

**PUBLIC SERVICES  
OMBUDSMAN FOR  
WALES**

**ANNUAL ACCOUNTS FOR  
THE YEAR  
ENDED 31 MARCH 2009**

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# **PUBLIC SERVICES OMBUDSMAN FOR WALES**

## **ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009**

### **Report of the Ombudsman**

#### **HISTORY AND STATUTORY BACKGROUND**

These are the third Annual Accounts of the Public Services Ombudsman for Wales. The office came into formal existence on 1 April 2006 following the implementation of the Public Services Ombudsman (Wales) Act 2005. 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 with effect from 1 April 2007. 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 the 1 November each year. By the 22 November the Finance Committee must consider and lay before the National Assembly the estimate, 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 ensure the independence of my role.

I was appointed as the second Public Services Ombudsman for a fixed period of seven years from 21 April 2008 following the retirement of the first Ombudsman, Mr Adam Peat MBE.

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.

## **ACCOUNTS DIRECTION**

Under the Accounts Direction issued by the H M Treasury dated 21 December 2006 I am required to prepare accounts for the financial year ended 31 March 2009 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 2008-09.

The accounts have been prepared so as to:

- (a) give a true and fair view of the state of affairs at 31 March 2009 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 PSOW's accounts as laid down in paragraph 7 of Schedule 1 the Public Services Ombudsman (Wales) Act 2005. Following consultation with this Office, Wales Audit Office 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 2008-09 was £17.4k. This compares with £14.9k for 2007-08.

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 Wales Audit Office (WAO) for the provision of advice relating to human resources. WAO have been paid £3k (2007-08 £5k) under that agreement. In addition the Grant Thornton has been paid £1k for advice on the best use of the accounting package used.

## **AIMS AND OBJECTIVES**

The purpose of the Public Services Ombudsman for Wales is to investigate independently and impartially 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 have an important role to investigate complaints that local authority members have broken the Code of Conduct.

During the year I aimed to provide a first class Ombudsman service to Wales by:

- (a) investigating complaints as thoroughly as necessary and as quickly as possible;
- (b) raising awareness of the Ombudsman service and making it easily accessible to potential users;
- (c) using lessons learnt from my investigations to promote good practice and good governance by public bodies;
- (d) ensuring good governance and effective management within my office.

## **MAIN ACTIVITIES**

The principal activities of PSOW covered by these accounts were:

- (a) investigation of complaints from members of the public against local authorities (including town and community councils) in Wales;
- (b) investigation of complaints from members of the public against NHS bodies, family health service practitioners and independent providers of NHS Services in Wales;
- (c) investigation of complaints against the Welsh Assembly Government and Welsh Assembly Government sponsored public bodies;
- (d) investigation of complaints against registered social landlords; and
- (e) investigation of complaint that members of local authorities (including town and community councils) have broken their authority's code of conduct for members;

## **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 cash and a resources basis. My own salary and the related costs is a direct charge on the consolidated fund and is administered through the National Assembly for Wales. Staffing costs of £2 million remain the largest item of expenditure. During the year the planned computer system replacement was implemented. The cost at £75k benefitted from very competitive prices. In line with many organisations in the public sector the office once again has a pension deficit. The Pension Fund moved from a surplus of £290k to a deficit of £570k.

The demand for the services of the Office remains high and the number of complaints received grew by a further 6% in 2008-09. In the early part of the year the demand was up by 29% following extensive media coverage of a number of reports issued by my office. This has placed considerable pressure on resources and comes following significant increases in the number of complaints received in each of the previous years of the offices existence. It is encouraging that awareness of my service is clearly growing. The rise in usage does not reflect the full increase in workload as I have a particular rise in complex complaints, especially as growth in the last year was almost exclusively accounted for by a rise in complaints about the health service.

The achievements of the past year are set out in greater detail in the statutory annual report for 2008-09. Further information is available on [www.ombudsman-wales.org.uk](http://www.ombudsman-wales.org.uk). In this report I have expressed my appreciation for the work of my predecessor, Adam Peat MBE in establishing the office and placing its work on a sound footing.

The National Assembly for Wales provided funding of £3 million for the funding of the Office.

## **REMUNERATION**

The details for the pay and related costs of the Ombudsman 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 dependents.

Fuller details are given in Note 3 to these Accounts.

## **EMPLOYMENT POLICY**

PSOW recruits on the principle of selection on merit through fair and open competition and is committed to equality of opportunity for all staff. The PSOW has also undertaken to comply with the provisions of the Disability Discrimination Act 1995, as well as meeting all other statutory requirements.

## **SICKNESS**

During the year an average of 7.4 days per employee were lost. This is the equivalent to 2.9% of the total work days. As the office is small details of the types of sickness are not disclosed, as it would be possible to identify individuals from the information reported. The office is committed to the health and well-being of its staff and has a comprehensive policy on sickness absence.

## **PAYMENT OF SUPPLIERS**

PSOW is committed to compliance with the Late Payment of Commercial Debt Regulations 2002. The payment policy is to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. During 2008-09 98% of invoices were paid in accordance with this policy (compared with 96% in 2007-08).

## **CORPORATE GOVERNANCE**

In the office of Public Services Ombudsman for Wales I act as a Corporation Sole. In addition I have been appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions.

