantiau, er mwyn inni allu ailganolbwyntio elfennau o'r gwaith hwnnw i greu mwy o effaith ac felly cynorthwyo gwelliannau o ran rheoli grantiau. Dros yr ychydig fisoedd diwethaf, mae adolygiad wedi bod yn cael ei gynnal gan weithio'n agos gyda thîm prosiect Llywodraeth Cymru a chredaf ein bod bellach wedi dod i gytundeb boddhaol gyda Llywodraeth Cymru a Chymdeithas Llywodraeth Leol Cymru ar egwyddorion cyffredinol cyfres o newidiadau a wneir dros yr ychydig flynyddoedd nesaf. Disgwylir y bydd y dull newydd yn gwella effaith a gwerth ychwanegol y gwaith hwn ac yn gwella effeithlonrwydd rheoli grantiau.

Mae'r trydydd pwynt yn ymwneud â chais y Cadeirydd am asesiad Llywodraeth Cymru o gyfrannau cyllidebau awdurdodau lleol sy'n ymrwymedig i gyfrifoldebau statudol neu flaenoriaethau polisi Llywodraeth Cymru a'r hyn nad yw 'wedi'i glustnodi'. Yn benodol, roedd y Pwyllgor yn awyddus i ddeall sut y mae Llywodraeth Cymru yn asesu lle y mae gostyngiadau'n debygol o ddigwydd, a'r canlyniadau tymor hwy, yn enwedig mewn perthynas â gwasanaethau yn ôl disgrisiwn.

Mae'r ymateb gan y Dirprwy Ysgrifennydd Parhaol yn gywir ddigon yn cydnabod bod gan awdurdodau lleol y rhyddid i benderfynu ar y ffordd orau o gyflawni eu cyfrifoldebau statudol ac mai mater iddynt hwy yw hyn. Er bod hyn yn gywir, nid yw'r ymateb yn mynd i'r afael â'r pwynt a wnaed gan awdurdodau lleol yn eu tystiolaeth i'r Pwyllgor, sef penderfyniad Llywodraeth Cymru i gynnal neu gynyddu'r gwariant ar addysg a mynd i'r afael â phwysau ariannol ar wasanaethau cymdeithasol, a bu hyn yn ergyd anghymesur i'r gwasanaethau sy'n weddill. Yn wir, amlygodd tystiolaeth a gyflwynwyd i'r Pwyllgor bryderon awdurdodau lleol bod llawer o wasanaethau pwysig yn ôl disgrisiwn fel hamdden mewn perygl o ddiflannu.

Mae'r Dirprwy Ysgrifennydd Parhaol yn cydnabod nad oes gan Lywodraeth Cymru wybodaeth fanwl ar yr adeg hon (na chynlluniau i gasglu data o'r fath, yn bennaf yn sgîl costau) ac felly nid yw'n gallu meintoli sut a ble y gwneir toriadau i'r gyllideb nac effaith gostyngiadau ar wasanaethau statudol a gwasanaethau yn ôl disgrisiwn. Mewn ymateb i gwestiwn y Pwyllgor y *byddai'n ddefnyddiol deall a yw Llywodraeth Cymru yn gwneud unrhyw asesiad o ran lle y mae'r gostyngiadau'n debygol o ddigwydd, a'r canlyniadau tymor hwy* mae'n ymddangos mai na yw'r ateb i hyn.

Yn bedwerydd, gofynnodd y Pwyllgor pa ddefnydd a wnaed (gan Lywodraeth Cymru) o'r wybodaeth am gronfeydd wrth gefn. Mae'r ymateb gan y Dirprwy Ysgrifennydd Parhaol yn rhoi barn fwy cyflawn ar sut y mae'r data wedi'i ddefnyddio, gan nodi'n arbennig y bu rhywfaint o welliannau o ran sut y mae data ar gronfeydd wrth gefn yn cael eu cyflwyno mewn rhai cyfrifon



statudol awdurdodau lleol. Er mwyn eglurder, mae'n bwysig nodi nad fy nghyfrifoldeb i fel Archwilydd Cyffredinol yw o reidrydd rhoi sylwadau ar lefelau cronfeydd wrth gefn na'u cymeradwyo, er y gallaf o bryd i'w gilydd roi sylwadau ar lefelau cronfeydd wrth gefn fel rhan o'm gwaith cyfrifon mewn awdurdod penodol.

