



Annual Accounts

For the year ended
31 March 2015

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ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

Report of the Ombudsman

History and Statutory Background

These are the ninth annual accounts of the Public Services Ombudsman for Wales (PSOW) since the office came into formal existence on 01 April 2006 following the implementation of the Public Services Ombudsman (Wales) Act 2005. I was appointed the Public Services Ombudsman from 01 August 2014 and in accordance with paragraph 18 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005, I have personal responsibility for the overall organisation, management and staffing of the office and for its procedures in relation to financial and other matters.

As a result of the amendments to the Act arising from the Government of Wales Act 2006, the Ombudsman's salary and related employment costs are a direct charge on the Welsh Consolidated Fund. In addition, the costs of running the office have to be submitted to the Finance Committee of the National Assembly for Wales for consideration no later than 01 November each year. By 22 November, the Finance Committee must consider and lay before the National Assembly the Estimates, with any modifications, which that Committee, having consulted and taken into account any representations made by me, considers appropriate. This process is similar to that which applies to the Auditor General and the Wales Audit Office and is designed to secure the independence of my role.

The Estimates submission for 2014-15 was considered by the Finance Committee on 03 October 2013 and laid before the National Assembly for Wales on 23 October 2013.

Strategic Aims

The purpose of the PSOW is to independently and impartially investigate complaints made by members of the public about the way they have been treated by a public body. I expect public bodies to treat people fairly, considerately, and efficiently. If I uphold a complaint I will recommend appropriate redress. I also investigate complaints that local authority members have broken their Code of Conduct.

The vision for the office is:

To put things right for users of public services and to drive improvement in those services and in standards in public life using the learning from the complaints we consider.

Our strategic aims are:

Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.

Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.

Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.

Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.

Main Activities

The principal activities of PSOW covered by these accounts were:

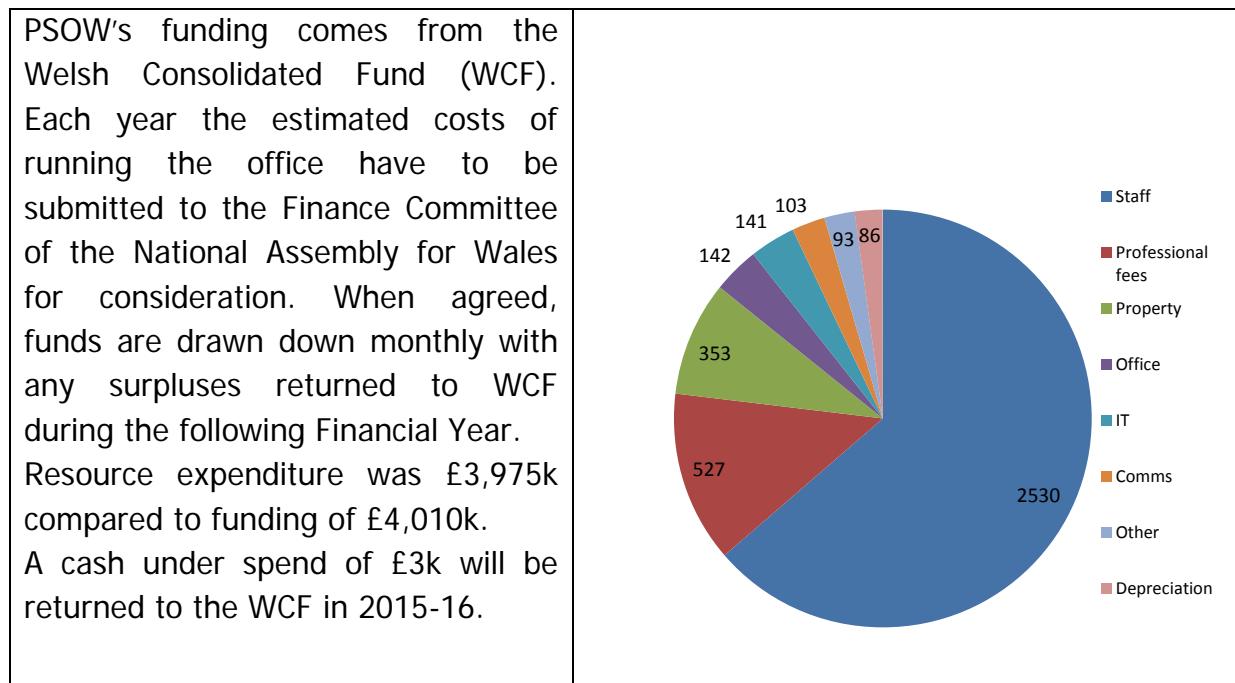
- (a) considering complaints from members of the public about local authorities (including town and community councils) in Wales;
- (b) considering complaints from members of the public about NHS bodies, family health service practitioners and independent providers of NHS Services in Wales;
- (c) considering complaints about the Welsh Government and Welsh Government sponsored public bodies;
- (d) considering complaints against registered social landlords;
- (e) considering complaints that members of local authorities (including town and community councils) had broken their authority's code of conduct; and
- (f) assisting members of the public who contact the office to direct their complaints to the appropriate public service provider where that body has not yet had an opportunity to put things right, or if they have complained to the appropriate body and remain dissatisfied, to an appropriate ombudsman or complaint handler where the matter complained about does not fall within the PSOW's jurisdiction.

Key Facts and Figures 2014-15

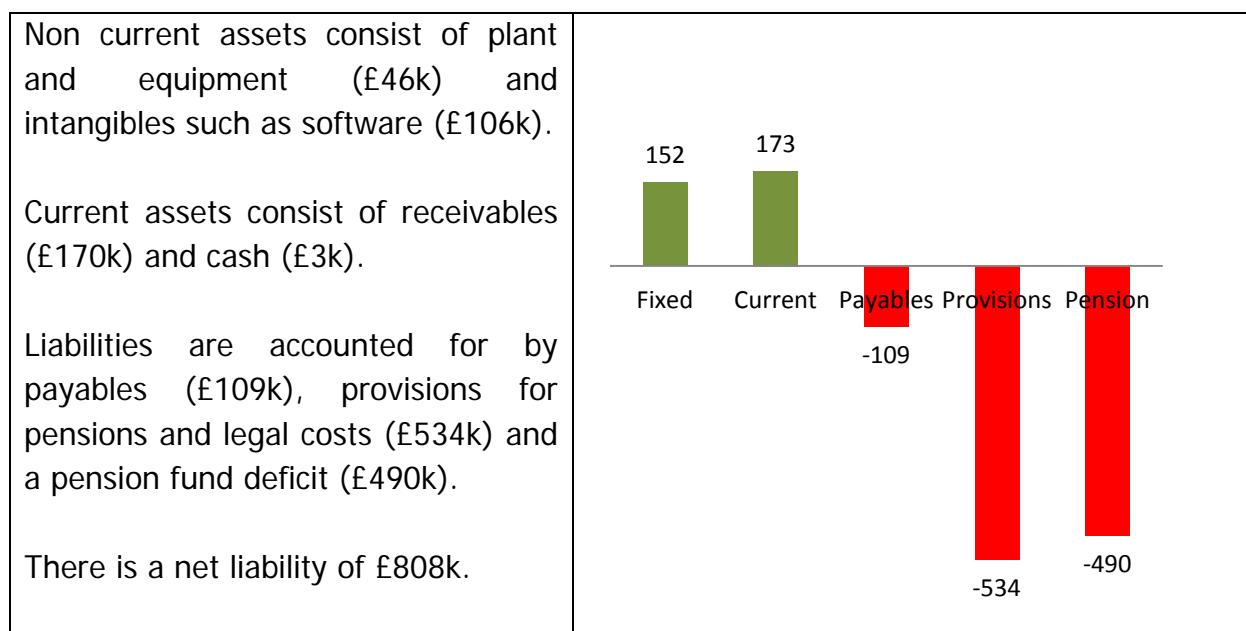
Headline Figures:

Resource Funding:	£4,010k	Total assets:	£325k
Net operating costs:	£3,975k	Total liabilities:	£1,133k
Cash to be repaid:	£3k	Net liabilities:	£808k

Net Resource Expenditure (pages 38-39)



Assets and Liabilities (pages 41-44, plus Pensions Annex)



Expenditure by Aims and Objectives (page 40)

<p>Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.</p> <p>Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.</p> <p>Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.</p> <p>Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.</p>	<table border="1"> <thead> <tr> <th>Aim and Objective</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Customer Care</td> <td>10%</td> </tr> <tr> <td>Complaints</td> <td>76%</td> </tr> <tr> <td>Inform</td> <td>10%</td> </tr> <tr> <td>Support</td> <td>4%</td> </tr> </tbody> </table>	Aim and Objective	Percentage	Customer Care	10%	Complaints	76%	Inform	10%	Support	4%								
Aim and Objective	Percentage																		
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<p>Trend (page 7)</p> <p>2010/11-2014/15</p> <p>Workload increased by over 100%</p> <p>Expenditure decreased by 2% after allowing for CPI inflation</p> <p>Unit Costs reduced by 50%</p>	<p>Workload compared to Unit Cost</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Workload (£)</th> <th>Unit Cost (£)</th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td>2,800</td> <td>5,500</td> </tr> <tr> <td>2011/12</td> <td>3,500</td> <td>4,200</td> </tr> <tr> <td>2012/13</td> <td>4,500</td> <td>3,800</td> </tr> <tr> <td>2013/14</td> <td>5,000</td> <td>3,500</td> </tr> <tr> <td>2014/15</td> <td>5,800</td> <td>3,400</td> </tr> </tbody> </table>	Year	Workload (£)	Unit Cost (£)	2010/11	2,800	5,500	2011/12	3,500	4,200	2012/13	4,500	3,800	2013/14	5,000	3,500	2014/15	5,800	3,400
Year	Workload (£)	Unit Cost (£)																	
2010/11	2,800	5,500																	
2011/12	3,500	4,200																	
2012/13	4,500	3,800																	
2013/14	5,000	3,500																	
2014/15	5,800	3,400																	

Management Commentary

Under the Government of Wales Act 2006 the office is financed through the Welsh Consolidated Fund. Any unspent cash balances have to be repaid into that Fund no later than four weeks after a certified copy of the accounts have been laid before the National Assembly for Wales. This creates a further control in that there is a need to effectively manage the budget on both a cash and a resource basis. The salary of the office holder of Public Services Ombudsman for Wales, and the related costs, are a direct charge on the Welsh Consolidated Fund and are administered through the National Assembly for Wales. Employment costs of £2.5 million remain the largest item of expenditure. The cost of obtaining professional advice was £527k representing a 32% increase from 2013-14, primarily due to the legal costs and provisions associated with a high profile case.

The deficit of the Local Government Pension Fund decreased from £720k at 31 March 2014 to £490k at 31 March 2015 following a new actuarial valuation.

The National Assembly for Wales provided resources of £4.2 million for the funding of the office although £3k of this is due to be returned to the Welsh Consolidated Fund being the unused cash balance at the year end. The sum of £3k is within the accepted year-end balance criteria of 3% funding. The office has achieved a level of spending in line with the overall level of the Welsh block which is especially noteworthy considering the upward demand for the services of the office.

Great strides have been made over recent years in improving efficiency in the way we consider complaints. This has been essential in view of the ever-increasing caseload. The table below shows that over the past five years, the office has seen an increase of over 100% in all contacts (that is, in enquiries, public body complaints and complaints about the conduct of members of local authorities) whilst costs have reduced when adjusted for CPI inflation. The past year has seen yet another increase in complaints by 7%. Despite this, we have still managed to exceed the majority of our performance targets. We continued with our information technology upgrade programme with a view to getting new technology to take some of the strain of the administrative tasks associated with complaint handling.

5 Year Trend	2010-11	2011-12	2012-13	2013-14	2014-15
Enquiries	1,127	1,866	2,906	3,234	3,470
Public Body Complaints	1,425	1,605	1,790	1,932	2,065
Code of Conduct Complaints	277	412	291	226	231
Expenditure, adj. for inflation	£3,566k	£3,292k	£3,581k	£3,419k	£3,515k

The achievements of the past year are set out in greater detail in the statutory Annual Report 2014-15. Further information is available on www.ombudsman-wales.org.uk

Remuneration

Details of the pay and related costs of the Ombudsman and of the office are shown in the Remuneration Report.

Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS);
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund); and
- (c) the pensions paid directly to former Commissioners or their dependants.

Fuller details are given in the Pensions Annex at Page 48.

Sickness

During the year, an average of 7 days per employee were lost through sickness (compared with 10.6 days in 2013-14). This is the equivalent of 2.8% (4.1% in 2013-14) of total possible workdays. Following the implementation of a new attendance policy on 01 November 2014, the average sickness absence has reduced to less than 1%.

Corporate Governance

The office holder of Public Services Ombudsman for Wales is a Corporation Sole. In addition, upon taking up my role as Ombudsman, I was appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions. The Advisory Panel, established during 2011-12, continued to meet on a regular basis over the past year. A review of its effectiveness conducted during 2014-15 concluded that the Panel added the additional scrutiny and support sought by the Ombudsman.

Further details are set out in The Annual Governance Statement.

Accounts Direction

Under the Accounts Direction issued by HM Treasury dated 21 December 2006, I was required to prepare accounts for the financial year ended 31 March 2015 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which was in force for 2014-15.

The accounts have been prepared so as to:

- (a) give a true and fair view of the state of affairs at 31 March 2015 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities that govern them.

Auditors

The Auditor General for Wales is the External Auditor of the accounts of the PSOW as laid down in paragraph 7 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. Following consultation with this office, Wales Audit Office (WAO) appointed Grant Thornton UK LLP to carry out the work on their behalf although the Auditor General retains overall responsibility. The cost of the audit for 2014-15 was £20k compared with £20k in 2013-14.

So far as I am aware I have taken all the steps I ought to have taken to make the auditors aware of any relevant audit information and to establish that the auditors are aware of that information.

I have a separate service level agreement with the WAO for the provision of advice relating to human resources. In 2014-15 WAO were paid less than £1k under that agreement.

Shared Services

I have given consideration to how I might be able to work with other relevant organisations and have continued to meet regularly with the Commissioners in Wales to discuss matters of mutual interest and concern. We continue to explore ways in which we can reinforce each other's work for the benefit of public services in Wales.

There appears to be little to be saved financially from sharing 'back office' functions. Our finance, ICT and HR staff who enable the delivery of our objectives do already work collaboratively, when appropriate, sharing professional knowledge through a network comprising Welsh Government Sponsored Bodies plus Commissioners and will continue to do so. My Office also seeks support from the Wales Audit Office, National Procurement Service and others. We will look to identify opportunities to work towards any pooled arrangement for sharing knowledge, skills and experience to achieve cost savings.

The Future

The upward trend in contacts to my office has been a matter of concern to me. I was able to announce in February the fact that we would be changing our approach so that we would request records in electronic format only, but that associated with this I would be reducing the timescales allowed for bodies in jurisdiction to provide me with the records requested. It is also intended to increase use of Skype/videoconferencing to conduct interviews across Wales.

In addition to the change above, I am firmly of the view that we should engage more directly with county/county borough councils and health boards with the aim of promoting improvements in their approaches to complaint handling. These two sectors account for 83% of the complaints that I receive. Essentially the service I provide is reactive. That is, I have to respond to the enquiries and

complaints that arrive at my office. However, I am keen that more people's grievances are properly addressed and resolved at local level, providing earlier resolution for complainants and in turn reducing the level of complaints arriving at my door. The current upward trajectory of complaints to my office cannot be sustained indefinitely without additional resource and I am anxious that we should act proactively to turn the curve.