## **AUDIT COMMITTEE MEMBERSHIP AND TERMS OF REFERENCE**

The Audit Committee continues to be chaired by Laurie Pavelin CBE FCA and he provides considerable support with his wide experience of public sector accounting and financial management. Membership of the committee during the year was Elizabeth Thomas in her capacity as Legal Advisor to PSOW and the Ombudsman as the Accounting Officer. During 2008-09 the Audit Committee reviewed its Terms of Reference and its Membership and decided that there should be an additional external independent member. Following the recruitment of Professor Griffiths, in April 2009, the Legal Advisor has stood down from the Audit Committee but will remain available to provide advice to the Committee as required.

A change in the Terms of Reference gives the opportunity for the Audit Committee to consider the three-yearly Strategic Plan and the annual Operation Plan

### **Meetings**

There were four meetings of the Committee during the year. The Committee received and reviewed the Risk Register at each meeting together with details on any new or changed potential risks. It is encouraging that the level of risk facing the organisation remains low.

Reports have to be submitted to the Committee if any fraud or losses including data losses have been identified. No notifications were received during the 2008-09 financial year. In addition the Committee is advised of any single tender or nominated supplier approvals in excess of £5,000 and of any disposal of assets. During the year the Committee received reports on any appropriate matters that fell within its terms of reference. This included papers on pension arrangements and on FRS 17 on pension reporting; the implications of introducing the International



Financial Reporting Standards with effect from 1 April 2009; managing information risk; and the business continuity plan.

### **External and Internal Audit**

The Committee received regular reports from both the external and internal auditors. The work of Bentley Jennison as Internal Auditors is planned on the basis of an overall needs assessment and carried out through an annual programme. Their reports have highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. The Committee considered the Annual Accounts of the office for 2007-08 together with the Audit report and the Management Letter from Grant Thornton UK LLP acting on behalf of the Wales Audit Office.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter with the Chair. To reinforce this relationship, the Chair met independently with the External and Internal Auditors during the year. The Committee, by reviewing the programmes of both the External and the Internal Auditors, ensured that they were co-operating effectively with each other.

### **Monitoring processes**

The Committee is notified at each meeting on progress made on implementation of External and Internal Audit recommendations.

### **Overall assessment**

The work of the Audit Committee continues to comply with the Good Practice Principles set out in the H M Treasury Audit Committee Handbook. In carrying out its responsibilities the Committee has been able to provide assurances to support me in complying with my Accounting Officer responsibilities.

## **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 formerly 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.

I am able to report that I am not aware of any incidents that required reporting for 2008-09. A revised data security policy is being finalised for the organisation.

## **THE FUTURE**

At the end of my first year as Ombudsman, I am glad to report on the further success of the office. I have reviewed our processes and structure and am introducing changes to improve access to the service and to secure improvements to its efficiency. It is the intention to report on these changes during the forthcoming financial year. By doing so it will enable me to ensure that people in Wales have access to an independent, effective and thorough complaints service and that the lessons learnt from complaints contribute to the continuing improvement of public services in Wales.

## **POST BALANCE SHEET EVENTS**

There are no changes to report.

**Peter Tyndall**  
**Accounting Officer**

**10 August 2009**

## 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.

As Public Services Ombudsman for Wales, I am remunerated at the equivalent of Group 5 of the Judicial Salary Scale. As I took on the role with effect from the 21 April 2008 the remuneration and that of my predecessor, Adam Peat who retired on the 21 April 2008, are included under Other Administration Costs as Consolidated Fund Standing Services in note 4.

\*The table below sets out the pay details for the members of the Senior Management Team during the year 2008-09.

Name	Date of Appointment/Retirement	2008-09 Salary £000	2008-09 Benefits in Kind £	2007-08 Salary £000	2007-08 Benefits in Kind £
Adam Peat	Retired 20/04/2008	5-10	-	130-135	-
Peter Tyndall	21/04/2008	125-130	-	NIL	-
Elizabeth Thomas	01/01/2004	75-80	-	65-70	-
Andrew Walsh	01/01/2004	75-80	-	65-70	-

\*Pension entitlements for the persons shown above who remained in employment on 31<sup>st</sup> March 2009 are detailed below:

Name	Accrued pension at age 60 at 31 <sup>st</sup> March 2009 £000	Real increase in annual pension £000	CETV at 31 <sup>st</sup> March 2009 £000	CETV at 31 <sup>st</sup> March 2008 £000	Real Increase in CETV £000
Peter Tyndall	0-5	0-5	35-40	NIL	32
Elizabeth Thomas	40-45	10-15	732	452	NIL
Andrew Walsh	5-10	0-5	188	102	77

The pension figures shown in the table above represents full entitlements. Supporting information is provided in the Notes below

## **Notes**

### **Pension arrangements**

#### **Civil Service Pensions**

These pension benefits are provided through the Civil Service pension arrangements.

#### **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 individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

#### **Real increase in CETV**

This reflects the increase in CETV effectively 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.

#### **Benefits in kind**

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

### **Chair of the Audit Committee**

\* During the year Mr Pavelin as the independent chair of the Audit Committee was paid, based on a daily rate, non pensionable remuneration of £2,338 (2007-08 £2,400).

