



Annual Report and Accounts: For Financial Year ended 31 March 2018

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The Accountable Officer authorised these financial statements for issue on 12 June 2018.

Performance Report

Performance Overview

Chief Executive's statement on performance

As a publicly funded organisation, the Scottish Charity Regulator (OSCR) works to ensure that the services we provide are high quality, continually improving, efficient and responsive to user and stakeholder needs.

During 2017-18 we continued to implement our more streamlined annual reporting regime for charities, in accordance with our risk based approach to regulation. As a preventative and proportionate regulator, we want to ensure that our resources are focussed on the most important issues that affect the Scottish charity sector, and on those that have the potential to undermine public confidence about charities. In practice, this means that our corporate focus is on protecting charitable assets and beneficiaries; and protecting the integrity of the charity brand. Throughout the year we continued to engage with our broad range of stakeholders including the public, charity trustees and their staff and advisors, by participating in a number of speaking events; continuing our national programme of 'Meet the Regulator' events; promoting and participating in Trustees Week and The Gathering; and using Twitter and our new OSCR Facebook page to share items of interest, policy announcements and news and events.

A key theme for us throughout 2017-18 has been encouraging charities to be more transparent about their activities, by increasing the extent to which information about their work and impact is publicly available and accessible. We know that transparency helps build public trust, and the results from our 2018 public and charity surveys, published in May, confirm this connection.

A major challenge to trust in charities came in the wake of the alleged sexual misconduct by the staff of some international aid charities, as reported extensively by the media in February 2018. Since the allegations were made, we have participated in domestic and international summits in respect of the safeguarding duties on charity trustees, and we contacted all charities in Scotland with information on safeguarding, notifiable events and a request that trustees consider these matters at their next Board meeting. OSCR is committed to zero tolerance in respect of sexual exploitation and abuse, and over the year ahead, through our risk based approach to regulation, we will work with charities to promote the leadership and culture required to create a safe environment for all their beneficiaries, staff and volunteers.

On a personal front, having completed my eight month part-time secondment to the Scottish Government's Digital Directorate, I was delighted to return in August 2017 and to be back working full time at OSCR. Since returning, I have been able to use my enhanced knowledge of digital transformation to support Board and SMT discussion in respect of our corporate digital future; and how best we can exploit digital opportunities to meet the expectations and aspirations of our customers and stakeholders.

Statutory and strategic functions

Scotland has over 24,000 charities of different sizes and wide ranging purposes, including community groups, religious charities, universities and care providers. As charity registrar and regulator for Scotland, OSCR's functions and powers are determined by the Charities and Trustee Investment (Scotland) Act 2005, which states that OSCR's functions are to:

- Keep a public register of charities
- Determine whether bodies are charities
- Encourage, facilitate and monitor compliance
- Identify and investigate apparent misconduct in charities
- Give information or advice to Scottish Ministers

These functions are supported by a series of Strategic Objectives which are recorded in our 2017-20 [Corporate Strategy](#), and help us deliver our vision of

charities you can trust and that provide public benefit.

The strategic objectives which will help us to deliver our vision between now and 2020, are

Strategic Objective 1 – Help the public to have more confidence in charities

Strategic Objective 2 – Help charity trustees to understand and comply with their legal duties

Strategic Objective 3 – Ensure registration is straightforward and proportionate

Strategic Objective 4 – Review and improve the way we operate and deliver services to all of our stakeholders

We strive to provide the highest level of service to all our customers and to be the best organisation that we can, providing maximum public value. To do this, we are committed to ensuring that our activities are

- | | |
|---|---|
| <input checked="" type="checkbox"/> Independent | <input checked="" type="checkbox"/> Accountable |
| <input checked="" type="checkbox"/> Consistent | <input checked="" type="checkbox"/> Transparent |
| <input checked="" type="checkbox"/> Proportionate | <input checked="" type="checkbox"/> Informed |
| <input checked="" type="checkbox"/> Fair | |

Purpose and activities of the organisation

The Scottish Charity Regulator (OSCR) is a Non-Ministerial Department (NMD) which was established in 2006. We operate independently of Ministerial influence and control, and our eight non-executive Board members, who are accountable to the Scottish Parliament, are responsible for providing strategic direction. We are located in a single office in Dundee, and our Chief Executive who is also Accountable Officer, leads a team of staff who are responsible for managing and undertaking day to day operations.