Mae'r Cod Ymarfer ar gyfer Cadw Cyfrifon Awdurdodau Lleol yn y Deyrnas Unedig yn ei gwneud yn ofynnol i awdurdodau lleol gynnwys naratif am ddiben eu cronfeydd wrth gefn ac er y gallaf eu hannog i fod yn fwy eglur, ni fyddai'n fater amodi os ydynt yn bodloni'r gofynion a nodir yn y Cod. Ar y cyfan, mae'r rhan fwyaf o awdurdodau lleol yng Nghymru wedi ymateb yn dda a gwella'r naratif yn dilyn ein hawgrymiadau fel y nodir yn y llythyr. Mae hefyd yn werth nodi bod trafodaethau yn cael eu cynnal yn Lloegr ar hyn o bryd ynghylch a ddylai Llywodraeth y DU bennu terfyn ar gronfeydd wrth gefn i awdurdodau yn Lloegr. Gall hyn fod yn llinell ymholiad yr hoffai'r Pwyllgor ymchwilio ymhellach iddi.

Yn olaf, gofynnodd y Pwyllgor a yw Llywodraeth Cymru yn fodlon bod llywodraeth leol yn gwerthfawrogi'r broses gydweithredol o ran pennu'r fformiwla gyllido ac a yw'r cydweithredu'n galluogi gwneud y penderfyniadau gorau ar ddyraniadau, yn hytrach na'r penderfyniadau lle ceir y consensws amlycaf. Mae'r ateb gan y Dirprwy Ysgrifennydd Parhaol yn mynd i'r afael â phryderon y Pwyllgor ynghylch ansawdd a chadernid y data sy'n sail i benderfyniadau sy'n destun ymgynghoriad. Yn wir, mae cadarnhad y Dirprwy Ysgrifennydd Parhaol bod hyn yn cael ei ddatblygu drwy'r Is-Grŵp Dosbarthu, sy'n cynnwys cynrychiolaeth gan awdurdodau lleol, yn rhoi rhywfaint o sicrwydd ynghylch sut y mae cytundeb rhwng Llywodraeth Cymru ac awdurdodau lleol yn cael ei gyflawni.

Yn ogystal, mae'r Dirprwy Ysgrifennydd Parhaol hefyd yn cydnabod yr anawsterau o ran cael consensws rhwng 22 o awdurdodau lleol ac nid yw hyn bob amser yn bosibl. Ar y cyfan, mae'r ymateb hwn yn mynd i'r afael yn well â'r mater a fynegwyd yn llythyr y Cadeirydd at June Milligan dyddiedig 21 Mai 2015.

I gloi, credaf fod yr ymateb gan y Dirprwy Ysgrifennydd Parhaol yn rhoi mwy o sicrwydd ynghylch sut y mae Llywodraeth Cymru yn mynd i'r afael â'r materion hyn, ond mae cyfleoedd o hyd i ddarparu ymateb llawnach a manylach mewn rhai meysydd. Efallai yr hoffai'r Pwyllgor ystyried a hoffai ailedrych ar y materion hyn a materion eraill sy'n codi o'i waith ar yr heriau ariannol sy'n wynebu llywodraeth leol rhwng nawr a diwedd y pedwerydd Cynulliad.

**HUW VAUGHAN THOMAS**  
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Dyddiad: 1 Hydref 2015  
Ein cyf: HVT/2393/caf  
Tudalen: 1 o 4

Annwyl Darren

## YMATEB LLYWODRAETH CYMRU – YMATEB I DDIWYGIO LLES YNG NGHYMRU

Yn llythyr y Dirprwy Glerc dyddiedig 7 Medi gofynnwyd am fy nghyngor ar ymateb Llywodraeth Cymru i adroddiad y Pwyllgor ar *Ymateb i Ddiwygio Lles yng Nghymru* a gyhoeddwyd ym mis Gorffennaf 2015.

Mae Llywodraeth Cymru wedi nodi ei bod yn derbyn yn llawn chwech yn unig o 17 o argymhellion y Pwyllgor, yn derbyn un o'r argymhellion mewn egwyddor ac yn derbyn y 10 o argymhellion eraill yn rhannol. Yn gyffredinol, rwyf o'r farn nad yw Llywodraeth Cymru wedi ymateb yn ddigon llawn i argymhellion y Pwyllgor ac rwyf wedi nodi isod rai meysydd lle gallech ddymuno ceisio mwy o wybodaeth neu eglurhad.