\* Items subject to audit examination

**Peter Tyndall**

**Accounting Officer**

**10 August 2009**

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

As Accounting Officer I have personal responsibility for the propriety and regularity of the public finances for which as Public Services Ombudsman for Wales I am answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources.

In particular I must

1. sign the accounts required under Paragraph 16 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 and in doing so, accept personal responsibility for their proper presentation as prescribed in legislation or by the Treasury;
2. ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management as well as in the form prescribed for the published accounts;
3. ensure that the public funds for which I am responsible are properly and well managed and safeguarded, with independent and effective checks of cash balances in the hands of any official;
4. ensure that assets for which I am responsible are controlled and safeguarded with similar care , and with checks as appropriate;
5. ensure that, in the consideration of proposals relating to the expenditure or income for which I have responsibility, all relevant financial considerations, are take into account, and full regard is had to any issues of propriety or regularity; and
6. sign the statement on internal control.

In preparing the accounts I am required to comply with the *Financial Reporting Manual for 2008-09* prepared by the Treasury, and in particular:

- (a) observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- (b) make judgements and estimates on a reasonable basis;
- (c) state whether applicable accounting standards, have been followed, and disclose and explain any material departures in the accounts; and
- (d) prepare the accounts on a going concern basis.

## **STATEMENT ON INTERNAL CONTROL**

### **Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control which supports the achievement of the Public Services Ombudsman for Wales's purpose as defined in statute and its strategic 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 Audit Committee for the use of resources made available to support my statutory functions. Prior to my appointment on the 21 April 2008, the role of Accounting Officer was undertaken by my predecessor Adam Peat.

### **The purpose of the 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 Public Services Ombudsman for Wales for the year ended 31 March 2009 and up to the date of approval of these accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

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 I am supported by two directors to whom I have delegated some of my responsibilities. 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, for the appropriate action to be taken to minimise any adverse impact on the Office.

The Audit Committee continues to regularly review the organisation's exposure to risk. In my report that forms part of this document there is a review of the work of the Audit Committee. During the year the terms of reference and the membership of the Audit Committee have been amended with the aim of strengthening the support that is given to me. I have continued to benefit from the considerable public sector financial management experience of the chairman Mr Laurie Pavelin CBE FCA.

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

### **The risk and control framework**

To ensure that there are appropriate processes in place I have received considerable assistance from the Audit Committee and from Bentley Jennison as Internal Auditors. The scope of their work ensures that the appropriate processes and procedures are in place. In particular there is the need to monitor risks to the reputation and credibility of the Office. Another important risk is monitored by a regular review of the Corporate Governance within the Internal Audit Strategy. An important corporate risk that continues to be very prominent is that of Information Security. This Office has always maintained a high security level because of the obligations contained within section 26 of the Public Services Ombudsman (Wales) Act 2005 on the non disclosure of information except as specifically stated. The policy on information security has been revised and has been subjected to an Internal Audit review.

The risk and control framework measures in place are:

- (a) an organisation planning process to evaluate past performance, plans and targets and set forward plans and targets as stated in the Strategic Plan for 2008-09 and following a review have been incorporated into the new plan

for 2009-10 to 2011-12. This ensures that the aims and objectives of the Office are kept under regular review.

- (b) a process of risk assessment involving the mapping of areas of key risks as they affect the achievement of organisational objectives is maintained. Following two changes to the terms of reference of the Audit Committee the strategic and operational plans will be subject to their review and any risks arising will be incorporated into the internal audit programme; and
- (c) the availability of a business continuity plan that will be periodically reviewed and tested to provide for a phased recovery from events that would impair our operational capability.
- (d) Receiving regular reports by Internal Audit in accordance with the Government Internal Audit Standards and good practice guidance on the adequacy and effectiveness of the system of internal control together with recommendations for improvement where necessary.

### **Review of effectiveness**

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the directors within the office who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result in my view of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The plan is monitored by the Audit Committee through the regular consideration of a report setting out actions taken on matters raised by the Internal and External Auditors.

In addition the internal auditors undertake periodic reviews of the actions taken to implement accepted recommendations. The external auditors review any matters raised in subsequent financial years.

Based on the internal audit work for the twelve months ended 31<sup>st</sup> March 2009, the Internal Auditor concluded that the PSOW has adequate and effective risk



management, control and governance processes to manage the achievement of its objectives.

**Significant Internal Control Weaknesses**

I am able to report that there were no significant weaknesses in the Office's system of internal controls in 2008-09 which affected the achievement of the office's policies, aims and objectives.

**Peter Tyndall**  
**Accounting Officer**

**10 August 2009**

## **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 2009 under paragraph 17(2) of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. These comprise the Summary of Resource Outturn, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Aims and Objectives and the 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 the auditor**

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with paragraph 17(2) of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Services Ombudsman (Wales) Act 2005 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the Report of the Ombudsman which comprises the management commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I report to you if in my opinion the Public Services Ombudsman for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Public Services Ombudsman for Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Public Services Ombudsman for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Ombudsman and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Public Services Ombudsman for Wales' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Public Services Ombudsman (Wales) Act 2005 and directions made thereunder by Welsh Ministers, of the state of the Public Services Ombudsman for Wales' affairs as at 31 March 2009, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Welsh Ministers' directions issued under the Public Services Ombudsman (Wales) Act 2005; and
- information which comprises the management commentary in the Report of the Ombudsman included within the Annual Report, is consistent with the financial statements.

