

annual review
2007 | 2008



our vision

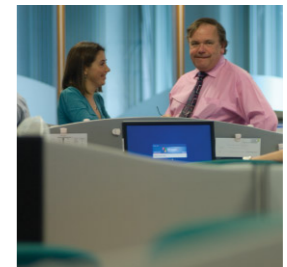
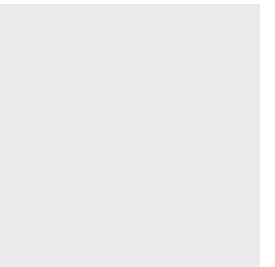
Our vision is for a flourishing charities sector in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role.

OSCR is the independent regulator and registrar of Scottish charities. We regulate over 23,500 Scottish charities, including community groups, religious charities, schools, universities, grant giving charities and major care providers.

As outlined in our Corporate Plan 2007-10, our strategic objectives are to:

- » increase public confidence in charities through effective regulation
- » increase transparency and public accountability of charities
- » increase charity trustees' awareness and observance of their statutory responsibilities

- » establish and maintain OSCR as a trusted, effective and innovative regulator
- » reduce the burden of regulation on charities wherever possible, with particular emphasis on reducing multiple reporting.

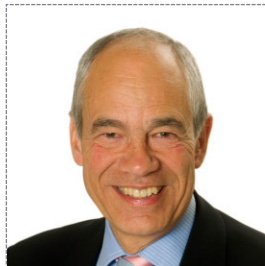


introduction from the chair and chief executive

We are pleased to present our second Annual Review.

While OSCR is still a relatively new organisation, we believe that we have made significant progress in establishing Scotland's modern, regulatory framework for charities. We have set out our vision and values, and the challenging objectives and targets through which we aim to achieve these.

In our second year we have focused on consolidating our existing procedures and developing further procedures to implement the new requirements of the 2005 Act, as well as continuing to deliver our existing statutory functions. This Review provides a summary of our achievements in 2007-08 as well as examples of our casework. We hope that you will find the report both informative and useful.



John Naylor



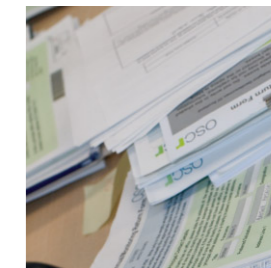
Jane Ryder

The Charities and Trustee Investment (Scotland) Act 2005 states that OSCR's general functions are:

- (a) to determine whether bodies are charities
- (b) to keep a public register of charities
- (c) to encourage, facilitate and monitor compliance by charities with the provisions of the Act
- (d) to identify and investigate apparent misconduct in the administration of charities and to take remedial or protective action in relation to such misconduct
- (e) to give information or advice, or to make proposals, to the Scottish Ministers on matters relating to OSCR's functions.

23,812

Number of charities in the Scottish Charity Register at 31st March 2008.



overview

Our second year has seen us undertake an impressive body of work in delivering our objectives and developing the modern, robust framework for the regulation of charities in Scotland.

We have continued to build and refine the definitive Scottish Charity Register, providing additional information to the public about charities. We have embarked on the first phase of the Rolling Review of charitable status and begun processing applications from charities wishing to reorganise where their constitutions do not grant them sufficient powers to do so. We have worked with other regulators to minimise the regulatory burden for charities and have advised Ministers on relevant matters. We have met, and in many cases exceeded, our published performance targets and have had, we believe, a positive impact on the sector and the charities we regulate.



an accurate scottish charity register

We maintain the definitive Scottish Charity Register, which we have published on our website since April 2006. The Register is updated daily and contains key information on Scotland's 23,500 charities, providing the transparency that public confidence demands.

In 2007-08 we reformatted the appearance of the Register, improving its search functions and adding to the information we make available about Scottish charities. Since October 2007 we have used the Register to publish details of those charities failing to submit their Annual Returns and accounts within the stated deadlines.

granting charitable status

In 2007-08 we granted charitable status to 1,495 organisations, including some 264 organisations operating in Scotland but registered as charities in England and Wales. We also considered but did not grant status to 13 organisations which were unable to demonstrate that they met the requirements of the charity test specified in the 2005 Act. We have continued to work with the Charity Commission for England and Wales and agreed a form of wording for cross-border charities' constitutions that satisfies the requirements of Scots law.