**Argymhelliad 1:** Mae Llywodraeth Cymru yn derbyn yr argymhelliad hwn yn rhannol, ar y sail ei bod yn gweld lliniaru effaith diwygio lles fel un elfen o'i strategaeth ar drechu tlodi, ac y bu'n darparu goruchwyliaeth strategol drwy'r Grŵp Gorchwyl a Gorffen Gweinidogol ar Ddiwygio Lles. Serch hynny, roeddwn yn tybio bod y Pwyllgor yn dal i ddymuno gweld dogfen strategaeth annibynnol yn cael ei chyhoeddi ac, yn hynny o beth, mae Llywodraeth Cymru, mewn gwirionedd, wedi gwrthod yr argymhelliad. Efallai y byddai'r Pwyllgor yn dymuno ystyried a fyddai, o leiaf, yn croesawu ymrwymiad mwy penodol ar y camau y bydd Llywodraeth Cymru yn eu cymryd yn ymarferol i liniaru effaith diwygio lles drwy, er enghraifft, ddatblygu cynllun gweithredu diwygio lles penodol i ategu'r strategaeth trechu tlodi.

**Argymhelliad 2:** Mae'r argymhelliad hwn yn cael ei dderbyn yn rhannol, ar y sail bod Llywodraeth Cymru o'r farn ei bod yn anymarferol cyhoeddi'r holl wybodaeth a ystyriwyd gan y Grŵp Gorchwyl a Gorffen Gweinidogol. Roedd gan y Pwyllgor ddiddordeb arbennig mewn adolygu'r opsiwn parthed y dadansoddiad cost a budd i liniaru effaith lawn dileu'r

cymhorthdal ystafell sbâr drwy daliadau tai yn ôl disgrisiwn, fel y dewisodd Llywodraeth yr Alban ei wneud. Nid yw'r ymateb yn darparu digon o fanylion ynghylch a fydd y wybodaeth benodol hon yn cael ei hychwanegu at y tudalennau diwygio lles ar wefan Llywodraeth Cymru. Mae Llywodraeth Cymru wedi datgan yn syml y bydd yn darparu crynodeb o'i hymateb i ddiwygio lles.

**Argymhelliad 3:** Mae'r argymhelliad hwn yn cael ei dderbyn yn rhannol eto, gyda Llywodraeth Cymru yn cyfeirio at amrywiaeth o ddulliau presennol ar gyfer casglu ac ystyried data, gan dynnu sylw at rhai camau gweithredu newydd hefyd. Hyd y cofiaf roedd y dystiolaeth a gyflwynwyd i'r Pwyllgor ar faterion perfformiad a data yn eithaf cymhellol a phwysleisiwyd nad yw effaith diwygio lles yn cael ei deall yn glir ar hyn o bryd ac mae hyn yn atal rhagolygon i nodi ffyrdd gwell o wneud pethau. Efallai y bydd y Pwyllgor am drafod cyfleoedd i Lywodraeth Cymru wella amrywiaeth ac ansawdd y dystiolaeth bresennol drwy, er enghraifft, gynnwys nifer bach o geisiadau am ddata allweddol fel y nodwyd yn adroddiad y Pwyllgor (tudalen 13 i 15) fel rhan o'r ymchwil a gynigir mewn perthynas ag **Argymhelliad 8**.

**Argymhelliad 4:** Cafodd y Pwyllgor dystiolaeth bod rhaglenni datblygu ar hyn o bryd yn canolbwyntio gormod ar lety tair ystafell wely ac nid ar unedau llai, gan awgrymu bod gwahaniaeth rhwng yr hyn mae landlordiaid am ei adeiladu - tai i deuluoedd - a maint yr eiddo sydd ei angen ar y rhai a chanddynt angen o ran tai fel y pennir gan y meini prawf maint tai rhent cymdeithasol. Mae hyn yn ei dro yn ei gwneud yn anodd modelu'r galw ar gyfer y dyfodol. Fy atgof o'r pryder penodol hwn a amlygwyd mewn rhai o'r sesiynau tystiolaeth oedd bod angen i Lywodraeth Cymru ystyried y materion hyn yn llawn wrth gymeradwyo cynlluniau adeiladu newydd.