Furthermore, I am of the view that we also need to do more in relation to having a greater wider impact in relation to improving public service delivery and contributing to public policy in Wales, beyond seeking improvement in the place where the problem occurred. I believe that beyond the 'common good' resulting from this, it will also ultimately lead to fewer complaints coming to the office. As part of this programme, I will be placing greater emphasis on my office's own data gathering in relation to the complaints we receive in the office, so that we can derive more detailed statistical data and hence intelligence in relation to the trends and patterns of these.

I have also given considerable thought as to how my staffing resource should be structured in order to enable me to achieve those things that I see as my priorities. Having arrived at my conclusions, I presented my proposals to my staff during March 2015. I will be seeking to implement those changes in the early part of 2015/16.

Building on the work of the previous Ombudsman, Peter Tyndall, I have put forward a number of proposals to the National Assembly for Wales in relation to areas where I believe that the current Act could be extended and strengthened. I was exceptionally pleased that the Assembly's Finance Committee agreed to undertake an inquiry into the possibility of extending the powers of the Public Services Ombudsman for Wales and has published its report "Consideration of powers: Public Services Ombudsman for Wales" on 12 May 2015. Further information is available at <http://www.cynulliad.cymru/laid%20documents/cr-ld10200/cr-ld10200-e.pdf>

Statement of Accounting Officer's Responsibilities

Under the Public Services Ombudsman (Wales) Act 2005 as Public Services Ombudsman for Wales, I am required to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the office during the year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the PSOW and its net resource outturn, resources applied to objectives, changes in tax payer's equity and cash flows for the financial year.

In preparing the accounts, as the Accounting Officer I am required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

My relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances for the PSOW, keeping proper records and safeguarding the office's assets as set out in the Accounting Officer's memorandum issued by HM Treasury that is published in "Managing Public Money", and are in accordance with the Public Services Ombudsman (Wales) Act 2005.

Remuneration Report

Public Services Ombudsman for Wales

The Government of Wales Act 2006 provides for my remuneration, the associated national insurance costs and those of my pension to be met from the Welsh Consolidated Fund. The Ombudsman is remunerated at the equivalent of Group 5 of the Judicial Salary Scale. These costs are included under Other Administration Costs as Consolidated Fund Standing Services in Note 4.

Remuneration

The following sections provide details of the remuneration and pension interest of the most senior management of the Office:

Single Total Figure of Remuneration											
Officials	Salary (£000s)		Bonus payments £000s		Benefits in Kind £000s		Pension benefits To nearest £1,000		Total £000s		
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	
Nick Bennett ¹	90-95	-	-	-	-	-	35,000	-	125-130	-	
Margaret Griffiths ²	25-30	30-35	-	-	-	-	-	-	25-30	30-35	
Elizabeth Thomas ³	25-30	85-90	-	-	-	-	30,000	-	55-60	85-90	
Chris Vinestock	85-90	5-10	-	-	-	-	32,000	3,000	115-120	5-10	

¹ Commenced employment 01 August 2014

² Ceased part-time employment 31 July 2014

³ Re-employed as part-time until ceased employment 30 September 2014

Salary

Salary includes gross salary, overtime and any other allowances to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any expenditure paid by PSOW and treated by HM Revenue and Customs as a taxable emolument. There was no such expenditure.

Bonuses

No bonus was paid during the year to me or to any staff within my office as no bonus scheme is in operation.

Pay multiples

The banded remuneration of the highest-paid director in the financial year 2014-15 was £140-£145,000 (2013-14, £135-£140,000). This was 3.5 times (2013-14, 3.5) the median remuneration of the workforce, which was £40,218 (2013-14, £39,351).

In 2014-15, no employee received remuneration in excess of the highest-paid director (2013-14, none).

Remuneration ranged from £14,000 to £145,000 (2013-14, £14,000-£140,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay awards

Staff pay is linked to the pay awards made to employees within Local Government in England and Wales. In line with that procedure a 2% pay increase was awarded to staff in 2014-15 that covers the 2 year period April 2014 to March 2016.

Pensions

Pension entitlements for the persons shown above are detailed below:

Name	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	Employer contribution to partnership pension accounts
	£000	£000	£000	£000	£000	Nearest £100
Nick Bennett	0-5	0-2.5	22	-	14	-
Margaret Griffiths	-	-	-	-	-	3,700
Elizabeth Thomas ⁴	55-60	0-2.5	1,128	1,112	29	-
Chris Vinestock	0-5	0-2.5	24	2	15	-

⁴ Re-employed as part-time until ceased employment 30 September 2014

Reporting of Civil Service and other compensation schemes – exit packages

No exit packages were paid in 2014-15 (2013-14 Nil).

Civil Service Pensions

These pension benefits are provided through the Civil Service pension arrangements. Further information is set out in the Pensions Annex beginning at page 48 of these accounts.

Advisory Panel and Audit & Risk Assurance Committee

The following non pensionable payments, based on a daily rate, were made to members of the Advisory Panel and Audit & Risk Assurance Committee:

	2014-15	2013-14
	£	£
William Richardson	4,210	1,244
John Williams	2,177	875
Jan Williams	-	-
Margaret Griffiths (from August 2014)	1,128	1,244
Sharon Warnes (from February 2015)	-	-

**Nick Bennett
Accounting Officer**

15 July 2015

Annual Governance Statement

Status of the Public Services Ombudsman for Wales

As laid down in Schedule 1 paragraph 2 of the Public Services Ombudsman (Wales) Act 2005, the Ombudsman is a Corporation Sole holding office under Her Majesty and discharges their function on behalf of the Crown. Schedule 1 paragraph 18 states that the Ombudsman is the Accounting Officer for the office of the Ombudsman.

Change of Officeholder

At the beginning of 2014-15, Professor Margaret Griffiths was the officeholder as Acting Public Services Ombudsman for Wales. I, Nick Bennett, was appointed as Ombudsman from the beginning of August 2014.

Scope of Responsibility

In undertaking the role of Accounting Officer I ensure that the office operates effectively and to a high standard of probity. In addition, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Public Services Ombudsman for Wales's (PSOW's) policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money".

I am independent of the National Assembly for Wales but am accountable to its Public Accounts Committee for the use of resources made available to support my statutory functions. In determining the level of resources available to the office the PSOW's budget proposals are considered by the Finance Committee of the National Assembly for Wales in accordance with the process laid down in the Public Services Ombudsman (Wales) Act 2005.

I am required to include this statement with my annual report and accounts to explain how the governance of my office works and to ensure it meets the requirements of the Corporate Governance Code. To enable me to satisfy these requirements I have established appropriate structures, systems and procedures that are comprehensive and provide me with evidence that the governance arrangements are working as intended across the whole organisation and its activities. Such arrangements include my Governance Framework, a

comprehensive internal control environment, effective internal and external audit scope and robust financial management, risk planning and monitoring procedures.

Strategic Planning and Performance Monitoring

The PSOW's planning cycle normally involves the development of a Strategic Plan every three years and a business plan annually. The latest one year Strategic Plan is intended to take the office through 2015-16 whilst a new three year Strategic Plan will be in April 2016 when the extent of the proposed changes to the Ombudsman's powers should be known.

Whilst individual teams within the office are charged with implementing the actions identified, the Management Team and the Advisory Panel monitor progress made against targets and the outcomes achieved via quarterly reports. I was very pleased that all key activities for 2014-15 had been delivered by the end of the financial year. The PSOW's three year Plan has taken account of the increased workload facing the office as a result of the implementation of the NHS Redress Measure, the Complaints Wales service, and also the continued general upward trend in the number of complaints received. Planning also took account of the need to prepare for changes to the social services statutory complaints procedure, which were introduced in August 2014 and the implementation of the Social Services and Well-being (Wales) Act, with the relevant provisions in relation to extending the Ombudsman's jurisdiction to consider complaints about self funded care being introduced on 1 November 2014.