In July 2007 we announced the outcome of our Pilot process for the Rolling Review of charitable status. The full report, with our findings and a summary of key issues, can be viewed at www.oscr.org.uk. In January 2008 we consulted on our revised Meeting the Charity Test guidance. This will form the basis for decisions made on 30 'priority' charities assessed in Phase 1a of the Rolling Review. These decisions will be announced in October 2008.

consents and notifications

We have continued to operate an effective regime for charities seeking consent for proposed changes, for example to their constitutions or charitable purposes. In 2007-08 we received 2,929 consent requests and notifications, an increase on the 2,756 received last year. The average time between receipt and issuing a decision was 12.5 days and 99.7 per cent of consents were granted within our published estimated timescales.

In addition, we consulted on and commenced our procedures for considering applications to reorganise charities as specified in sections 39-42 of the 2005 Act and the Charities Reorganisation (Scotland) Regulations 2007. All such reorganisations are advertised on our website and we processed 100 per cent of applications within six months of advertisement on our website, against a stated target of 95 per cent.

monitoring and compliance

One of our general functions is to encourage, facilitate and monitor compliance with the 2005 Act. We have put in place a comprehensive monitoring process and this is now fully operational. We scrutinise Annual and Monitoring Return forms and charity accounts and, where we identify any apparent cause for concern, we enter into a dialogue with the charity. We take a proportionate approach, with reduced reporting requirements for smaller charities. We also publish a range of guidance material, available free of charge, and we work with other regulators to reduce multiple reporting requirements.

investigations

Our experience as Regulator continues to be that wilful misconduct among charities is very rare. We continue to conduct our investigations work on the basis of information disclosed through our own monitoring; from referrals received from other regulators in the course of their work; and from complaints made by members of the public. We handled 150 referrals in 2007-08, the majority of which were from members of the public. In 2007-08 we made two applications to the Court of Session to protect the assets of charities where we believed these were at risk and will report on the outcome of these cases following a ruling by the Court.

264

Number of bodies registered as charities in England and Wales granted charitable status by OSCR in 2007-08. This compares to 85 in 2006-07.

advising ministers

We have continued to advise Ministers on matters relevant to our functions. We have worked with the Justice Department's Charity Law Team to assist in the ongoing development of the Regulations which underpin the 2005 Act. Our work in this area will continue in 2008-09, with the development of further Regulations covering Scottish Charitable Incorporated Organisations (SCIOs), Public Benevolent Collections, and Charity Transfer Schemes. We have also made several recommendations to Ministers for changes to the 2005 Act, based on our practical experience of the working of the legislation. These can be read in full in our Annual Report and Accounts at www.oscr.org.uk.

working with others

We remain committed to the principles of Better Regulation. We have continued actively to engage with other regulators to agree how we can work together to minimise regulation for charities, particularly with regard to multiple reporting. In addition our Chief Executive participates in the Charity Regulators' Forum, where we discuss areas of common interest with charity regulators in England and Wales, Northern Ireland and the Republic of Ireland. Our Chief Executive is a member of the Accountability and Governance Action Group and our Head of Monitoring and Investigation is Deputy Chair of the UK SORP Committee.

In 2007-08 we agreed Memoranda of Understanding with the following:

- » The Scottish Housing Regulator
- » HM Revenue and Customs
- » Fundraising Standards Board
- » The Charity Commission for England and Wales
- » The Scottish Public Services Ombudsman.



81.5%

Percentage of charities submitting returns and accounts within 10 months of their accounting year end.

positive engagement

We remain committed to an open, ongoing dialogue with our stakeholders and consult on key areas of policy development and procedures, for example Meeting the Charity Test; and Charity Reorganisations. We have produced a range of free of charge guidance designed to encourage understanding of, and compliance with, the 2005 Act and Regulations, for example:

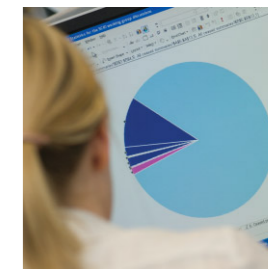
- » Receipts and Payments Accounts Work Pack
- » References to Charitable Status guidance
- » Charity Reorganisations guidance.