**Argymhelliad 5:** Mae'r argymhelliad hwn yn cael ei dderbyn yn rhannol yn unig, ac nid wyf yn teimlo bod yr ymateb yn ddigonol. Rwy'n cydnabod efallai nad yw'r canllawiau gan yr Adran Gwaith a Phensiynau ar Daliadau Tai yn ôl Disgrisiwn yn ei gwneud yn ofynnol i awdurdodau lleol gofnodi gwybodaeth am amgylchiadau penodol tenantiaid ag anabledau mewn cartrefi a addaswyd. Fodd bynnag, byddwn wedi disgwyl ymateb mwy trylwyr gan Lywodraeth Cymru a oedd yn ystyried y mater penodol hwn mewn perthynas â dyletswyddau awdurdodau lleol o dan Ddeddf Cydraddoldeb 2010 a'r rôl arweinyddiaeth ehangach a amlygwyd gan y Pwyllgor o dan **Argymhelliad 1**. Efallai y bydd y Pwyllgor yn dymuno ceisio sicrwydd pellach bod camau ar waith i fynd i'r afael â'r dyletswyddau cydraddoldeb pwysig hyn yn llawn. Er enghraifft, drwy ofyn i Lywodraeth Cymru adolygu asesiadau effaith ar gydraddoldeb awdurdodau lleol ar gyfer gweinyddu Taliadau Tai yn ôl Disgrisiwn.

**Argymhelliad 11:** Mae Llywodraeth Cymru wedi derbyn yr argymhelliad hwn yn rhannol ac mae wedi darparu manylion am y broses ar gyfer diweddarau'r Cod Canllawiau ar gyfer awdurdodau lleol ar Ddyrannu Llety a Digartrefedd. Fy nealltwriaeth i oedd bod y mater a

amlygwyd gan y Pwyllgor yn ymwneud yn bennaf ag amgylchiadau ariannol unigolion gymaint â'r categorïau angen blaenoriaethol a nodir yn y cod. Awgrymodd y dystiolaeth a gafwyd gan y Pwyllgor nad yw rhai pobl o bosibl yn cael cymorth oherwydd eu sefyllfa ariannol yn enwedig lle mae ganddynt ôl-ddyledion sy'n ddyledus neu ddyledion morgais. Mae effaith hyn wedi arwain at sefyllfa lle mae rhai teuluoedd sy'n ceisio cymorth gan awdurdodau lleol a landlordiaid cymdeithasol cofrestredig yn cael eu heithrio o gofrestrau tai ac felly maent yn cael eu hystyried yn "rhy dlawd ar gyfer tai cymdeithasol."

Er ei bod yn gadarnhaol nodi bod Llywodraeth Cymru yn bwriadu arolygu awdurdodau lleol a landlordiaid cymdeithasol cofrestredig o dan **Argymhelliad 8**, a fydd yn archwilio'r asesiad o amgylchiadau ariannol pobl, byddai'n fanteisiol ymestyn hyn i gwmpasu gwaith asiantaethau cyngor sy'n aml mewn sefyllfa well i ddarparu dealltwriaeth annibynnol o'r materion hyn. Fel y mae, mae'r ymateb i **Argymhelliad 11** yn gofyn i'r rhai sydd wedi gwneud y penderfyniad i beidio â chynorthwyo teulu neu unigolyn – awdurdodau lleol a landlordiaid cymdeithasol cofrestredig – i adolygu eu harferion eu hunain sydd, at ddibenion tryloywder a chydbwysedd, yn codi rhai pryderon. Efallai y bydd y Pwyllgor yn dymuno awgrymu bod yr ymarfer hwn yn cael ei ehangu i gynnwys sefydliadau cyngori i ddarparu rhywfaint o annibyniaeth ar y broses hon.

**Argymhelliad 13:** Mae Llywodraeth Cymru yn derbyn yr argymhelliad hwn yn rhannol. Fodd bynnag, roedd dystiolaeth a ddarparwyd i'r Pwyllgor yn awgrymu bod cyngor a ddarperir gan landlordiaid yn canolbwyntio ar ymdrin â materion "landlordiaid" yn gyntaf oll ac nid hyn o reidrwydd yw'r cam gweithredu cywir na'r opsiwn gorau i'r tenant. I'r gwrthwyneb, mae cyngor annibynnol yn edrych ar yr hyn sy'n gywir i'r unigolyn ac mae'r materion landlordiaid yn un o nifer o wahanol feysydd a gaiff eu hystyried wrth flaenoriaethu a chytuno ar ffordd ymlaen. Fy atgof yw bod y Pwyllgor drwy ei argymhelliad yn ceisio sicrhau cyngor i ystyried anghenion ehangach tenantiaid nid dim ond blaenoriaethau eu landlord. O ystyried nad yw'r ymateb yn mynd i'r afael â'r pwynt hwn yn ddigonol, efallai y bydd y Pwyllgor yn dymuno cael rhagor o fanylion am sut y bydd Llywodraeth Cymru yn sicrhau bod anghenion yr unigolyn yn hytrach na'r landlord yn cael eu blaenoriaethu'n gyfartal wrth gynnal ei hadolygiad a gynlluniwyd.