### **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.

### **Report**

I have no observations to make on these financial statements.

Jeremy Colman  
Auditor General for Wales  
20 August 2009

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Cardiff  
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**SUMMARY OF RESOURCE OUTTURN***for the year ended 31 March 2009*

	2008-09						2007-08	
	Estimate			Outturn				
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net total outturn compared to estimate saving/(excess)	Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
<i>Administration Costs</i>	3040	(8)	3032	3107	(5)	3102		2768
<i>Less Welsh Consolidated Fund shared services</i>						186		176
<i>Total Resources</i>			3032			2916	116	2592
<i>Net Cash Requirement</i> <i>Note 2</i>			3048			3033	15	2597

## Non operating income and receipts not classified as operating income

	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net total outturn compared to estimate saving/(excess)	Prior year outturn
<i>Sale of fixed assets</i>					(2)	(2)	(2)	NIL

The notes on pages 23 to 39 form part of these accounts

**OPERATING COST STATEMENT***for the year ended 31 March 2009*

	Note	2008-09	2007-08
		£000	£000
<b>Administration costs:</b>			
Staff costs	3	1998	1718
Other non staff administration costs	4	1109	1056
<b>Gross Administration Costs</b>		<b>3107</b>	<b>2774</b>
Operating Income	5	(5)	(6)
<b>Net Administration Cost</b>		<b>3102</b>	<b>2768</b>
<b>NET OPERATING COST and NET RESOURCE OUTTURN</b>		<b>3102</b>	<b>2768</b>

All activities commenced in the period are continuing.

**Statement of Recognised Gains and Losses**

	Note	2009	2008
		£000	£000
For the year ended 31 March			
Actuarial gain / (loss) on Pension Scheme	3	<u>(900)</u>	<u>(10)</u>
Total recognised gains (losses) in year		<u>(900)</u>	<u>(10)</u>

The notes on pages 23 to 39 form part of these accounts

**BALANCE SHEET***for the year ended 31 March 2009*

	Note	2008-09	2007-08
		£000	£000
<b>Fixed assets</b>			
Tangible fixed assets	6	225	241
Intangible fixed assets	7	60	65
		285	306
<b>Debtors due after more than one year</b>			
	8	43	-
		43	0
<b>Current Assets</b>			
Debtors due within one year	8	147	131
Cash at bank and in hand	9	29	14
		176	145
<b>Current liabilities</b>			
Creditors due within one year	10	(76)	(82)
Net current assets		100	63
<b>Total assets less current liabilities</b>		<b>428</b>	<b>369</b>
Creditors due after one year	10	(37)	(45)
Provisions	11	(632)	(614)
		<b>(669)</b>	<b>(659)</b>
		<b>(241)</b>	<b>(290)</b>
<b>Pension Fund Surplus (Deficit)</b>	3	(570)	290
		<b>(811)</b>	<b>0</b>
<b>Taxpayers' Equity</b>			
General Fund	15	<b>(811)</b>	<b>0</b>

**Peter Tyndall****Accounting Officer****10 August 2009**

The notes on pages 23 to 39 form part of these accounts

## CASH FLOW STATEMENT

*for the year ended 31 March 2009*

	<b>Note</b>	<b>2008-09</b>	<b>2007-08</b>
		£000	£000
Net cash outflow from operating activities	16	(2960)	(2521)
Capital expenditure and financial investment	17	(73)	(76)
Financing from National Assembly for Wales	18	3048	2597
<b>Increase in cash</b>	18	<b>15</b>	<b>0</b>

The notes on pages 23 to 39 form part of these accounts

**STATEMENT OF OPERATING COSTS BY AIMS AND OBJECTIVES***for the year ended 31 March 2009*

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:

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

	2008-09			2007-08		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Investigating complaints as thoroughly as necessary and as quickly as possible	2,379		2,379	2,113		2,113
Raising awareness of the Ombudsman service and making it easily accessible to potential users	240		240	219		219
Using lessons learnt from my investigations to promote good practice and good governance by public bodies	333		333	290		290
Ensuring good governance and effective management within my office	155	(5)	150	152	(6)	146
<b>Net operating costs</b>	<b>3,107</b>	<b>(5)</b>	<b>3,102</b>	<b>2,774</b>	<b>(6)</b>	<b>2,768</b>

The notes on pages 23 to 39 form part of these accounts



## Notes to the Financial Statements – for the year ended 31 March 2009

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 2008-09. The accounting policies contained in the FReM follow UK generally accepted accounting practise for companies (UK GAAP) to the extent that it is meaningful and appropriate to 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 Public Services Ombudsman for Wales for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Public Services Ombudsman for Wales (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 **Tangible Fixed Assets**

Expenditure is capitalised where the assets purchased are expected to have a useful life extending over a number of years and the cost exceeds £1k. Tangible fixed assets are shown at cost less an allowance for depreciation. 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. 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**

Tangible fixed 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. Assets in the course of construction are depreciated from the point at which the asset is brought into use. Except where otherwise noted asset lives are assumed to be the following:

Furniture and fittings	10 years
Fitting out costs	10 years or the lease term if shorter
IT equipment	3 to 5 years
Communications equipment	6 to 10 years

#### 1.4 **Intangible assets**

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1k or more is incurred. Intangible assets costing less than £1k may be capitalised providing they are capital in nature and are 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. It was not considered necessary to review the useful economic life as a full review of the complaints system had been undertaken in 2007-08 and that review confirmed their further uses for a period of three years.