We strive to provide the highest level of service to all our customers, and to be the best organisation that we can, providing maximum public value. In this way, we help facilitate the delivery of the Scottish Government’s National Outcomes.

We are a publicly funded regulator, to whom annual reporting by all charities operating in Scotland is mandatory. We do not charge for any of our functions; nor for access to, or downloads of, the Scottish Charity [Register](#), which is publicly accessible on our [website](#)

Since our establishment 12 years ago, our business model has evolved, as follows

2006 →→→→→	2014 →→→→→	2018 →→→→→
Prescriptive	Framework based	Variable assurance
Interventionist	Targeted	Risk based approach informed by intelligence
One size fits all	Proportionate	Proactive and preventative
Regulator focussed	Customer focussed	Strong working relationship with customers and stakeholders, including user involvement in service design
Rules based	Increasingly flexible	Transparent processes and decision making

Our [staff structure](#) has similarly evolved to reflect our more risk based and targeted approach to regulation, and increased engagement work with stakeholders. Whilst staff are formally assigned posts within ‘service teams’ we are working to promote a more flexible culture where cross team working and knowledge sharing are the norm, and business resilience maximised. Detailed information about staffing is included in the Remuneration and Staff report section of this document.

The 2017-18 Accounts have been prepared in accordance with a Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000. The Direction is produced as Appendix 1 to these accounts.

This annual report will be laid before the Scottish Parliament and sent to Scottish Ministers for consideration. It will also be published on our [website](#).

Key issues and risks affecting OSCR

We have identified the following broad areas as posing the greatest risks to OSCR in 2018-19 and beyond:

Outdated Legislation

It is almost 17 years since the McFadden Commission proposed establishing a Scottish charity regulator, and more than 12 years since the passage of the Charities and Trustee Investment (Scotland) Act 2005. Since then OSCR has built considerable experience of working with the legislation, and reflected on the extent of our powers.

Despite some amendments and improvements via the Public Service Reform (Scotland) Act 2010 we are aware of a number of areas where the Scottish legislation now lags behind recent improvements made in other parts of the UK, or where loopholes exist, and as a consequence the Scottish public is less well served and protected by charity law.

In consultation with the Scottish Government Charity Law and Volunteering Team - Third Sector unit and their legal advisers, we have prepared an analysis of the most significant measures we would hope to address through legislation, and submitted it to Ministers in early 2018. As things stand, OSCR's powers, particularly in respect of collecting and publishing information about charity trustees, and the grounds for trustee disqualification mean that there is a potential for significant disconnect between expectations about the actions which the public would expect a charity regulator to carry out, and the actions we can legitimately take.

The continued existence of this gap between expectation and capabilities has the potential to undermine public confidence in Scottish charities, and in OSCR's effectiveness as a regulator.

Insufficient Funding

We are funded solely from the Scottish Block, and do not charge for any of the services we provide. Like all public bodies, OSCR has operated on the basis of a single year budget in recent years, with our allocation having remained more or less static in cash terms at £3.0m since 2013-14. The [Budget \(Scotland\) Bill 2018](#) has also confirmed £3.0m funding for OSCR in 2018-19.

We are a relatively small organisation based in a single location, and our greatest area of expenditure is on our staff, all of whom are civil servants on standard terms and conditions. As part of the Scottish Government Main (SGM) bargaining unit, the determination of pay policy is outwith our control, and in light of the lifting of the 1% pay cap in 2018-19, our overall salary bill will increase considerably. Since our budget has remained static, once we have met salary and running costs to which we are contractually bound, the potential to deliver and improve our business within budget will be challenging.

OSCR's funding model does not provide for the holding of contingency funding. Therefore in 2018-19 should unexpected one-off operational costs arise, for example as a result of a demand-led requirement for us to take extensive legal action to protect charitable assets,

whilst we will strive to absorb these from within our allocation, we may be required to request contingency funding from the Scottish Government.