We also staged a series of 'Meet the Regulator' roadshow events, where charity trustees and advisers participated in governance workshops and raised questions face to face with our staff.

Our website has been refreshed and streamlined, with better navigation and search facilities, attracting 121,093 visits this year; and our e-newsletter is issued on a quarterly basis to 2,079 subscribers.

finances

We ended the year within our £3.6 million budget. Our fully audited accounts for 2007-08 are available at www.oscr.org.uk.



the year at a glance

april

- » OSCR is recognised as an **Investor in People**.

june

- » OSCR signs a new **Memorandum of Understanding (MOU)** with the Charity Commission for England and Wales, setting out operational arrangements to provide more streamlined regulation and guidance for charities that operate across England, Scotland and Wales.

july

- » **The Rolling Review Pilot Report** is published, outlining OSCR's decisions on 16 charities and key lessons learned.

september

- » OSCR's 2007 **Annual Open Meeting** is held in Perth, with OSCR reporting to the sector on key achievements in its first year.
- » The first 30 charities to be assessed as Phase 1a of the **Rolling Review** are announced, featuring a range of membership charities, care providers and schools.

october

- » OSCR confirms nine charities as **Designated Religious Charities** under section 65 of the 2005 Act. This grants exemption from certain supervisory aspects of the legislation, as they are considered to have sufficient internal control and disciplinary procedures in place.
- » The first **Reorganisations** commence under the provisions of sections 39 to 43 of the 2005 Act and the Charities Reorganisation (Scotland) Regulations 2007. OSCR issues relevant guidance.
- » OSCR begins listing **defaulting charities** on its website - those which have failed to submit Annual Returns and accounts six months after the stated deadlines - and confirms removal from the Register as a possible consequence of non-compliance.

november

- » OSCR publishes summary **financial data** from the Scottish Charity Register, in advance of its full sector profile report, **Scottish Charities 2008**.

december

- » OSCR launches its redesigned **e-newsletter**, OSCR Reporter, to 1,800 subscribers.
- » OSCR issues its guidance on the **Charities References in Documents (Scotland) Regulations 2007**.

january

- » OSCR's Board reviews the **Corporate Plan 2007-10** and confirms that its objectives and strategic assumptions remain valid.
- » **OSCR surveys** 2,800 charities and 10,000 members of the public to track views of the sector and charity regulation. The results are summarised and published in July 2008.

february

- » The **300 Scottish charities** with the **highest incomes** are listed by OSCR, providing further information on the profile of the sector.
- » OSCR launches its '**Reassurance**' **advertising campaign** across Scotland, encouraging the public to check the Scottish Charity Register.

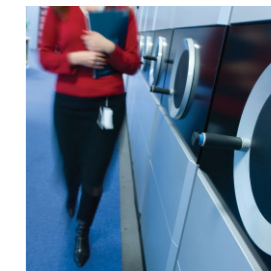
march

- » **The Receipts and Payments Accounts Work Pack**, containing sample accounts and templates, is mailed by OSCR to every eligible charity in Scotland to provide support and encourage compliance in the preparation of receipts and payment accounts.
- » The **Scottish Charity Appeals Panel** issues its first ruling - in OSCR's favour.
- » The **Charities References in Documents (Scotland) Regulations 2007** take effect.



1

The number of appeals heard by the Scottish Charity Appeals Panel this year.



register team

Our Register Team is responsible for maintaining the definitive Scottish Charity Register, and for issuing Annual Return and Monitoring Return forms to charities. The team also issues reminder letters to those charities which fail to provide the required information within 10 months of their accounting year end dates.

In 2007-08 we issued a total of 24,674 Annual and Monitoring Return Forms, including forms re-issued to charities which had lost the originals. Completed returns were received and all 21,553 incoming Returns were validated by us within two months of receipt. This year some 81.5 per cent of charities submitted the required documentation within 10 months of their accounting year end.

The Register is updated on a daily basis and provides information about individual charities over and above that required by the 2005 Act. For example, we now state for each charity the dates when Annual Return and Monitoring Return Forms were received and when they were validated by us. This provides public accountability and transparency; and allows charities to demonstrate that they meet regulatory requirements.