System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the office of the Public Services Ombudsman for Wales for the year ended 31 March 2015 and up to the date of approval of these accounts, and accords with HM Treasury guidance. No significant areas of internal control weaknesses have been

identified from audit work and steps to improve controls further are implemented promptly and monitored by my Audit & Risk Assurance Committee.

Corporate Governance arrangements

Governance arrangements include an Advisory Panel of external advisors supplemented by an Audit & Risk Assurance Committee which is a sub-committee of the Panel. The respective responsibilities are:

Advisory Panel

(a) Role of the Panel

The Advisory Panel is a non-statutory forum whose main role is to provide support and advice to the Ombudsman in providing leadership and good governance of the office of the PSOW. The Advisory Panel also brings an external perspective to assist in the development of policy and practice.

The Advisory Panel provides specific advice and support to the Ombudsman on:

- vision, values and purposes;
- strategic direction and planning;
- accountability to citizens for the public funds it receives;
- internal control and risk management arrangements.

The Advisory Panel is an advisory only body to the Ombudsman, and does not make decisions in its own right.

The Panel also assists the Ombudsman in establishing:

- governance arrangements, including Terms of Reference of any sub-committees;
- the PSOW's strategic direction, aims and objectives and targets;
- key business policies;
- key employment strategies and policies;

and scrutinising and assuring:

- the Three Year Strategic Plan and the Annual Business Plan;
- high level budget allocation;

- the budget Estimates submission to the Finance Committee of the National Assembly for Wales;
- resource accounts (delegated to the Audit & Risk Assurance Committee);
- capital investment/contracts (over £250k) (delegated to the Audit & Risk Assurance Committee).

It also monitors and reviews:

- risk and internal control (delegated to the Audit & Risk Assurance Committee);
- operational performance and delivery;
- financial performance;
- effectiveness of employment strategies and policies;
- diversity and equal opportunities, particularly in relation to the Equality Act 2010;
- external communications strategies and stakeholder relations;
- health and safety and business continuity.

Four meetings were held in July, September and December 2014 and March 2015.

(b) Membership

Membership comprises:

- the Ombudsman
- up to five external members (who offer specific skills and experience sought by the Ombudsman and one of whom may be from another ombudsman office).

The Policy & Communications Manager acts as Secretary to the Panel; other Management Team members as decided by the Ombudsman may be in attendance at the Panel's meetings but are not formally members of the PSOW Advisory Panel.

The Advisory Panel members during 2014-15 were:

Margaret Griffiths (from August 2014, following a period as Acting Ombudsman)

William Richardson

Sharon Warnes (from February 2015)

Jan Williams
John Williams.

Audit and Risk Assurance Committee

(a) Terms of Reference

The Advisory Panel is responsible for agreeing the Terms of Reference of the Audit and Risk Assurance Committee. The major emphasis of the Committee's role is to manage all risks, not just the financial management of the office.

(b) Membership

The independence of the Committee continues to be enhanced. It is chaired by William Richardson who, as the former Deputy Chief Executive at the office of the Parliamentary and Health Service Ombudsman, brings considerable experience of operating governance, financial and administrative systems within the context of an ombudsman scheme. John Williams, previously Director of Social Services at Conwy County Borough Council, joined the Committee in 2014, and Sharon Warnes, previously Assistant Director/Senior Policy & Performance Manager at Gwynedd Council, both of whom are members of the Advisory Panel are also members of the Audit & Risk Assurance Committee. The Ombudsman is no longer a Member of the Committee, although he does attend the meetings.

(c) Training

Members of the Committee are invited to assess their training needs annually. During the past year, to supplement the previous year's induction programme for Advisory Panel and Audit & Risk Assurance Committee members, additional training in relation to the work of the Ombudsman's office has taken place. This has taken the form of a presentation/discussion at the end of each Advisory Panel meeting. In addition, Advisory Panel Members attended a bespoke, in-house 'Essential Skills for Board Members' training session arranged through the Chartered Institute of Public Finance and Accountancy, which included a session on the role of Audit Committee members. During the year the Chair of the Audit & Risk Assurance Committee attended two Wales Government Sponsored Bodies Audit Chairs' meetings that he found useful for networking and sharing best practice.

(d) Meetings

The Committee sets for itself an annual work programme. There were four meetings of the Committee during the year. At each meeting the Committee received a number of standing agenda items. One of these covered Risk Management and included details of new risks and any changes to the existing Risk Register (e.g. movement in the level of risk). When the annual Internal Audit Plan is considered the full risk register is made available to the Committee to ensure that the plan being proposed reflects the priorities within the register. At other meetings as a minimum the Committee is presented with high and medium risks as a method of ensuring that the exposure is kept before the Committee. The key risks monitored during the year were the office's reputation and in the current economic climate the appropriate level of resources to enable the Ombudsman to meet his statutory obligations. The overall level of risk facing the organisation has remained low and generally static.

Other standing reports submitted to the Committee related to declarations of any fraud or losses including data losses identified.

During the year the Committee also received reports on any appropriate matters that fell within its terms of reference. They included: the 9 and 12 month accounts, internal audit plans, updates on the business continuity plan; and relevant financial and corporate governance matters issued by HM Treasury.

At each meeting, the Committee received for information purposes a copy of the latest Budget Monitoring report considered by the Management Team. This is intended to provide the Committee with an assurance that there is a regular scrutiny of the financial position within the office.

The Committee provided advice to the Ombudsman to ensure that the 2014-15 Annual Governance Statement included appropriate information and complied with best practice.

(e) Internal and External Audit

The Committee received regular reports from both the internal and external auditors. The work of Deloitte as Internal Auditors during the year was planned on the basis of their overall needs assessment and carried out through their third annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement

where necessary. Their Finance Systems Internal Audit Annual Report for 2014-15 stated the following overall assessments:

Payroll	FULL assurance
Procurement	SUBSTANTIAL assurance

The rolling audit programme covering the other aspects of the organisation's work and controls also noted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. The overall assessments were as follows:

Corporate Governance and Risk Management	FULL assurance
IT General Controls	SUBSTANTIAL assurance

The internal auditors' Annual Report for 2014-15 stated: 'Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of PSOW's objectives'. These findings provide assurance that the arrangements in place are reducing the organisation's exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of management to the recommendations made.

The effectiveness of Internal Audit is also evaluated annually by the External Auditors. In their Management Letter they concluded that the Ombudsman has operated an effective system of control including Internal Audit arrangements that comply with the Government Internal Audit Standards.

The role of external audit, as required by the Public Services Ombudsman (Wales) Act 2005, has to be undertaken by the WAO. That work, with the agreement of the Ombudsman, was carried out during the year by Grant Thornton UK LLP acting on behalf of the WAO. The Committee considered the Annual Accounts that included the Governance Statement of the office for 2014-15 together with the External Audit ISA260 Report. The Audit conclusions for the 2013-14 financial year were reviewed at the September 2014 meeting of the Committee. An unqualified opinion was given on the 2013-14 Accounts on 5 August 2014 with only three recommended corrections raised that had already been implemented.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter through an open access policy to the Chair and through that right to bring any matter to the attention of the Committee. The Committee by reviewing the programmes of both the External and the Internal Auditors, ensured that they were co-operating effectively with each other. The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Auditors.

To ensure that appropriate matters can be raised in confidence the Chair of the Committee holds an annual meeting with representatives of the External and Internal Auditors. Such a meeting was held on 17 March 2015.

(f) Monitoring processes

At each meeting during 2014-15 the Committee received a report on progress made on implementation of External and Internal Audit recommendations. The Committee members were satisfied that all the recommendations made had been implemented or will be implemented by the first quarter of 2015-16.

(g) Annual Review and Assessment

This annual review is undertaken to ensure that the work of the Audit and Risk Committee continues to comply with the Good Practice Principles set out in the HM Treasury Audit Committee Handbook. To assist the Committee in determining that it was complying with good practice each member was invited to complete the National Audit Office's "The Audit Committee self assessment checklist."