We have made a commitment in our Corporate Strategy to making all our services available online, and to date have successfully developed a web-based annual return form used by 98% of charities; with our online application for charitable status due to become available in summer 2018. Given the funding challenges which the static budget allocation poses, compounded by the annuality of funding, it is unclear how we will be able to meet our commitment to expanding online services without specific project funding being secured. Whilst digitised services would result in corporate efficiencies which would likely impact positively on future resourcing requirements, funding development work from our current allocation is extremely challenging.

For that reason, we will await with interest the outcome of the Charity Commission for England and Wales' consultation on a range of possible stakeholder charging models. Whilst this is not something we have previously been actively considering, it is an option which we must now explore.

Insufficient Staff

Our staff are our primary and most costly resource, and we are committed to their support, development and wellbeing. The current political, economic and technological environment is in a period of turbulence, which we recognise can be unsettling and confusing for individuals. Given the financial pressures which we face corporately, vacancies are remaining unfilled considerably longer than was previously the case, which we recognise has the potential to create delivery pressures at a personal level, in some business areas.

Many of our staff are involved in work related to process streamlining, and identifying ways to generate efficiencies within current operating practices. Others are planning for, managing and testing future delivery and system changes, which we recognise can be both exciting and challenging. We are aware of the need to ensure that staff continue to feel engaged rather than threatened by change processes and activities, and to this end, we will support individuals in whatever ways we can, and monitor staff welfare closely.

In late 2017, Dundee was announced as the location for the headquarters of the new Social Security Agency for Scotland (SSA), and a significant recruitment exercise in respect of Agency staff is currently underway. We have supported our people to develop the skills and knowledge required to perform their roles and to progress their careers, and are aware that some staff may successfully apply for posts at the new SSA. The skills and experience required to carry out many of our functions, takes many months, if not years to build up, so we are aware that there is a risk that unforeseen staff departures could impact on our ability to carry out 'business as usual'.

Going Concern

OSCR has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2018-19 has been confirmed in the 2018 Budget (Scotland) Bill. It is therefore considered appropriate to prepare the accounts on a going concern basis.

Performance Summary and Overview

2017-18 was a busy year at OSCR in terms of fulfilment of our statutory and strategic roles, whilst at the same time consolidating and expanding our online services for charities. The following provides a summary of achievements and matters of note.

- For the third consecutive year, the number of registered charities in Scotland increased, with the total number of charities listed on the OSCR register at the end of March 2018 being 24,382. Applications for status were slightly up on the previous year at 1,184 (1,150 in 2016-17) as were the number of requests for consent to change at 921 (826 in 2016-17). Throughout the year we have found that applications for status are in many cases considerably more complex than was previously the case, which combined with the resourcing challenges faced, meant that the percentage of applications we were able to conclude within our target of 90 days from receipt fell slightly from 81% in 2015-16, to 76% in 2017-18. We hope that the Online Status Application form, which following user testing will go live in early summer, will reduce the application processing time, by ensuring that all documentation required in support of applications is submitted; and creating document handling and storage efficiencies, aimed at enabling staff to concentrate solely on the decision making.
- Since 2016-17, in order to promote greater transparency in respect of activities and financial matters, we have encouraged charities to publish their annual report and accounts on their websites, a link to which can be provided via their Register entry. In addition, for charities with an income of over £25,000 or who operate as Scottish Charitable Incorporated Organisations, if a weblink is not provided we publish a copy of the annual report and accounts received alongside their Register entry. During the year we published 8,840 sets of accounts in this way, and these were viewed on our website 65,102 times. This governance, activity and financial information is clearly of significant interest, and looking ahead our ambition is for full financial information in respect of all Scottish charities to be available via the Register. In order to meet current Data Protection laws, however, when we publish accounts, we are required to remove all personal information relating to charity trustees, which involves incurring a significant amount of staff time per annum, on redaction. Included within the range of recommendations which we have made to Ministers, are legislative changes which would mean that the requirement for redaction was removed, not only generating operational efficiencies, but increasing transparency in respect of those individuals involved in running charities.
- We received 506 concerns about charities from external sources during the year, which was a significant increase from the 349 we received in 2016-17. All concerns were considered in accordance with our [Inquiry Policy](#), and in 174 cases it was considered appropriate for us to act. We introduced Notifiable Events Reporting in April 2016 to enable charities to inform us where serious issues which threaten to have a significant impact of the charity and/or its assets have either occurred or are