We also use the information contained in the Register to compile profiles of the charity sector. We produced 'snapshot' profiles of the sector's income and we publish a quarterly list of 300 charities with the largest incomes. Our publication **Scottish Charities 2008**, available at www.oscr.org.uk provides the most comprehensive profile of Scotland's charity sector.

889

Number of charities granted status by OSCAR this year, stating young people as one of their beneficiary groups.

798

Number of ceased charities removed from the Scottish Charity Register this year.



case study - 'Orphan' Accounts

A charity submitted its accounts without an Annual Return Form.

Our monitoring system is designed so that charities need only send us documentation once a year. We therefore write and ask charities to submit an Annual Return Form **together with their most recent accounts**, within 9 months of their accounting year end.

We received a set of independently examined accounts from a charity in the Highlands, using the template contained in our receipts and payments workpack. However, the accounts had been submitted without the Annual Return Form, which meant that we were unable to process them. We issued a duplicate Annual Return Form, with a reminder letter to the charity, which produced a telephone call from the charity's treasurer. We explained that we could not accept accounts without an Annual Return Form and talked through OSCR's reporting requirements. The charity made the required submission and we were able to update the Register.

Key Lessons

- » Charities should read carefully all documentation and accompanying support material issued by OSCR.
- » Charities should ensure that the accounts they submit to us are accompanied by the Annual Return / Monitoring Return forms, as both sets of documents are required by us to confirm the charity's compliance.
- » We will review the documentation we prepare to consider how any potential confusion could be minimised.

charities team - status

Our Status officers are responsible for processing applications for charitable status, ensuring that organisations entered in the Register meet the charity test specified in section 7 of the 2007 Act.

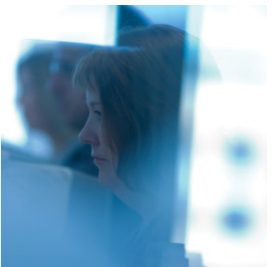
In 2007-08 we granted charitable status to 1,495 applicants. We refused charitable status to 13 organisations which were unable to demonstrate that they met the charity test. Our published target for making a decision, where an application is straightforward, is three months from receipt of all required documentation and supporting material. We have reduced the average time taken to make a decision from 43 days to 17.5 days.

We have continued to maintain dialogue with the Charity Commission for England and Wales, in particular with regard to the wording of constitutions. In the past year we have produced revised guidance and a standard form of words for bodies that are registered as charities in England and Wales, to ensure that their constitutions meet the requirements of Scots law as well as charity law in England and Wales.

56.6% **1,495**

Percentage of charities granted status by OSCR this year that state the advancement of education as one of their charitable purposes.

Number of bodies granted charitable status by OSCR this year. This is a 117 per cent increase on last year.



case study -

Friends of Glasgow Necropolis

An organisation was granted charitable status.

In April 2007 we granted charitable status to SC037918 The Friends of Glasgow Necropolis, an organisation set up to advance public understanding and enjoyment of the Glasgow Necropolis for the benefit and amenity of the public. The proposed public benefit was the conservation and development of the unique architectural content of Glasgow Necropolis, and the flora and fauna within it.

Its purposes, as entered in the Register are: (g) the advancement of the arts, heritage, culture or science; and (m) the advancement of environmental protection or improvement. The Chair, Nigel Willis, said that the charity had applied for status as this demonstrated to potential donors and the public that it clearly provided public benefit.

‘Charitable status was an essential and very important hurdle we had to cross. It provides confirmation to everyone that the Friends of Glasgow Necropolis is an “approved” organisation managed to a high standard,’ he said. ‘This gives us confidence and “standing” when applying for funding. It also brings us, and the benefactors, tax benefits for our income from membership and donations. This is important as we can maximise earnings for the betterment of this fantastic 37-acre historic garden cemetery.’

The charity’s website www.glasgowneecropolis.org received over 2,000 hits in September 2008, from 44 countries, demonstrating increased international interest. All its advertised tours were oversubscribed. ‘Glasgow Necropolis is very much on the map again after years in the dark’, said Nigel Willis.

‘We enormously appreciated OSCR’s speed of response to our Charitable status application,’ he added. ‘We are pleased to report that Glasgow Necropolis is being increasingly visited, talked about, written about and filmed, and a programme of restoration work is currently awaiting Historic Scotland’s approval.’

case study -

An unsuccessful application

An organisation was refused charitable status as it did not meet the charity test.