#### 1.5 **Capital Charge**

A credit, reflecting the cost of capital utilised by PSOW, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities except for cash balances and amounts to be surrendered to the Consolidated Fund.

#### 1.6 **Value Added Tax**

The Office of the Public Services Ombudsman for Wales is not registered for VAT.

#### 1.7 **Pensions**

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is largely non-contributory and is unfunded, 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 Notes to the Accounts. The costs of providing these pensions are charged through the Operating Cost Statement.

#### 1.8 **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 operating cost statement in full when the liability arises.

#### 1.9 **Operating Leases**

Expenditure under operating leases is charged to the Operating Cost Statement in the period to which it relates.

#### 1.10 **Staff Costs and Other Administrative Costs**

All salary and associated costs for staff of the PSOW have been charged in full to these accounts.

The methods of cost allocation used are designed to give the most accurate reflection of the costs of running the office of the PSOW. The basis of apportionment is an estimate of the time spent on the objectives of the Office by staff except for expenditure that can be directly charged.

### 1.11 ***Operating Income***

Government grants and bank interest is accounted for in the year of receipt. Other income is credited to the year of account in which the work is done.

### 1.12 ***Non-operating Income***

Non operating income is surrenderable to the Welsh Consolidated Fund and arises from the sale of fixed assets.

### 1.13 ***Foreign Exchange***

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

### 1.14 ***Financial Instruments***

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have during the period in creating or changing the risks. These are disclosed as appropriate.

## 2. RECONCILIATION OF RESOURCES TO NET CASH REQUIREMENTS

	Note	2008-09 estimate £000	2008-09 outturn £000	Net total outturn compared to estimate saving/(excess) £000	2007-08 outturn £000
Net Total resource Outturn Operating Cost Statement			3102		2768
Less Welsh Consolidated Fund shared services			186		176
Net		<b>3032</b>	<b>2916</b>	<b>116</b>	2592
Fixed assets acquisition	6/7	110	75	35	76
Non operating income			(2)	2	
Accruals adjustments:					
Non- cash items	3 / 4	(94)	(161)	67	(128)
Changes in working capital other than cash	16		104	(104)	(133)
Use of provisions	11		71	(71)	80
Pension funding	3		30	(30)	110
Net cash requirement Summary of Resource Outturn		<b>3048</b>	<b>3033</b>	<b>15</b>	<b>2597</b>

There was no significant variation between Estimated Net Cash Requirement and Outturn. Capital expenditure was lower than the budget arising from very competitive prices.

### 3. **Staff Numbers and Costs**

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

	<b>2008-09</b>	<b>2007-08</b>
	No.	No.
Senior management	3	3
Complaint investigation	36	31
Executive / Corporate Services staff	6	6
<b>Total</b>	<b>45</b>	<b>40</b>

The aggregate employment costs were as follows:

	<b>2008-09</b>	<b>2007-08</b>
	£000	£000
<b>Permanent staff</b>		
Salaries	1496	1323
Social Security Costs	113	101
Other pension costs	288	230
	<b>1897</b>	<b>1654</b>
<b>Temporary staff</b>		
Social Security costs	-	1
	<b>23</b>	<b>19</b>
	<b>1920</b>	<b>1673</b>
<b>Non-Cash items</b>		
(Reductions)/additions to provisions for pensions of former ombudsman and early retirement costs	88	85
Other net pension finance costs	(10)	(40)
<b>Sub-Total</b>	<b>78</b>	<b>45</b>
<b>Total employment costs</b>	<b>1998</b>	<b>1718</b>

The costs of temporary staff include seconded staff, persons on temporary contracts and agency staff.

## **Pensions**

Two pension schemes are operated on behalf of current staff. Their remains an ongoing liability to meet the pensions of former ombudsmen.

### **(a) Principal Government Pension Scheme**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but PSOW is unable to identify its share of the underlying assets and liabilities. The scheme Actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2008-09, employers' contributions of £280k were payable to the PCSPS (2007-08 £233) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2942 (2007-08 NIL) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £162 (2007-08 NIL), 0.8% of pensionable pay, were payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No contributions were due or prepaid to the partnership pension providers at the balance sheet date.

### **(b) 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 Public Services Ombudsman for Wales participates in the Fund which provides defined benefits, based on members' final pensionable salary.

In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS17) disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

#### *Contributions for the year ending 31 March 2010*

Regular employer contributions to the Fund for the year ending 31 March 2010 are estimated to be £0.04M.