**Argymhelliad 14:** Mae Llywodraeth Cymru yn derbyn yr argymhelliad hwn. Er bod yr ymateb yn amlygu rhywfaint o waith cadarnhaol Cyngor Caerdydd, nid yw'n glir a yw'r protocolau newydd ar gyfer Taliadau Tai yn ôl Disgresiwn yn cwmpasu pob un o'r 22 o awdurdodau lleol. Ar y sail hon, gallai'r Pwyllgor ofyn i Lywodraeth Cymru egluro bod y ddau gyngor nad oedd yn rhan o'r cytundeb ar adeg yr ymchwiliad – Caerdydd a Chastell-nedd Port Talbot – bellach yn rhan o'r trefniadau newydd i sicrhau'r bod y dull cyson a ddymunir yn cael ei gyflawni.

Yn ogystal, er bod yr ymateb hefyd yn nodi bod y fframwaith presennol o brotocolau cyngor a chanllawiau yn darparu *dull cyson o ran budd-daliadau anabledd* mewn awdurdodau lleol, ni chredaf fod hyn yn gwbl gywir pan fyddwch yn ystyried yr ymateb i **Argymhelliad 5** a nodir

uchod. Nid yw'r manylion a ddarperir mewn ymateb i **Argymhelliad 14** yn mynd i'r afael yn ddigonol â'r materion a wynebier gan bobl anabl a amlygwyd mewn tystiolaeth a ddarparwyd i'r Pwyllgor ac yn adroddiad y Pwyllgor, a chredaf ei bod yn rhesymol disgwyl ymateb mwy trylwyr a chydgyssylltiedig gan Lywodraeth Cymru ar y pwynt hwn a'r pwyntiau a wnaed o dan **Argymhelliad 5**. Sef, bod cynllun Cymru gyfan ar gyfer Taliadau Tai yn ôl Disgresiwn yn cael ei fabwysiadu gan bob cyngor ac yr eir i'r afael yn gliriach â materion yn ymwneud â phobl anabl.

**Argymhelliad 17:** Mae Llywodraeth Cymru yn derbyn yn llawn yr argymhelliad hwn i roi barn gynnar ar effaith newidiadau pellach yn y system les, yn enwedig i bobl 18-21 oed, ac ymgynghori yn gynnar ac yn eang ar ei hymateb arfaethedig. Fodd bynnag, efallai nad yw'r ymateb yn ddigon manwl i ddarparu'r sicrwydd y mae'r Pwyllgor yn ei geisio.

Yn Adroddiad y Pwyllgor *Ymateb i Ddiwygio Lles yng Nghymru*, nododd yr aelodau ym Mharagraff 121 "y gall Llywodraeth Cymru wneud mwy i ddangos arweiniad a chydgyssylltu'r ymateb i ddiwygio lles yng Nghymru". Er bod yr ymateb gan Lywodraeth Cymru yn gywir ddigon yn canolbwyntio ar ddeall effaith bosibl diwygiadau lles pellach ac yn nodi bod gwaith ar y gweill gydag awdurdodau lleol, Landlordiaid Cymdeithasol Cofrestredig ac asiantaethau cyngor, credaf y dylai Llywodraeth Cymru ddarparu arweinyddiaeth gliriach drwy ddatblygu cynllun gweithredu diwygio lles penodol ac mae hyn wedi'i wrthod o ran **Argymhelliad 1**. Byddai hyn yn darparu ffocws clir ar y camau gweithredu y mae'n bwriadu eu blaenoriaethu i fynd i'r afael ag anghenion y rhai 18-21 oed. Fel y mae, ymddengys fod Llywodraeth Cymru yn gwneud gwaith pellach i ymchwilio i'r effaith bosibl ond nid yw am ffurfioli ei hymateb i'r heriau hyn yn strategaeth neu gynllun gweithredu a fyddai'n galluogi atebolrwydd cliriach a chraffu ar berfformiad yn fwy effeithiol.

Hyderaf fod y cyngor hwn yn ddefnyddiol i'r Pwyllgor.



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