In April 2007 we received an application for charitable status from a sporting organisation in the Borders. In considering the application we identified three key issues. The charitable purposes were unclear; the constitution contained no clause to protect charitable assets in the event of the organisation winding up; and the constitution gave rise to concerns about public benefit, stating: 'Names of candidates for Membership will be proposed and seconded by Members and submitted for approval to the Committee'.

The organisation did not meet the charity test specified in section 7 of the 2005 Act. The organisation's stated purpose was to 'support and promote sailing' which is not in itself a charitable purpose as defined in the 2005 Act. While the most relevant charitable purpose would be (h) the advancement of public participation in sport, the organisation's stated purpose mentioned only 'supporting and promoting sailing', and did not specify the *advancement of public participation* in sailing.

Finally, it was clear that any prospective member of the organisation had to find two existing members to sponsor him or her; and that a committee had to confirm whether he or she would be acceptable, with criteria for such consideration being unclear. We considered this to be an undue restriction on public access to the benefit. As the proposed charity was unwilling to make the necessary changes to meet the charity test, our decision was to refuse charitable status.

Key Lessons

- » Organisations must consider carefully the wording of their constitutions in light of the charity test specified in the 2005 Act, particularly with regard to clearly stated charitable purposes; disposal of assets; and access to the benefit that they propose to provide.
- » In this case, following our decision, the organisation contacted us for guidance. We advised them of our review and appeals procedure and pointed out that a new application could be submitted if the Constitution were revised to address our concerns. No request for review was received within the mandatory 21 days.

charities team - consents and notifications

In establishing OSCR as charity Regulator, the 2005 Act provides a straightforward means for charities to reorganise without potentially lengthy or costly legal processes. The Act also specifies when charities must notify us or seek consent for proposed changes. Over the past year we received 2,929 consent requests and change notifications. The average time between receipt and issuing of a decision was 12.5 days.

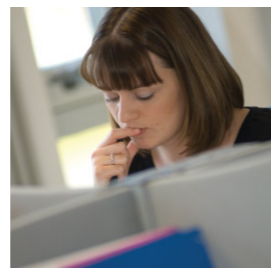
As with our other decisions, there is the right to apply to OSCR for internal review, following which an appeal can be made to the Scottish Charity Appeals Panel (SCAP). In 2007-08 we saw our first appeal to SCAP under section 76 of the 2005 Act, which involved a dispute over a charity name. In March 2008 SCAP published its first written judgement, supporting our decision and making suggestions regarding possible improvements to our processes which we will consider.

12.5

Average number of days for OSCR to grant consent to change, from receipt of a full application - against a target of 28 days.

992

Number of consents granted by OSCR this year, an increase of 73 per cent compared to last year.

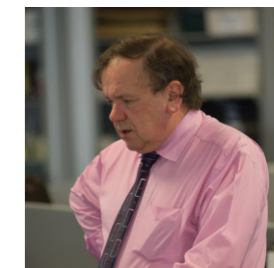


reorganisations

One of the objectives of the 2005 Act is to contribute to a modern operational environment for charities. Sections 39 to 42 of the 2005 Act provide for charities to apply to OSCR for consent to reorganise where their constitutions do not grant them powers to do so. These provisions commenced in October 2007 and have

been widely welcomed in the sector, potentially releasing millions of pounds for charitable purposes. All proposed reorganisations are advertised on our website. At 31st March 2008 we had handled 51 such applications. We expect more in future years, including applications from local authorities, which administer

many older, very small charities. However, sections 39 to 42 are fairly restrictive and one of our recommendations to Ministers and Parliament has been to expand the scope of these provisions.



27

The number of refusals to grant consent this year.

case study -

Contact details

We issued an Annual Return form to a charity in Edinburgh that was a school development trust. The school's headmaster contacted us to say that in over three years with the school, he had had no knowledge of any such 'development trust', nor of the named contact held by us.

We were concerned as the previous year's Annual Return form had been completed declaring an income in excess of £1 million. This apparent sudden demise of the charity set alarm bells ringing.

Further enquiries to obtain previous accounts, annual returns and the constitution for the charity revealed that the form completed for the previous year had been completed by the school's secretary, who had mistakenly entered details of the school's income and not the charity's.