occurring. Following on from the wide publicity surrounding safeguarding incidents, the number of Notifiable Events we have been advised about has increased significantly. Whilst this is encouraging in that it demonstrates a transparency and understanding of duties by trustees and provides us with intelligence which informs our risk based approach to regulation, it has also placed a more significant pressure on our resources than we had anticipated, albeit that in the majority of cases the reporting charity had either addressed or was in the process of addressing the issue appropriately. From April 2018 we are including Notifiable Event statistics in the performance information which we collate and report on. On a positive note, the number of concerns about the service we at OSCR provide, reduced considerably from 22 last year to 7 in 2017-18. These complaints were all progressed in accordance with our complaints handling procedure, which has been approved by the Scottish Public Services Ombudsman.

- Scotland's Digital Strategy stresses the importance of security and cyber resilience when developing and delivering digital services, and the WannaCry attack in May 2017 highlighted the operational vulnerabilities and impact of inadequate system security. At the start of the year, we completed our technical migration from an in-house solution with onsite servers, to a cloud based hosted solution for all of our applications. In parallel, we joined the SWAN network. All of these moves have been undertaken to ensure that our services and functions are as robust and secure as they can be, and the comprehensive backup and disaster recovery arrangements which have been developed should ensure that we offer customers an efficient service. An independent cyber resilience pre assessment check was carried out at the end of the year; we aim to secure Cyber Essentials Plus certification by Autumn 2018. In addition, and in support of our engagement role, since November 2017 we have been a member of the Scottish Government's Third Sector Cyber Resilience Steering Group, which is working to provide and direct third sector organisations towards advice and support in respect of digital security.
- The General Data Protection Regulations (GDPR) will apply from 25 May 2018, and whilst many of the GDPR's main concepts and principles are much the same as those in the current Data Protection Act, there are new elements and enhancements required to ensure compliance. OSCR's interests in GDPR are two fold, firstly in terms of our own corporate compliance; and secondly in terms of the provision of guidance to charities. With regard to the former, all staff have received GDPR awareness training, and three members have undertaken practitioner's certificates. A schedule of activities required to facilitate compliance has been developed and is in the process of being actioned prior to 25 May 2018. In addition, OSCR volunteered to participate in a GDPR readiness assessment conducted by the Scottish Government's Internal Audit division in February 2018, the recommendations from which have been incorporated into our activity schedule. With regard to charities, we have been signposting to the Information Commissioner's Office (ICO) guidance, and reminding charities of their responsibilities, through our engagement activities, our newsletter – OSCR Reporter, and our website.

- During 2017-18 our programme of 'Meet the Regulator' events continued throughout Scotland, providing our Board members and our staff with an opportunity to meet stakeholders, including charity trustees and their advisors. A key theme for the events was transparency, and specifically the positive benefits in terms of public trust and confidence which can result when charities effectively share information about their activities, through communications channels such as websites and Trustees' Annual Reports. Leading by example, as well as our website and newsletter (OSCR Reporter), we used Twitter and Facebook to engage with stakeholders. We participated in Trustees Week 2017 which showcases the work that trustees do and highlights opportunities for people from all walks of life to get involved and make a difference; and also in February 2018, participated and presented at The Gathering, the Scottish Council for Voluntary Organisation annual showcase event aimed at third sector networking, learning and discussion.

Financial Review Summary

The Government Financial Reporting Manual, FReM 2017-18, issued by HM Treasury, sets out the format for the preparation of annual accounts. The revenue resource expenditure, or net operating cost for the year ended 31 March 2018 was £2.985m as shown in the Statement of Comprehensive Net Expenditure; compared to a revenue Budget of £3.073m resulting in an underspend of £0.088m for the year.

As stated in the statement of comprehensive net expenditure, the main operating costs were incurred in relation to staff, at £2.148m (£1.985m in 2016-17); with other expenditure at £0.814m (£0.813m in 2016-17) and depreciation and amortisation at £0.023m (£0.067m in 2016-17). There was no capital resource expenditure for the year ended 31 March 2018.