#### *Assumptions*

The latest actuarial valuation of the Fund took place as at 31 March 2008. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS17 purposes were:

Principal financial assumptions (% per annum)

	31 March 2009	31 March 2008	31 March 2007
Inflation	3.3	3.7	3.2
Rate of general long-term increase in salaries	4.8	5.2	4.7
Rate of increase to pensions in payment	3.3	3.7	3.2
Rate of increase to deferred pensions	3.3	3.7	3.2
Discount rate	6.7	6.8	5.3

*Principal demographic assumptions*

<i>Post retirement mortality</i>	<i>31 March 2009</i>	<i>31 March 2008</i>
<b>Males</b>		
<i>Base table ( in 2007)</i>	<i>PNMA00 with allowance for MC improvement factors to 2007</i>	<i>PNMA00 with allowance for MC improvement factors to 2007</i>
<i>Scaling to above base table rates (normal health)</i>	<i>125%</i>	<i>125%</i>
<i>Cohort improvement factors (from 2007)</i>	<i>80% of LC</i>	<i>100% of MC</i>
<i>Minimum underpin to improvement factors</i>	<i>1.25%</i>	<i>1.00%</i>
<i>Future lifetime from age 65 (currently aged 65)</i>	<i>21.1</i>	<i>20.3</i>
<i>Future lifetime from age 65 (currently aged 45)</i>	<i>23.4</i>	<i>22.2</i>
<b>Females</b>		
<i>Base table ( in 2007)</i>	<i>PNMA00 with allowance for MC improvement factors to 2007</i>	<i>PNMA00 with allowance for MC improvement factors to 2007</i>
<i>Scaling to above base table rates (normal health)</i>	<i>100%</i>	<i>100%</i>
<i>Cohort improvement factors (from 2007)</i>	<i>60% of LC</i>	<i>100% of MC</i>
<i>Minimum underpin to improvement factors</i>	<i>1.25%</i>	<i>0.50%</i>
<i>Future lifetime from age 65 (currently aged 65)</i>	<i>25.0</i>	<i>24.1</i>
<i>Future lifetime from age 65 (currently aged 45)</i>	<i>27.3</i>	<i>25.3</i>

The Actuary, Hewitt Associates Ltd, has estimated that the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS 17.

	Long-term expected rate of return at 31 March 2009 (% pa)	Asset split at 31 March 2009 (%)	Long-term expected rate of return at 31 March 2008 (% pa)	Asset split at 31 March 2008 (%)	Long-term expected rate of return at 31 March 2007 (%pa)	Asset split at 31 March 2007 (%)
Equities	7.0	67.6	7.6	71.0	7.7	76.8
Property	6.0	4.6	6.6	5.6	6.7	6.6
Government bonds	4.0	7.7	4.6	5.0	4.7	3.5
Corporate bonds	5.8	12.8	6.8	13.5	5.3	10.8
Cash / Other	1.6	7.3	6.0	4.9	5.6	2.3
Total	6.2	100.0	7.2	100.0	7.2	100.0

The actuary on behalf of the Public Services Ombudsman for Wales employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out below. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31<sup>st</sup> March 2009.

#### Reconciliation of funded status to balance sheet

	Value at 31 March 2009 (£M)	Value at 31 March 2008 (£M)	Value at 31 March 2007 (£M)
Notional value of Fund assets	3.10	4.41	4.54
Present value of liabilities	3.67	4.12	4.39
Net pension(liability)/asset	(0.57)	0.29	0.15



### Analysis of Income and Expenditure charge

	Year ended 31 March 2009 (£M)	Year ended 31 March 2008 (£M)
Current service cost	0.03	0.03
Past service cost	0.00	0.02
Interest cost	0.26	0.23
Expected return on assets	(0.30)	(0.32)
Curtailment cost	0.00	0.00
Settlement cost	0.00	0.00
Expense recognised in income and expenditure	(0.01)	(0.04)

### Changes to the present value of liabilities during the year

	Year ended 31 March 2009 (£M)	Year ended 31 March 2008 (£M)
Opening present value of liabilities	4.12	4.39
Current service cost	0.03	0.03
Interest cost	0.26	0.23
Contributions by participants	0.01	0.01
Actuarial (gains)/losses on liabilities*	(0.10)	(0.43)
Net benefits paid out #	(0.65)	(0.13)
Past service cost	0.00	0.02
Net increase in liabilities from disposals and acquisitions	0.00	0.00
Curtailments	0.00	0.00
Settlements	0.00	0.00
Closing present value of liabilities	3.67	4.12

*\*Includes changes to the actuarial assumptions*

*#Consists of net cashflow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums of £0.00M for the period end 31 March 2009.*

Changes to the fair value of assets during the year

	Year ended 31 March 2009 (£M)	Year ended 31 March 2008 (£M)
Opening fair value of assets	4.41	4.54
Expected return on assets	0.30	0.32
Actuarial (losses) on assets		
Contributions by the Employer	(1.00)	(0.44)
Contributions by participants	0.03	0.11
Net benefits paid out (see note above)	0.01 (0.65)	0.01 (0.13)
Net increase in assets from disposals and acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	3.10	4.41