It emerged that the charity had not provided up-to-date contact details to us and had wound up without seeking prior consent from us. Following a detailed examination process, we removed the charity from the Register as it appeared to us to be no longer in existence. The situation was resolved satisfactorily, but had caused unnecessary concern and taken time on the part of OSCR and the school.

Key Lessons

- » Charity trustees must seek consent from OSCR before taking action to wind up the charity.
- » Charity Trustees must notify OSCR of any changes in the contact details for the charity.
- » When completing an Annual Return form, please check all the details, and make sure you provide information in respect of the correct charity.



21,553

Number of Annual Returns and Monitoring Returns processed by OSCR this year.



26.8%

Percentage of smaller charities not submitting a Trustees' Annual Report with their accounts, based on forms processed in 2007-08.



monitoring and investigation

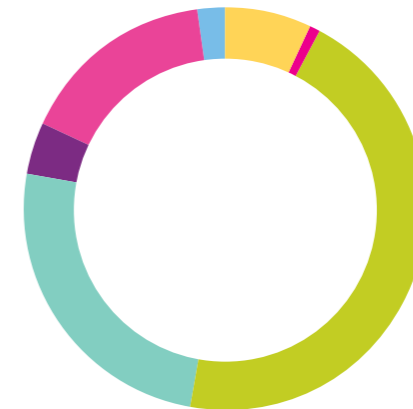
Our Monitoring Team, with our Register Team, scrutinises accounts submitted by charities.

We have minimised reporting requirements for the two thirds of Scottish charities which have an annual income under £25,000. These charities submit a signed Annual Return form which has already been pre-populated by us, together with a copy of the most recent set of accounts. For larger charities we require completion of a supplementary Monitoring Return and employ a system of 'exception triggers' to identify potential non-compliance or areas of concern, based on the information contained in the Monitoring Return.

We continue to produce free of charge guidance, for example, on references in documents; and guidance for cross-border charities. In January 2008 we issued a Receipts and Payments Accounts Work Pack to every charity with a gross annual income under £100,000 that was not a registered company.

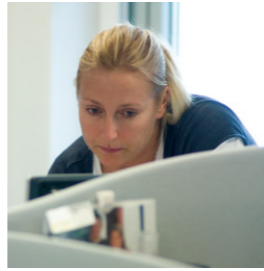
Following the collapse of the One Plus charity in January 2007, we worked with other parties to examine the causes of the failure and draw out key lessons to inform us and the sector. Our case study report was published in May 2008 and we will produce further case studies later in the year.

We have undertaken a number of themed studies, designed to draw out key lessons and useful information for the charity sector, and will publish these later in 2008.



monitoring returns exceptions triggered

Large charity	7%
Growth or contraction	1%
Possible failure to apply funds	45%
Poor liquidity, low reserves	25%
Fundraising and trading	0%
Adequacy of Board structure	4%
Transactions with Trustees	16%
Trading companies	2%

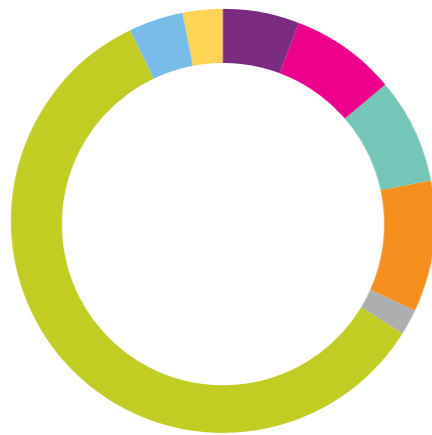


OSCR investigations

Our experience remains that wilful misconduct within Scottish charities is very rare. In 2007-08 our Investigations Team handled 150 referrals. The majority of these came from members of the public. Fifty per cent of the referrals required no action following our preliminary enquiries. Compliance support was given to, or assurances from Trustees received, in 30 per cent of cases, regarding better internal controls or procedures. Fifteen per cent of referrals were inadmissible as we had no locus to intervene, for example, employment issues; or were referred to other regulators. This left five per cent of cases that required us to undertake formal proactive monitoring, or to use our powers under the 2005 Act.