Payment Practice Code

In line with Scottish Government policy, OSCR requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. OSCR aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2017, OSCR paid 98% of its invoices within these terms (96.8% in 2016-17).

In accordance with the Scottish Ministers' guidance, a second target requiring payment to be with suppliers within 10 working days of the receipt of a valid and undisputed invoice also exists. During the year ended 31 March 2018, OSCR paid 91.5% of its invoices within these terms (91.2% in 2016-17).

Performance Analysis

How we measure performance

Our annual [Business Plan](#), provides an overview of the activities which we will carry out to support delivery of our strategic aims. The detailed activities which our staff carry out in any year are listed as milestones in our operational plan, which is the key working document we use to plan activities and resources, and monitor how we are performing.

Each month we collate and publish [management information](#) from across the organisation, mainly in respect of our performance on statutory activities, as well as monthly [expenditure reports](#) which are required under the Public Services Reform (Scotland) Act 2010.

Our [Annual Review](#) document, which is published annually in late summer, gives a retrospective summary of all our activities, together with a financial overview. Our Annual Report and Accounts, once Laid before Parliament is also published on our website; and contains a raft of information in respect of our performance, governance and financial position.

A summary of our performance in relation to several of our key functions during 2017-18, is provided in the following table:

	Function and performance measure	2017-18 outcome
1	Consider and decide outcome of applications for charitable status within 90 days of receipt of application, in 80% of cases.	76% of status applications were concluded within the timescale.
2	Consider and decide on 100% of Consent applications within the statutory deadline.	100% of applications concluded within timescale.
3	Consider and decide on 100% of re-organisation scheme consent applications within the statutory deadline.	99% of applications concluded within timescale.
4	Resolve 75% of concerns about charities within 9 months of receipt of original concern.	76% of concerns received were concluded within the timescale.

As has been outlined, applications for charitable status received in 2017-18 have not only increased in volume, but also in complexity, requiring more staff and applicant dialogue and deliberation than was previously the case. Looking to the future, this situation seems unlikely to alter significantly, and we therefore hope that our online status application form and process review work will generate efficiencies and capacity.

Our approach to regulation continues to be targeted at addressing the primary risks facing charities and the sector, which we have determined as being the protection of charitable assets and beneficiaries; and protecting the integrity of charitable status. Our focussed approach is centred around a [risk framework](#), which we use as a tool to prioritise many aspects of our work.

As a public body, our activities fall under the Freedom of Information (Scotland) Act 2002, and we have a statutory duty to respond to information requests in accordance with legislation. We are also a named organisation under the Public Records (Scotland) Act

2011, and publish and review our records management policy, in accordance with the requirements of the Keeper of the Records of Scotland, annually.

Sustainability Report 2017-18

OSCR is committed to meeting our environmental responsibilities as a public body, and endeavours to contribute to the Scottish Government's outcome to 'value and enjoy our built and natural environment, and protect it and enhance it for future generations.'

The [Climate Change \(Scotland\) Act 2009](#) is the key driver for our improved environmental and sustainability performance, and we are committed to reducing our CO₂ emissions annually. To date we have been successful in achieving fairly significant emission reductions, and looking ahead, the challenge we face is maintaining and improving on historic reductions, particularly since we are a relatively small organisation located on one floor of a shared office. Our environmental objectives for 2017-2020, as outlined in our [Environmental Strategy](#) are to

- Reduce the need for travel, and promote the use of videoconferencing
- Minimise the energy we use and the waste we produce
- Reduce the use of paper, and communicate electronically wherever possible
- Encourage energy efficient behaviour in the workplace and at home, by staff
- Meet our public environmental reporting duties

The Strategy details those actions we intend to take to deliver efficiencies over the three year strategy period. In terms of measuring our performance, we monitor and report emissions to the Scottish Government on an annual basis, via the returns we make via [Keep Scotland Beautiful](#) website, and are a member of the [Sustainable Scotland Network](#). Between 2008-9 and 2016-17, our carbon dioxide equivalent emissions (tCO₂e's) reduced by 31 tonnes, or 39%. We will calculate and report on the 2017-18 emissions levels in November 2018.

We have actively participated in a number of national and international campaigns including EWWR (European Week for Waste Reduction), Climate Week and Earth Hour, and have issued a number of all staff bulletins throughout the year, aimed at encouraging positive sustainable behaviour by staff, both at work and at home.