In preparing last year's report, comments were received by Committee members and were taken into account in preparing the Annual Report for 2014-15. Below are issues which were identified and the position at the end of 2014-15:

- introduce a formal annual performance assessment for Audit and Risk Committee members [in place]
- review conditions of appointment of Members to ensure that they fully comply with best practice, particularly regarding termination [this has been strengthened as regards conflicts of interest]

- in relation to training and development, review induction following recent appointments and enhance if necessary to give a better understanding of the business of the organisation [completed]
- responsibilities in relation to the PSOW's Whistle Blowing procedure, and the Staff Code of Conduct as far as it relates to financial and governance issues. [This has been delayed due to a Management Team decision to obtain external advice in relation to the portfolio of Human Resources policies.]

A similar review was undertaken by Committee members for the year 2014-15. In particular, the following were identified:

- Consideration to be given to appointing a fourth independent member to the Committee with a view to increasing the range of experience and skills within its membership. This would also increase the likelihood that the Committee will always be quorate.
- Induction – although there is a standard programme (and associated pack) for new Advisory Panel Members (to include Audit & Risk Assurance Committee where appropriate) there is no check list as such. This will be addressed during 2015-16. Specific training for Panel Members joining the Committee as 'new' Members is also to be addressed.

The Committee produced an Annual Report for 2014-15.

The report concluded that it had received comprehensive assurances and information that was reliable and sufficient to enable it to carry out its responsibilities. Those assurances demonstrated a satisfactory overall internal control environment, financial reporting, and the management of risk and of the quality of both the Internal and External Audit work undertaken.

The Committee was therefore able to provide assurances to effectively support me as the Public Services Ombudsman for Wales to comply with my, and my predecessor's, Accounting Officer responsibilities in particular in providing evidence to assist in the preparation of this Annual Governance Statement.

Reporting of Personal Data Related Incidents

The Cabinet Office has issued guidance on reporting on any loss, unauthorised disclosure and any insecure disposal of protected personal data. The obligation is to report on the following:

- details of any personal data related incidents formally reported to the Information Commissioner's Office over the financial year;
- recorded protected personal data related incidents not formally reported to the Information Commissioner's Office in the financial year; and
- any protected personal data related incidents in previous financial years.

There have been no data related incidents during the year that require reporting.

The information security policy for the office is available on request.

The Risk and Control Framework

As required by "Managing Public Money" I am supported by a qualified Financial Accountant who carries out the responsibilities of a professional finance director as set out in that document.

I am continuing to enhance the robust internal control arrangements to ensure that the office has the capacity to identify, assess and manage risk effectively. In undertaking this responsibility during the year ended 31 March 2015 my predecessor and I have been supported by a Chief Operating Officer to whom some of the Ombudsman's responsibilities have been delegated. In addition the Management Team that I chair has the responsibility for overseeing risk management. I am satisfied that the systems in place identify potential risks at an early stage and enable, through active management, the appropriate action to be taken to minimise any adverse impact on the office. As already stated the Audit and Risk Assurance Committee receive regular reports on the Risk Register of the office.

Budgeting Process

As Accounting Officer, I ensure that I have in place arrangements for tight control of the public money entrusted to me, as did my predecessor before me. In

particular, the Management Team receives a monthly budget monitoring report setting out details of actual against budgeted expenditure. Any unexpected expenditure issues that may arise during the course of the year are considered and actions required to ensure that the office remains within its budgeted expenditure are agreed. No major issues arose in respect of the PSOW's budget for 2014-15. As far as the process of producing the PSOW's financial estimate for 2015-16 is concerned, a paper setting out initial budget criteria was considered by the Advisory Panel in July 2014. Following on from this a draft budget estimate paper was considered at the meeting in September 2014. That paper set out in full the financial resources that the PSOW had identified as being necessary to enable the PSOW to carry out their duties. The final Estimates paper was submitted to the Finance Committee of the National Assembly of Wales. The Finance Committee considered the paper in November 2014 and I was pleased to be able to attend the meeting in order to answer Assembly Members' specific questions on the submission. The National Assembly for Wales subsequently approved the financial estimate for 2015-16.

Public Accounts Committee

I welcomed the opportunity to give evidence to the Public Accounts Committee on 7 October 2014 on the use of the public funds that my office receives.

Conclusion

I am able to report that there were no significant weaknesses in the office's system of internal controls in 2014-15 that affected the achievement of the office's policies, aims and objectives and that robust Corporate Governance is in operation with no breaches to the CG Code.

Nick Bennett
Accounting Officer

15 July 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 Public Services Ombudsman for Wales for the year ended 31 March 2015 under paragraph 17 (2) of schedule 1 of the Public Services Ombudsman (Wales) Act (2005). These comprise the Summary of Resource Outturn, Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, the 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Public Services Ombudsman (Wales) Act (2005) 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 Public Services Ombudsman for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Services Ombudsman for Wales; 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 the Annual Accounts 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 Public Services Ombudsman for Wales' 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 directions issued under the Public Services Ombudsman (Wales) Act (2005).

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's directions made under Public Services Ombudsman (Wales) Act (2005); and
- the information in the Report of the Ombudsman 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;
- proper 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.

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

4 August 2015

Public Services Ombudsman for Wales
Financial Statement 2014-15

Summary of Resource Outturn

For the year ended 31 March 2015

	Revised Estimate			Outturn				2013-14
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total		
	£000	£000	£000	£000	£000	£000		
Administration Costs	4,016	(6)	4,010	4,133	-	4,133		4,029
Less Welsh Consolidated Fund shared services	-		-	158	-	158		162
Total Resources	4,016	(6)	4,010	3,975	-	3,975	35	3,867
Net Cash Requirement Note 2	4,162		4,162	4,159	-	4,159	3	4,040

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

	Note	2014-15	2013-14
		£000	£000
Administration costs			
Staff costs	3	2,530	2,503
Other non staff administration costs	4	1,603	1,526
Gross Administration Costs		4,133	4,029
Operating Income		-	-
Net Administration Costs		4,133	4,029
NET RESOURCE OUTTURN		4,133	4,029

All activities commenced in the period are continuing.

The notes on pages 34 to 47 and Pensions Annex on pages 48 to 58 form part of these statements

Public Services Ombudsman for Wales
Financial Statement 2014-15

Statement of Financial Position

as at 31 March 2015

Note	2014-15		2013-14	
	£000	£000	£000	£000
Non-current assets				
Property, Plant and Equipment	6	46	83	
Intangible assets	7	106	138	
Receivables falling due after more than one year	8	-	67	
Total non-current assets		152		288
Current Assets				
Trade and other receivables	8	170	188	
Cash and cash equivalents	9	3	20	
Total current assets		173		208
Total assets		325		496
Current liabilities				
Trade and other payables	10	(109)	(140)	
Provisions	11	(169)	(190)	
Total current liabilities		(278)		(330)
Non-current assets plus net current assets		47		166
Trade and other payables due after one year	10	-	-	
Provisions	11	(365)	(438)	
Non-current liabilities		(365)		(438)
Assets less liabilities before Pensions		(318)		(272)
Pension Fund (Deficit)/Surplus	Pensions Annex	(490)		(720)
Assets less liabilities		(808)		(992)
Taxpayers' Equity: General Fund		(808)		(992)

The notes on pages 34 to 47 and Pensions Annex on pages 48 to 58 form part of these statements

Nick Bennett
Accounting Officer

15 July 2015

Public Services Ombudsman for Wales
Financial Statement 2014-15

Statement of Cash Flows
for the year ended 31 March 2015

	Note	2014-15	2013-14
		£000	£000
Net cash outflow from operating activities	12	(4,159)	(3,975)
Net cash flow from investing activities	13	(17)	(47)
Financing from National Assembly for Wales	14	4,162	4,060
Net increase (decrease) in cash equivalents before adjustments for payments to Welsh Consolidated Fund		(14)	38
Payments of amounts due to the Welsh Consolidated Fund		(3)	(20)
Net increase (decrease) in cash equivalents after adjustments for payments to Welsh Consolidated Fund		(17)	18
Cash and cash equivalents at the beginning of period		20	2
Cash and cash equivalents at the end of period		3	20