150

Number of complaints about charities investigated by OSCR this year.



sources of referrals and complaints

Internal monitoring	6%
Anonymous complaint	8%
Charity employee	8%
Charity member	10%
Professional adviser (s46)	2%
Member of the public	59%
Charity Trustee	4%
Other Regulator	3%

case study -

Audit or Independent Examination

Our Monitoring Team, while examining the accounts submitted by a charity, noted that the accounts had been audited despite the fact that the charity's income was less than £1,000 a year. In conversation with one of the charity's trustees, we were told that the charity viewed our reporting requirements, particularly the audit of accounts, as onerous and that this detracted from the charity's activities.

The charity's constitution itself used the word 'audit' in specifying how the accounts should be examined, despite the fact that the charity had a gross annual income under £100,000. We suggested that the charity itself could ease the burden and the cost, by deleting the reference to 'audit' in its constitution. The charity held an extraordinary general meeting to ratify the change to its constitution, and notified us within three months as required under section 16 of the 2005 Act.

Key Lessons

- » Charities should be aware that, although used generally in common English, the word 'audit' or the phrase 'audited accounts' have a specific meaning.
- » Charities with a gross annual income under £500,000 are permitted to have their accounts 'independently examined' - a less onerous and less expensive option than audit, that meets regulatory requirements. Charities should consider whether they wish to amend their governing documents accordingly.

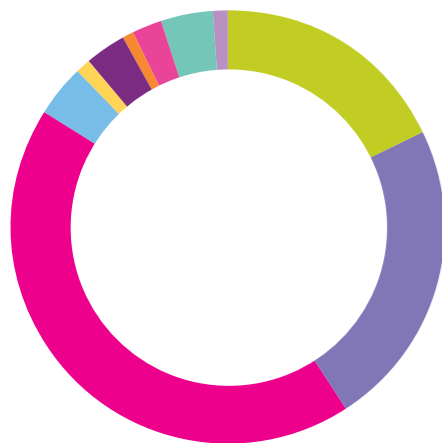
compliance support team

We have continued to focus on providing guidance and support to charities where apparent issues of governance have arisen.

In 2007 we developed a Train the Adviser programme designed to provide CVS staff, local authority community development staff, and those working for intermediary or umbrella bodies, with detailed regulatory and financial reporting requirement knowledge, to assist them in delivering support to local charities. The first pilot programme was run in May 2008.

185

Number of compliance cases handled by OSCCR this year.



compliance issues

Action without OSCCR consent	18%
Not responding to OSCCR communication	23%
Section 19 (accounting to OSCCR for charity assets)	43%
Assets at risk	4%
Transactions with Trustees	1%
Queries related to Trustee duties	3%
Viability	1%
Non-submission	2%
Accounts not responding	4%
Inadequate governing body	1%



case study - Dominant Trustees

Two charity trustees did not share information with colleagues.

We received a complaint from an employee of a charity based in the Highlands. The Convenor and Vice-Convenor appeared to be dominant trustees who allegedly did not keep their management committee colleagues fully aware of key developments. This was a concern to us, as all trustees are equally responsible for the management and control of a charity and therefore must have the necessary information to make well-informed decisions.

We raised our concerns in writing with the Convenor of the charity. We asked for written confirmation that our concerns would be circulated to all trustees and that they would be fully involved in drafting a response.

Following discussions within the charity, however, the Convenor and Vice-Convenor resigned. The remaining trustees worked with us and took steps to improve the governance of the charity, seeking support and training from the local CVS group and the Council as well as referring to our own guidance. The charity trustees have developed a business plan to move the charity forward strategically.

Key Lessons

- » The management and control of a charity is the collective responsibility of all the charity's trustees. Although certain functions can be delegated, for example, financial matters to the Treasurer, every trustee should be involved in decision making, setting the strategic direction of the charity, and ensuring that legal requirements are met.
- » Clear communication channels between charity trustees are essential. Charities should examine communication requirements and develop procedures to ensure that key matters are properly discussed.
- » Charity trustees should consider collectively, whether they have a need for training or capacity-building and, where necessary, take action. The local CVS group may be able to advise in such situations.



79.6%

Percentage of charities with gross annual income under £25,000 sent 'qualified pass' letters by OSCR. This compares to 70.9 per cent in 2006-07.

case study - Ensuring continuity

A charity did not inform us that their principal contact had changed.