In addition to the above, OSCR is committed to buying goods, services and works in a sustainable manner, in a way that achieves value for money on a whole life cost basis, and delivers benefits not only for us, but for society, the economy and the environment. We achieve this by ensuring that sustainability is embedded and proportionately applied to our procurement decisions and activities, by following the Scottish Sustainable Procurement [Action Plan](#), and using centrally negotiated contracts and frameworks which have been developed using the Scottish procurement [sustainability test](#). OSCR is already committed to using centrally negotiated frameworks and contracts to maximise efficiencies, so welcomes the additional sustainability benefits which will also be delivered.

Human rights and social responsibility

As a public body, we are aware that we must protect individuals and groups against human rights abuses, in terms of the way we act, and as part of our regulatory role.

OSCR welcomes the work of the Scottish Government and Scottish Human Rights Commission in respect of the drafting of a National Performance Indicator relating to the promotion of human rights. The National Performance Framework was published on 11 June 2018, and we are committed to ensuring that our work contributes to its delivery.

At OSCR, we strive to treat all customers in an inclusive manner, and to ensure that the services which we offer, are accessible to all. We are in the process of finalising our British Sign Language (BSL) plan, which supports the national ambition to make Scotland the best place in the world for BSL users to live, work and visit, and are in the process of finalising the detail of how we can deliver this. In addition, our website is Speak IT plus enabled, and meets W3C and WCAG guidelines for accessibility. Website development and enhancement is an ongoing process, and as part of our commitment to delivering inclusive digital services, we strive to develop and incorporate features which will enable all of our customers to interact with us, however they are able to.

As a regulator, we strive to ensure that the charities we register, and who report to us, are aware of their obligations in respect of the human rights of their beneficiaries. The allegations of sexual misconduct by staff in some international aid charities as reported in the media, has highlighted the important safeguarding duties of charity trustees. In addition to the [safeguarding](#) guidance which we have recently published, through our risk based approach to regulation we will work with charities to promote the leadership and culture required to tackle and eliminate human rights abuse.

David Robb
Chief Executive and Accountable Officer
12 June 2018

Accountability Report

Corporate Governance Report

Directors' Report

The Directors' Report sets out the key aspects of the internal organisational change and development within OSCR over the course of the year to 31 March 2018. The senior officers are:

- David Robb, Chief Executive*
- Laura Anderson, Head of Professional Advice & Intelligence
- Judith Hayhow, Head of Support Services
- Judith Turbyne, Head of Engagement
- Martin Tyson, Head of Casework
- Nicola McBain/Louise Meikleham, Head of Change (Job Share)**

* From December 2016 David Robb was seconded to the Scottish Government's Digital Directorate for four days a week. David returned to OSCR full time in August 2017.

** A part time Head of Change post was created during the period of David Robb's secondment. This post was filled on a Job Share basis until July 2017.

Board members are:

- The Very Reverend Dr Graham Forbes, CBE, Chair
- Professor David Harrison, Deputy Chair (Until February 2018)
- Patricia Armstrong, OBE, Deputy Chair (From March 2018)
- Professor Stuart Cross (Audit Committee Chair from March 2018)
- Dr Sophie Flemig
- Shona Ulrichsen
- Jessica Wade
- Stephanie Fraser (From March 2018)
- Jill Vickerman (From March 2018)

Stephanie Fraser and Jill Vickerman were appointed following a public appointments process which commenced in October 2017. They replace Professor David Harrison, who completed two terms as an OSCR Board member in February 2018; and also the vacancy which resulted from the resignation of Kaliani Lyle in December 2016.

A short biography of each Board Member, together with their Register of Interests can be accessed on our website using the following link <http://www.oscr.org.uk/about/oscr-management/oscr-board>.

The status of and provision of information to employees

OSCR staff are employed by Scottish Ministers rather than the Scottish Government. At a practical level, however, they have the same terms and conditions as staff within the core Scottish Government, and have access to the civil service pension arrangements. OSCR's Human Resources (HR) and payroll functions are carried out by the Scottish Government Human Resource and Finance Divisions on a shared service basis.