Actual return on assets

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Expected return on assets	0.30	0.32
Actuarial (loss) on assets	(1.00)	(0.44)
Actual return on assets	(0.70)	(0.12)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	Year ended 31 March 2009 £m	Year ended 31 March 2008 <u>£m</u>
Total actuarial (losses)	(0.90)	(0.01)
Total gain / (loss) in STRGL	(0.90)	(0.01)

*History of asset values, present value of liabilities and (deficit) / surplus*

	<i>As at 31<sup>st</sup> March 2009</i>	<i>As at 31<sup>st</sup> March 2008</i>	<i>As at 31<sup>st</sup> March 2007</i>	<i>As at 31<sup>st</sup> March 2006</i>	<i>As at 31<sup>st</sup> March 2005</i>
<i>Fair value of assets</i>	3.10	4.41	4.54	2.78	2.18
<i>Present value of liabilities</i>	3.67	4.12	4.39	3.62	3.10
<i>(Deficit)/surplus</i>	(0.57)	0.29	0.15	(0.84)	(0.92)

*In accordance with paragraph 77(0) of FRS17 (as revised), the assets of the current period and previous two periods are measured at current bid price. Asset values previously measured at mid market value for periods ended 2008 and 2007 have been re-measured for this purpose. Asset values for periods ended 2006 and 2005 are shown at mid market value and have not been re-measured as permitted by FRS17 (as revised).*

*History of experience gains and losses*

	<i>As at 31<sup>st</sup> March 2009</i>	<i>As at 31<sup>st</sup> March 2008</i>	<i>As at 31<sup>st</sup> March 2007</i>	<i>As at 31<sup>st</sup> March 2006</i>
<i>Experience (losses) gains on assets</i>	<i>(1.00)</i>	<i>(0.44)</i>	<i>0.05</i>	<i>0.39</i>
<i>Experience (losses) gains on liabilities</i>	<i>(0.02)</i>	<i>(0.02)</i>	<i>(0.03)</i>	<i>0.01</i>

In accordance with paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6<sup>th</sup> April 2007. The history of experience (loss)/gain on liabilities shown has not been re-stated for periods ended 2007 and 2006 and includes the experience relating to unfunded liabilities. It excludes any charge in liabilities in respect of changes to the actuarial assumptions used. As the former Commission for Local Administration for Wales did not need to disclose the information the figures for 2005 are not available.

**(c) 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 operating cost statement.

Pensions are increased annually in line with the Pension's Increase Order. The total payments during 2008-09 were £71k (£69k in 2007-08). The liabilities arising out of the obligation to finance these pensions together with any dependent pensions has been calculated to be £628k (2007-08 £611k). 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 web site of the Government Actuary's Department. A discount rate of 3.5% (2007-08 3.5%) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted. Further details are shown under movements in provisions (Note 11).

#### 4. **Non Staff Administration Costs**

	2008-09	2007-08
	£000	£000
Rentals under operating leases	188	160
External Audit fee	17	15
Other services provided by WAO and Grant Thornton	4	5
Professional Advisers' Consultancy	227	199
Other property costs	81	87
Computer services	67	62
Office supplies, equipment and services	226	241
Travel and subsistence	30	28
Consolidated fund standing services (Salary and related costs of the Ombudsman met from the Welsh Consolidated Fund)	186	176
Sub-total	<u>1026</u>	<u>973</u>
Depreciation and amortisation	96	80
Provision for redecoration	1	3
Cost of capital credit	(14)	0
Sub-total	<u>83</u>	<u>83</u>
<b>Total Other Administration Costs</b>	<u><b>1109</b></u>	<u><b>1056</b></u>

The increase in professional fees is due to the greater need for specialist advice.

#### 5. **Operating Income**

Income receivable arises from short term investment of surplus funds

	2008-09	2007-08
	£000	£000
Interest receivable	<u>5</u>	<u>6</u>
	<u>5</u>	<u>6</u>

## 6. Tangible Fixed Assets

	Fitting out works	IT equipment	Furniture & other fittings	Telephone equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2008	<b>202</b>	<b>107</b>	<b>112</b>	<b>29</b>	<b>450</b>
Reclassification					
Additions	8	35	-	-	43
Disposals		(41)			(41)
<b>At 31 March 2009</b>	<b>210</b>	<b>101</b>	<b>112</b>	<b>29</b>	<b>452</b>
Depreciation					
At 1 April 2008	(77)	(81)	(41)	(10)	(209)
Charged in the year	(22)	(24)	(10)	(3)	(59)
Disposals		41			41
<b>At 31 March 2009</b>	<b>(99)</b>	<b>(64)</b>	<b>(51)</b>	<b>(13)</b>	<b>(227)</b>
<b>NBV at 31 March 2009</b>	<b>111</b>	<b>37</b>	<b>61</b>	<b>16</b>	<b>225</b>
NBV at 31 March 2008	<b>125</b>	<b>26</b>	<b>71</b>	<b>19</b>	<b>241</b>

## 7. Intangible Fixed Assets

The Office continues to use a computerised complaints monitoring system whose ultimate owner is the Scottish Public Services Ombudsman. A licence fee for the use of the system was incurred by this Office.