Charities have a duty under section 17(1)(a) of the 2005 Act to notify OSCR where the principal contact for the charity has changed. In August 2007 our Compliance Support Team wrote to a charity in Edinburgh to advise that the charity's trustees were in breach of the 2005 Act as the Annual Return and accounts had not been returned despite several reminder letters. We informed the charity that its trustees were in breach of the Act and that this constituted misconduct in the administration of the charity. The charity's entry in the Scottish Charity Register had been updated to state that the matter had been 'passed to Compliance'.

The letter produced a response from a different contact, informing us that the documentation had apparently been lost during the handover to a new team of trustees. We issued a replacement Annual Return Form and advised the charity's new principal contact about the information we required. We have updated the principal contact information in the Scottish Charity Register.

Key Lessons

- » Charities must bear in mind the importance of updating us with their contact details, particularly where trustees have changed. In this case, we may have listed the charity as defaulting, or ultimately removed it from the Register.
- » Charity trustees must ensure that during any transition process, successors are made aware of their legal responsibilities, including reporting to OSCR.
- » There are, in our experience, groups of charities where a frequent change of trustees takes place, such as playgroups and youth organisations. We will consider how additional guidance and support can be made available.

33.8%

Percentage of charities with gross annual income over £25,000 sent 'qualified pass' letters by OSCR. This compares to 26.0 per cent in 2006-07.

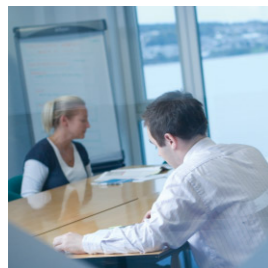
engaging with stakeholders

We believe that positive engagement with our stakeholders is a key means of encouraging compliance with the 2005 Act. We remain committed to an ongoing dialogue and have employed a number of mechanisms for doing so. Visitor numbers to our website and subscribers to our newsletters continue to increase and we stage events and briefings as well as publishing guidance material at www.oscr.org.uk.

We see our website as our principal means of communicating with our stakeholders and remain committed to electronic communication, as this allows immediate and cost effective contact with reduced environmental impact. Half of all charities entered in the Register now provide us with an email address.

In the past year our staff have participated in 30 events staged by other organisations and held meetings with umbrella bodies including the Scottish Churches Committee and Universities Scotland. We also staged a second round of 'Meet the Regulator' roadshows. Our annual open meeting, held at Perth Concert Hall in September 2007, attracted over 300 charity trustees to hear us reporting back to the sector on our work that year and our future priorities. In March 2008 we commissioned a video conference facility at our Dundee office, which will be used in 2009 to stage smaller, community based events across Scotland.

We are required under section 1(8) of the 2005 Act to carry out our functions in a way that encourages equal opportunities. In 2007 we developed our Equalities Strategy in consultation with our stakeholders. The strategy can be downloaded at www.oscr.org.uk and in 2008-09 this will be developed further, along with our proposals to encourage charities to adopt best practice with regard to equality. Our publications are available in Braille, Large Print and Audio formats and since 2008 our website has been Browsealoud enabled to allow enhanced access for stakeholders with sight needs. In line with our policy, we will continue to examine ways in which we can enhance the accessibility of our information, and positively welcome suggestions for improvement in this area.



2,561

Notification of changes to charities received and processed by OSCR this year. This compares to 2,055 last year.

future milestones

october

- » Consultation launched on reporting requirements for 'cross-border' charities.
- » OSCR announces the results for Phase 1a of the Rolling Review of charitable status as well as proposals for Phase 1b, due to commence in November 2008.

november

- » OSCR's annual open meeting to be held at the Carnoustie Golf Hotel and Spa, with places for 250 charity trustees and members of the public.

april

- » OSCR to launch its consultation on Integrated Reporting, designed to examine streamlined reporting procedures and reduce the regulatory burden on charities.



OSCR's Board

Information about OSCR's Board and full biographies of Board members can be viewed at www.oscr.org.uk.



Chair John Naylor and Oscar Mendoza



Fiona Ballantyne and Annie Gunner Logan



Martin Crewe and Deputy Chair Lindsay Montgomery



Iris McMillan and David Hughes Hallett