OSCR is committed to ensuring that staff understand the objectives and role of the organisation, together with the legislative context within which we operate as a NMD. We also believe that each person who works at OSCR needs to be clear about how their role contributes to the delivery of our corporate vision and objectives. To support this, all staff members are involved in annual business and operational planning, and specifically in the development of business milestones against which our activities are monitored and reported throughout the year.

New staff joining OSCR take part in a comprehensive induction programme designed to provide a broad understanding of corporate activities and interdependencies. 'All Staff' meetings are held every six weeks, and provide an opportunity for the CEO and Senior Management Team to deliver an update on relevant strategic and business matters; prior to a topic based briefing being held in respect of a specific theme or activity. Since late 2015-16, following the conclusion of standard Board business, all staff and members have begun participating in joint 'Strategic Sessions', which usually involve an external speaker providing an update on a relevant topic, followed by a short discussion on its impact to OSCR. This year, the topics for these sessions have included an introduction to and briefing by the Scottish Fundraising Standards Panel, and short update briefings by board members on their 'non OSCR' roles.

As in previous years, OSCR staff took part in the annual UK Civil Service People Survey. This Cabinet Office co-ordinated exercise is designed to provide information about staff engagement levels within the civil service, and the results provide detailed feedback in respect of each organisation, as well as high level comparator data in respect of the other participating organisations. The 2017 [results](#), which were published on our website in November 2017, showed that overall staff engagement levels at OSCR had increased by 5% during the year, with the overall corporate engagement score sitting at 63%. Sectional engagement scores in respect of 'Organisational Objectives and purpose' and 'My Manager' were areas of significant increase, reflecting the targeted improvement work in respect of those areas which was carried out in year.

In accordance with the Regulatory Reform (Scotland) Act, OSCR must have regard to the Scottish Regulators Code of Practice. To facilitate this, staff who are involved with policy

development and review work receive specific training on the Code, to ensure due consideration takes place as part of the development and review processes. Senior Management Team and Board papers make reference to the code, and as part of the review process for strategic working agreements between ourselves and other regulators, increased emphasis is now being placed on promoting effective, secure information sharing, and minimising duplication.

Pensions

OSCR staff members are eligible to be members of the Principal Civil Service Pension Scheme (PCSPS). As at 31 March 2018 all 51 permanent members of staff were PCSPS scheme members (2016-17 51 PCSPS members). In accordance with the Government Financial Reporting Manual (FReM) the PCSPS is accounted for as if it were a defined contribution scheme. Accounting policy note 1.10 (page 42) provides further information and details of the scheme are included in note 6 to the accounts. Details of the pension entitlements of OSCR's senior management team are given in the Remuneration Report.

Disclosure of information to auditors

So far as the Accountable Officer is aware, there is no relevant audit information of which OSCR's auditors are unaware. The Accountable Officer has taken all the steps that he ought to have, to make himself aware of any relevant audit information and to establish that OSCR's auditors are aware of that information.

Personal data security

During 2017-18 there were no known incidents of personal data breaches and no data security issues (nil 2016-17).

Statement of Accountable Officer's responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Office of the Scottish Charity Regulator (OSCR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by the Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of OSCR's state of affairs at the period end and of its operating costs, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, the Accountable Officer is required to:

- Observe the Accounts Direction issued by Scottish Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.

- Prepare the accounts on a going concern basis.

The Scottish Permanent Secretary has appointed the Chief Executive as the Accountable Officer for OSCR.

As Accountable Officer, I am responsible for the regularity and propriety of the public finances for which I am answerable, for keeping proper records and for safeguarding OSCR's assets, as set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

Governance Statement

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of the Scottish Charity Regulator's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Office of the Scottish Charity Regulator (OSCR) is a Non-Ministerial Department which, while part of the Scottish Administration, is not formally part of the Scottish Government. Although our accounts are not consolidated, we liaise with Scottish Government finance colleagues on a monthly basis, providing them with information relating to our expenditure and anticipated outturn; and to inform preparation of the annual Scottish Budget Act. During 2017-18, I held a series of meetings with the Scottish Government Director for Local Government and Communities, who oversees the Local Government and Third Sector Team, which has policy responsibility for the third sector as a whole. Our [Framework Agreement](#) sets out the terms of our agreement with the Scottish Government in relation to the governance, financing and operation of the functions of OSCR.