The notes on pages 34 to 47 and Pensions Annex on pages 48 to 58 form part of these statements

Public Services Ombudsman for Wales
Financial Statement 2014-15

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2015

	General Fund	General Fund
	2014-15	2013-14
	£000	£000
Balance as at 1 April	(992)	(865)
Net operating costs	(4,133)	(4,029)
Funding by National Assembly for Wales	4,162	4,060
Due back to Welsh Consolidation Fund		
- Cash	(3)	(20)
- Non operating income	-	-
Welsh Consolidation Fund shared services	158	162
Actuarial (deficit) surplus	-	(300)
Total recognised income and expense for year	184	(127)
Balance as at 31 March	(808)	(992)

The notes on pages 34 to 47 and Pensions Annex on pages 48 to 58 form part of these statements

Public Services Ombudsman for Wales
Financial Statement 2014-15

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for 2014-15. The accounting policies contained in the FReM, apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the PSOW for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the PSOW are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for any revaluation of fixed assets, where material to their value to the business, by reference to their current costs.

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised where the purchases are expected to have a useful life extending over more than one year and the cost exceeds £1k. Assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Assets are shown at cost less an allowance for depreciation. On initial recognition fixed assets are measured at cost, including such costs as installation, which are directly attributable to bringing them into working condition for their intended use. In reviewing the costs of the fixed assets previously acquired and the prices paid for the new acquisitions during the year there is no material difference between the historic net book value of the assets and their replacement cost less depreciation.

1.3 **Depreciation**

Assets are depreciated at rates calculated to write them down to zero or if applicable, estimated residual value on a straight-line basis over their estimated useful life following an initial charge of a full year's depreciation in the year of purchase. Assets in the course of construction are depreciated from the year in which the asset is brought into use. Except where otherwise noted asset lives are assumed to be the following:

Plant	10 years or the lease term if shorter
Furniture and other fittings	10 years or in the case of fittings the lease term
Computers and other equipment	3 to 10 years

1.4 **Intangible assets**

Purchased computer software licences and developed software are capitalised where expenditure of £1k or more is incurred and the useful life is more than one year. Intangible assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised over the shorter of the term of the licence and the useful economic life of the computer equipment on which they are installed. This would usually be from 3 to 5 years. Developed software is amortised over the estimated useful life. In the year of acquisition a full year's amortisation charge is made with the balance amortised on a straight line basis over the balance of the estimated life.

1.5 **Value Added Tax**

PSOW is not registered for VAT. Expenditure is therefore disclosed gross of VAT.

1.6 **Pensions**

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Local Government Pension Scheme administered through the Cardiff and Vale of

Glamorgan Pension Scheme (the Fund) and by direct payment to two previous Commissioners for Local Administration in Wales and one surviving beneficiary. Full details are disclosed in the Pensions Annex at the end of the Financial Statements. The costs of providing these pensions are charged through the Statement of Comprehensive Net Expenditure with actuarial gains and losses relating to the Cardiff and Vale of Glamorgan Pension Scheme being recognised in the year in which they occur.

1.7 Early departure costs

Where the PSOW is required to meet the additional cost of benefits beyond the normal benefits payable by the appropriate pension scheme in respect of employees who retire early, these costs are charged to the Statement of Comprehensive Net Expenditure in full when the liability arises.

1.8 Operating Leases

Expenditure on leased property is expensed in the period to which it relates. Operating lease charges for equipment are spread equally over the life of the lease.

1.9 Staff Costs

In line with IAS 19, short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, as well as non-monetary benefits for current employees, are recognised when an employee has rendered services in exchange for those benefits.

1.10 Provisions

These are sums which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligations. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the recommended HM Treasury discount rate.

2. Reconciliation of Resources to Net Cash Requirements

Note	2014-15 Revised estimate	2014-15 Net total Outturn	Net total outturn compared to revised estimate saving/(excess)	2013-14 Outturn Revised
	£000	£000	£000	£000
Net Resource Outturn Statement of Comprehensive Net Expenditure		4,133		4,029
Less Welsh Consolidated Fund shared services	4	(158)		(162)
Net Resource Requirement	4,010	3,975	35	3,867
Net Capital Requirement	6/7	13	17	(4)
Movement in provisions	11	(30)	94	(124)
Capital charges	4	(105)	(86)	(19)
Movements in working capital	9/12	20	(71)	91
Pension funding	3	254	230	24
Net cash requirement Summary of Resource Outturn	4,162	4,159	3	4,040

3. Staff Costs and Numbers

The aggregate employment costs were as follows:

	2014-15	2013-14
	£000	£000
Permanent staff:		
Salaries	1,951	1,876
Social Security Costs	145	134
Pension costs	385	370
Pension fund movements	15	90
Total	2,496	2,470
Temporary staff		
Salaries	30	28
Social Security costs	1	1
Pension costs	3	4
Total	34	33
Total employment costs	2,530	2,503

The costs of temporary staff include agency staff together with any persons employed on a non permanent contract. The salary costs set out above do not show the employment and related costs of the ombudsman. The reason for the difference is stated in the Remuneration Report (see page 12).

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2014-15	2013-14
	No.	No.
Senior management	1	2
Complaint investigation	43	42
Executive / Corporate services staff	9	8
Total	53	52

The above includes the Public Services Ombudsman for Wales.

For comparison purposes the total costs of employment including the Ombudsman is:

	2014-15	2013-14
	£000	£000
Ombudsman	158	162
Office	2,530	2,503
Total	2,688	2,665

4. Non Staff Administration Costs

	2014-15	2013-14
	£000	£000
Rentals under operating leases	237	232
External Audit fee	20	20
Other services provided by WAO and Grant Thornton	-	-
Professional Advisers	527	400
Other property costs	116	109
Computer services	141	207
Office costs	142	111
Travel and subsistence	27	35
Training and Recruitment	46	37
Communications	103	76
Consolidated fund standing services (Salary and related costs of the Ombudsman met from the Welsh Consolidated Fund)	158	162
Sub-total	1,517	1,389
Depreciation	37	89
Amortisation charge	49	46
Loss on disposal	-	-
Provision for future redecoration of offices	-	2
Sub-total	86	137
Total Other Administration Costs	1,603	1,526

5. Operating Costs by Aims and Objectives

The costs of providing a first class Ombudsman service to Wales are set out below. The allocation to each of the objectives has been as follows:

- (a) An estimate of the staff time spent on the objective
- (b) Direct allocation of expenditure where applicable
- (c) Apportionment of other costs pro rata to the estimate of staff time

Costs include the pay of the Ombudsman.