	2008-09	2007-08
	£000	£000
Cost or Valuation at 1 April	201	175
Additions during year	32	26
Total	<u>233</u>	<u>201</u>
Amortisation at 1 April	(136)	(111)
Amortisation during the year	(37)	(25)
Total	<u>(173)</u>	<u>(136)</u>
Net book value at 31 March	<b>60</b>	<b>65</b>

## 8. Debtors

	2008-09 £000	2007-08 £000
<b>Amounts falling due in more than one year</b>		
Prepayments	43	-
<b>Amounts falling due within one year:</b>		
Prepayments	147	131
	190	131

## 9. Cash at Bank and in Hand

Any cash balance held at the year end has to be returned to the Welsh Consolidated Fund. A creditor for £29k (2007-08 £14K) has been included within the accounts being the net balance at the year end on all the bank accounts operated by the Public Services Ombudsman for Wales irrespective of whether the individual account is in debit or credit and the amount of grant received offset by this repayment. This repayment is required to be made to the Welsh Consolidated Fund under the Government of Wales Act 2006.

## 10. Creditors

	2008-09 £000	2007-08 £000
<b>Amounts falling due in one year</b>		
Amounts owed to the Collector of Taxes	1	-
Amounts owed to the Parliamentary Commissioner	3	20
Welsh Consolidated Fund – unspent balances	29	14
non operating income	2	-
Trade creditors	36	48
Accruals	5	-
	<hr/>	<hr/>
	76	82
<b>Amounts falling due in more than one year</b>		
Deferred rent reduction	37	45
	<hr/>	<hr/>
<b>Total</b>	113	127

## 11. Provisions for liabilities and charges

	2008-09	Future	2007-08	
	Pensions for	Redecoration	Total	Total
	Former	Costs		
	Commissioners			
	£000	£000	£000	£000
Balance at 1 April	611	3	614	606
Provided in the year	88	1	89	88
Provisions no longer required				
Provisions utilised in the year	(71)	-	(71)	(80)
<b>Balance at 31 March</b>	<b>628</b>	<b>4</b>	<b>632</b>	<b>614</b>

The increase in the provision arises from the higher than previously allowed for pensions increase and the annual reassessment of life expectancy. The discount factor remains at 3.5%.

The future redecoration costs arise from an obligation to redecorate the interior of the premises leased at Bocam Park.

## 12. Commitments under Operating leases

	2008-09		2007-08	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
At 31 March 2009 the Office was committed to making the following payments during the next year in respect of operating leases expiring:				
Within one year	-	-	-	-
Between two and five years	-	11	-	6
After five years	182	-	202	-
	182	11	202	6

## 13. Contingent liabilities

There were no contingent liabilities at 31 March 2009 (2007-08 Nil)

#### 14. Capital commitments

There were no capital commitments at 31<sup>st</sup> March 2009 (2007-08 £2k).

#### 15. General Fund

	2008-09	2007-08
	£000	£000
<b>General Fund as at 1<sup>st</sup> April</b>	<b>0</b>	<b>29</b>
Adjustment to pension fund surplus due to adopting the Amended FRS 17	-	(10)
Net operating cost	(3102)	(2768)
Non operating income	2	-
Funding by National Assembly for Wales	3048	2597
Due back to Welsh Consolidated Fund – cash	(29)	(14)
Non operating income	(2)	-
Cost of Capital Credit	(14)	0
Welsh Consolidated Fund shared services	186	176
Actuarial (deficit ) / surplus	(900)	(10)
<b>General Fund as at 31<sup>st</sup> March</b>	<b>(811)</b>	<b>0</b>

#### 16. Reconciliation of operating cost to operating cashflows

	Notes	2008-09	2007-08
		£000	£000
<b>Net operating cost</b>		<b>(3102)</b>	<b>(2768)</b>
Adjust for non cash items	3,4	161	128
(Increase)/decrease in debtors	8	(59)	141
Increase/(decrease) in creditors	10	(14)	6
Less movement in creditors relating to items not passing through the OCS		(31)	(14)
Payment to meet pension fund deficit	3	(30)	(110)
Use of provisions	11	(71)	(80)
Welsh Consolidated Fund shared services		186	176
<b>Net cash outflow from operating activities</b>		<b>(2960)</b>	<b>(2521)</b>



## 17. Capital Expenditure and financial investment

	2008-09	2007-08
	£000	£000
Tangible fixed asset additions	(43)	(50)
Tangible fixed asset disposals	2	-
Intangible fixed asset additions	(32)	(26)
Net cash outflow from investing activities	<u>(73)</u>	<u>(76)</u>

## 18. Reconciliation of net cash requirement to increase/(decrease) in cash

	2008-09	2007-08
	£000	£000
Net Cash Requirement:		
Operating activities	(2960)	(2521)
Capital Expenditure	(73)	(76)
	<u>(3033)</u>	<u>(2597)</u>
Financing from National Assembly for Wales	3048	2597
Increase in cash	<u>15</u>	<u>0</u>

## 19. Financial instruments

Because of the largely non-trading nature of its activities and the way in which government bodies are financed, the PSOW is not exposed to the degree of financial risk faced by some business entities. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks faced by the Office in undertaking its activities.

## 20. Related-party Transactions

The PSOW has had a number of material transactions with the National Assembly for Wales. Also there have been material transactions 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.