	2014-15		2013-14	
	Costs		Costs	
	£000	%	£000	%
Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.	397	9.6	374	9.3
Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.	3,124	75.6	3,037	75.4
Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.	426	10.3	433	10.8
Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.	186	4.5	185	4.5
Net operating costs	4,133	100.0	4,029	100.0

6. Property, Plant and Equipment

	Plant	Computers and other equipment	Furniture & other fittings	Total
2014-15	£000	£000	£000	£000
Cost or valuation at 1 April 2014	156	198	297	651
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2015	156	198	297	651
Depreciation At 1 April 2014	(151)	(144)	(273)	(568)
Charged in the year	(5)	(20)	(12)	(37)
Disposals	-	-	-	-
At 31 March 2015	(156)	(164)	(285)	(605)
Carrying amount as at 31 March 2015	-	34	12	46
Carrying amount as at 31 March 2014	5	54	24	83

	Plant	Computers and other equipment	Furniture & other fittings	Total
2013-14	£000	£000	£000	£000
Cost or valuation at 1 April 2013	156	185	297	638
Additions	-	45	-	45
Disposals	-	(32)	-	(32)
At 31 March 2014	156	198	297	651
Depreciation At 1 April 2013	(127)	(149)	(235)	(511)
Charged in the year	(24)	(27)	(38)	(89)
Disposals	-	32	-	32
At 31 March 2014	(151)	(144)	(273)	(568)
Carrying amount as at 31 March 2014	5	54	24	83
Carrying Value as at 31 March 2013	29	36	62	127

7. Intangible Assets

	Information Technology	Software Licences	Total
2014-15	£000	£000	£000
Cost or valuation at 1 April 2014	474	71	545
Additions	17	-	17
Disposals	-	-	-
At 31 March 2015	491	71	562
Amortisation as at 1 April 2014	(338)	(69)	(407)
Amortisation charged in the year	(47)	(2)	(49)
Disposals	-	-	-
At 31 March 2015	(385)	(71)	(456)
Carrying Value as at 31 March 2015	106	-	106
Carrying Value as at 31 March 2014	136	2	138

	Information Technology	Software Licences	Total
2013-14	£000	£000	£000
Cost or valuation at 1 April 2013	474	69	543
Additions	-	2	2
Disposals	-	-	-
At 31 March 2014	474	71	545
Amortisation as at 1 April 2013	(292)	(69)	(361)
Amortisation charged in the year	(46)	-	(46)
Disposals	-	-	-
At 31 March 2014	(338)	(69)	(407)
Carrying Value as at 31 March 2014	136	2	138
Carrying Value as at 31 March 2013	182	-	182

In the opinion of the Public Services Ombudsman for Wales there is no material difference between the net book value of assets at current values and at their historic cost.

8. Trade and other Receivables

	2014-15	2013-14
	£000	£000
Amounts falling due within one year:		
Prepayments	170	188
Trade debtors	-	-
Amounts falling due after more than one year		
Prepayments	-	67
Total	170	255

9. Cash and Cash Equivalents

Any bank balance held at the year end has to be returned to the Welsh Consolidated Fund. A figure of £3k (£20k in 2013-14) has been included within the accounts being the net balance at the year end on all the bank accounts operated by the PSOW irrespective of whether the individual account is in debit or credit and the amount of grant received offset by this repayment. This repayment will have to be made to the Welsh Consolidated Fund under the Government of Wales Act 2006.

10. Trade Payables and other Current Liabilities

	2014-15	2013-14
	£000	£000
Amounts falling due in one year		
Untaken annual leave	69	62
Deferred rent reduction	-	12
Welsh Consolidated Fund – unspent balances	3	20
non operating income		-
Trade payables	25	32
Accruals	12	14
	109	140
Amounts falling due in more than one year		
Deferred rent reduction	-	-
Total	109	140

11. Provisions for Liabilities and Charges

	2014-15				2013-14
	Pensions for Former Commissioners	Future Decoration Costs	Legal Costs	Total	Total
	£000	£000	£000	£000	£000
Balance at 1 April	521	7	100	628	540
Additional provision required	(25)	-	100	75	159
Discount rate movement	15	-	-	15	11
Provisions utilised in the year	(84)	-	(100)	(184)	(82)
Balance at 31 March	427	7	100	534	628

Analysis of expected timings of payment of provisions:

	2014-15	2013-14
	£000	£000
Payable within one year	169	190
Payable within 2 to 5 years	248	366
Payable in more than 5 years	117	72
Balance at 31 March 2015	534	628

The additional Pensions provision is required to cover the pensions increase in line with the Pensions Increase (Review) Order 2014 Statutory Instrument No. 668 and increased life expectancy based on the National Life Tables for England and Wales issued by the Office of National Statistics. Later year pension increases are in line with the GDP deflators information issued by HM Treasury. The discount factor has been amended to 1.3% for the financial year (1.8% in 2013-14) in line with the guidance issued by the Treasury.

The future decoration costs arise from an obligation to redecorate the interior of the premises leased at Bocam Park. A dilapidations liability assessment will be carried out in 2015/16 to assess the full liability when the lease ends in 2025.

A second payment on account for legal costs of £100k was ordered to be made in May 2015 and is included in the above provisions.

12. Reconciliation of Operating Cost to Operating Cash Flows

	Notes	2014-15	2013-14
		£000	£000
Net operating cost		(4,133)	(4,029)
Adjust for non cash items	3,4	146	195
Decrease / (Increase) in trade and other receivables	8	85	(109)
Increase/ (Decrease) in trade and other payables	10	(31)	(2)
Payment to meet pension fund deficit		(290)	(280)
Movement in provisions	11	(94)	88
Welsh Consolidated Fund shared services	4	158	162
Net cash outflow from operating activities		(4,159)	(3,975)

13. Non Current Asset Expenditure and Financial Investment

	2014-15	2013-14
	£000	£000
Purchases of property, plant and equipment	-	(45)
Proceeds of disposals of property, plant and equipment	-	-
Purchases of intangible assets	(17)	(2)
Net cash outflow from investing activities	(17)	(47)

14. Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash

	2014-15	2013-14
	£000	£000
Net Cash Requirement:		
Operating activities	(4,159)	(3,975)
Capital Expenditure	(17)	(47)
	(4176)	(4,022)
Financing from National Assembly for Wales	4,162	4,060
Repayment to Welsh Consolidated Fund	(3)	(20)
Increase / (Decrease) in cash and cash equivalents	(17)	18

15. Commitments under Operating Leases

	2014-15	2013-14
	£000	£000
Total future minimum operating lease payments on Building:		
Payable within one year	183	183
Within two and five years	732	732
More than five years	1,022	1,071
	1,937	1,986
Other:		
Payable within one year	17	17
Within two and five years	11	27
More than five years	-	-
	28	44
Total – all operating leases	1,965	2,030

The lease on the building at Bocam Park expired on 27 January 2015 and PSOW continue to occupy the building at the existing terms and conditions of the lease agreement. Contracts were exchanged and registered in May 2015 for a new reversionary lease on a full repairing and insuring basis for a term of 10 years from November 2015 at the existing building. The new lease will be at the same cost as the old lease but will deliver 40% more floor space at no additional cost.

16. Contingent Liabilities

It has been identified by our building consultants that there would be a dilapidation liability at the end of the 10 year buildings lease at Bocam Park. A dilapidations liability assessment will be undertaken in 2015/16 to provide an accurate assessment of the costs.

The legal costs associated with a longstanding, high profile case remain unsettled and continue to be challenged by PSOW. Payments on account have been made, without prejudice, but the final settlement value of the costs remain unknown.

17. Capital Commitments

There were no capital commitments at 31 March 2015 (2013-14 Nil).

18. Related Party Transactions

The PSOW is headed by the Public Services Ombudsman for Wales and was established under the Public Services Ombudsman (Wales) Act 2005. The Ombudsman is independent of Government and the funding arrangements of the office are set up to ensure that the independence of the office is secured. The PSOW has had a number of material transactions with the National Assembly for Wales and with the office of the Parliamentary Ombudsman. In addition, the PSOW has had a small number of transactions with other Government Departments and other central government bodies.

19. Events after the Reporting Period

An interim payment application was granted in May 2015 to the extent of £100k in the long standing legal case. Permission to appeal refused. An additional provision of £100k has been included in these accounts.

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Public Services Ombudsman for Wales Financial Statement 2014-15

Pensions Annex

Two pension schemes are operated on behalf of current staff – The Principal Civil Service Pension Scheme and the Cardiff and Vale of Glamorgan Pension Fund. There remains an ongoing liability to meet the pensions of three former Ombudsman or any dependant relatives.

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 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 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. 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 for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their 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 uprated 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 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.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

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.

Cardiff and Vale Pension Fund - Local Government Pension Scheme

The disclosures below relate to the funded liabilities of the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The funded nature of the LGPS requires the PSOW and its employees who are members of the scheme to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The PSOW recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

The PSOW estimates that £300k of contributions are expected to be paid to the Fund during the next financial year.

Disclosure under IAS19 (LGPS funded benefits)

Introduction

The disclosures below relate to the funded liabilities within the Fund which is part of the LGPS. The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the LGPS (Benefits, Membership and Contributions) Regulations 2007. The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The contributions to be paid until the date of the next actuarial valuation of the Fund are available are set out in the Rates and Adjustment Certificate. The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

Results under IAS 19 (LGPS funded benefits)

Date of the last full actuarial valuation	31 March 2013
Expected employer contributions next year (£M)	0.30
Duration of liabilities	13.2 years

Assumptions

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Key assumptions (% per annum)

	31 March 2015	31 March 2014	31 March 2013
Discount rate	3.20	4.20	4.20
Pension increases	1.80	2.20	2.70
Pension accounts revaluation rate	1.80	n/a	n/a
Salary increases	2.80	3.20	4.60

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below:

Assumed life expectancy at age 65	31 March 2015	31 March 2014
Males		
Member aged 65 at accounting date	23.8	23.7
Member aged 45 at accounting date	25.8	25.7
Females		
Member aged 65 at accounting date	26.7	26.6
Member aged 45 at accounting date	29.0	28.9

Asset allocation

		Value at 31 March 2015		Value at 31 March 2014
	Quoted %	Unquoted %	Total %	Total %
Equities	72.1	5.3	77.4	78.3
Property	5.9	-	5.9	5.4
Government bonds	6.8	-	6.8	7.0
Corporate bonds	7.9	-	7.9	8.1
Cash	1.7	-	1.7	1.1
Other	0.3	-	0.3	0.1
Total	94.7	5.3	100.0	100.0

Reconciliation of funded status to Balance Sheet

	Value at 31 March 2015 £M	Value at 31 March 2014 £M
Fair value of assets	6.16	5.39
Present value of funded defined benefit obligation	5.24	4.82
Funded status	0.92	0.57
Impact of minimum funding requirement/asset ceiling – IFRIC 14	(1.41)	(1.29)
Asset/ (Liability) recognized on the balance sheet	(0.49)	(0.72)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active Members	22%
Deferred Pensioners	18%
Pensioners	60%

Breakdown of amounts recognised in profit and loss / Surplus or Deficit on the Provision of Services and Other Comprehensive Income (OCI)

	Period ending 31 March 2015 £M	Period ending 31 March 2014 £M
Operating cost		
Current service cost *	0.04	0.04
Past service cost (incl. curtailments)	-	-
Settlement cost	-	-
Financing Cost		
Interest on net defined benefit	0.02	0.02
Liability (asset)		
Pension expense recognized in profit and loss	0.06	0.06
Re measurements in OCI		
Return to plan assets (in excess of) below that recognized in net interest	(0.42)	(0.32)
Actuarial (gains)/losses due to change in financial assumptions	0.38	(0.34)
Actuarial (gains)/losses due to changes in demographic assumptions	-	(0.06)
Actuarial (gains)/losses due to liability experience	(0.03)	(0.27)
Total actuarial (gains)/losses	(0.07)	(0.99)
Adjustment in respect of paragraph 58	0.07	1.29
Total amount recognized in OCI	0.00	0.30
Total amount recognised in profit and loss OCI	0.06	0.36

- Allowance for administration expenses included in current service cost (£M)

Changes to the present value of the defined benefit obligation during the accounting period

	Period ending 31 March 2015 £M	Period ending 31 March 2014 £M
Opening defined benefit obligation	4.82	5.43
Current service cost	0.04	0.04
Interest expense on defined benefit obligation	0.20	0.22
Contribution by participants	0.01	0.01
Actuarial (gains)/losses on liabilities – financial assumptions	0.38	(0.34)
Actuarial (gains)/losses on liabilities – demographic assumptions	-	(0.06)
Actuarial (gains)/losses on liabilities – experience	(0.03)	(0.27)
Net benefits paid out	(0.18)	(0.21)

Past service cost (incl. curtailments)	-	-
Net increase in liabilities from disposals / acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	5.24	4.82

Changes to the fair value of assets during the accounting period

	Period ending 31 March 2015 £M	Period ending 31 March 2014 £M
Opening fair value of assets	5.39	4.79
Interest income on assets	0.23	0.20
Re measurement gains/(losses) on assets	0.42	0.32
Contributions by the employer	0.29	0.28
Contributions by participants	0.01	0.01
Net benefits paid out	(0.18)	(0.21)
Net increase in assets from the disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of assets	6.16	5.39

Actual return on assets

	Period ending 31 March 2015 £M	Period ending 31 March 2014 £M
Interest income on assets	0.23	0.20
Re measurement gain/ (losses) on assets	0.42	0.32
Actual return on assets	0.65	0.52

Funded Benefits

The following data was provided by the Fund Administering Authority and / or the Employer and has been used to produce the IAS 19 results in this report. Details of the split of assets between the various asset classes were also provided by the Fund Administering Authority and are shown in Section 1. We have also shown some of the intermediate calculations used in evaluating the figures in this report.

Active Members as at 31 March 2013

	Number	Total Pay (M)
Total	3	0.13

Pensioner & deferred pensioner members as at 31 March 2013

Type	Number	Total Pension (M)
Deferred members	7	0.04
Pensioners and dependants	6	0.16

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	12	0.04	-
Employer – Additional capital contributions	12	0.25	-
Employer – Early retirement strain on fund payments	-	-	-
Total contributions by the Employer			0.29
Employee – Normal contributions	12	0.01	-
Employee – Added years contributions	12	0.00	-
Total contributions by participants			0.01
Transfers in	12	0.00	
Other income	12	0.00	
Transfers out	12	0.00	
Retirement lump sums	12	0.00	
Other outgo	12	0.00	
Death in service lump sums *	12	0.00	
Benefits paid (i.e. pension paid)	12	0.18	
Net benefits paid out **			0.18

* We have calculated the expected death in service lump sums over the year to be (£M) 0.00
 ** The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.00

Annualised pensionable payroll over the accounting period

Type	(£M) *
Period ending 31 March 2015	0.11
Period ending 31 March 2014	0.12

* These figures have been derived from the contributions paid over the relevant accounting period

The overall Fund return over the accounting period has been calculated as 12.2%. This includes any adjustment to reflect the difference between Fund returns and estimated index returns used over the last accounting period, where appropriate.

Termination of the scheme

The pension information provided above complies with the requirements of IAS 19 adjusted for IFRIC 14. This shows a pension fund deficit of £490k at 31 March 2015. Procedures are in place with the Pension Fund to make phased payments in order to cover the financial liability that will arise when there are no longer any active members; currently estimated to be 2017-18. Financial provision to cover the liability is allowed for within the procedures set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Pensions for former Ombudsmen

With the agreement of the Secretary of State for Wales in 1991 and subsequent confirmation by Statutory Instrument 1993 No. 1367 the Local Government Commissioners became eligible to join the Local Government Pension Scheme. However, the pensions of the three previous Local Government Commissioners remain the responsibility of the Public Services Ombudsman for Wales and are met through the Statement of Comprehensive Net Expenditure.

Pensions are increased annually in line with other pension schemes within the Public Sector. The basis of calculations of the Annual Pensions Increase has been changed from using the annual movement based on the Retail Price Index (RPI) to the Consumer Price Index (CPI). The amount of the uplift applied is set out in the Statutory Instrument Pensions Increase (Review) Order 2014 No 668. This year the increase was 2.7% with effect from 7 April 2014. In 2013-14 the uplift was 2.2%.

The total payments during 2014-15 were £84k (£82k in 2013-14). The liabilities arising out of the obligation to finance these pensions together with any dependant pensions has been calculated to be £427k (£521k in 2013-14). The calculation to determine the overall liability has been carried out internally using life expectancy tables for males and females in Wales obtained from the website of the Government Actuary's Department. A discount rate, from PES (2014) 09, of 1.3% (1.8% in 2013-14) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted. The liability reduced due to the death of a former Commissioner in March 2015. Further details are shown under movements in provisions (Note 11).

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