The purpose of the Governance Statement

The Governance Framework accords with the guidance from the Scottish Government provided in the Scottish Public Finance Manual (SPFM).

The system of internal control we have developed at OSCR is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve corporate policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

At OSCR our internal control system is based on an ongoing process designed to identify and prioritise the risks to the achievement of OSCR's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

OSCR relies upon core Scottish Government Divisions for the provision of certain business critical areas of functionality; in particular aspects of core services relating to transactional finance and human resources. Internal control is addressed by the respective Divisions and I am provided with Annual Certificates of Assurance by the Scottish Government Director of Human Resources and Organisational Development and also the Director of Financial Management.

Our Board

OSCR is headed by a Board consisting of a Chair, a Deputy Chair and up to six other members. In February 2018, Professor David Harrison, having completed two terms of office, stepped down from his role. Stephanie Fraser and Jill Vickerman were appointed to fill the vacancy created by both David's departure, and the resignation in December 2016 of Kaliani Lyle. Stephanie and Jill's appointments were made by Scottish Ministers, and overseen by the Scottish Public Appointments Commissioner.

New Board members received induction training, and each member is subject to an annual appraisal by the Chair. Members participate in training and briefings as required, and in June each year, collectively complete a retrospective self assessment checklist in respect of their collective overall performance in the preceding year.

Membership of the OSCR Board, and their roles during the period of this report are given below:

The Very Reverend Dr Graham Forbes CBE	Chair
Professor David Harrison	Deputy Chair (Until February 2018)
Patricia Armstrong OBE	Member (Deputy Chair from March 2018)
Professor Stuart Cross	Member
Dr Sophie Flemig	Member
Stephanie Fraser	Member (from March 2018)
Jessica Wade	Member
Shona Ulrichsen	Member
Jill Vickerman	Member (from March 2018)

The Board, which is responsible for providing strategic direction, oversight and governance and for monitoring expenditure and operations, met five times throughout 2016-17 to fulfil this role.

Members of the Board also serve on the Audit Committee, which under its terms of reference meets a minimum of three times a year. Membership of the Audit Committee, which held three meetings during 2017-18, is as follows:

Professor David Harrison	Chair (Until February 2018)
Professor Stuart Cross	Member (Chair from March 2018)
Shona Ulrichsen	Member
Jill Vickerman	Member (from March 2018)

Minutes of [Board meetings](#) are published on our website, and throughout 2018-19 our meetings will be open to the public on a trial basis.

Chief Executive

The Chief Executive of OSCR is appointed by the Permanent Secretary as the Accountable Officer of OSCR, and is accountable to the Board for the day-to-day running of the organisation. David Robb was appointed as Chief Executive in October 2011, and is a member of the Senior Civil Service.

Senior Management Team

OSCR has an internal management structure which is headed by the Senior Management Team which is responsible for day-to-day operations.

Senior Management Team	
David Robb	Chief Executive
Laura Anderson	Head of Professional Advice & Intelligence
Judith Hayhow	Head of Support Services
Judith Turbyne	Head of Engagement
Martin Tyson	Head of Casework
Nicola McBain/Louise Meikleham	Head of Change*

* refer to explanatory note on p13

Details of the salaries and pensions entitlements of the Senior Management Team can be found in the Remuneration and Staff Report. As in previous years, no performance pay is currently being awarded in the civil service.

In terms of corporate staffing levels, at the end of 2017-18 the overall permanent staff headcount number was 51 with 11 staff members working on a part time basis, giving an overall WTE of 48.39

The risk and control framework

All bodies to which the Scottish Public Finance Manual (SPFM) is directly applicable must operate a risk management strategy in accordance with key principles specified and these have been adopted by OSCR.

The OSCR Board regularly considers risk in respect of specific issues, as part of its overall deliberations, and risk management is embedded in our operational activities in the following ways:

- Our Senior Management Team review the risk register every 12 weeks, and the Audit Committee also considers the Register at each of its meetings. The Audit Committee reports to the Board on risk, and all Board members collectively undertake a formal review of the register annually. Members receive ad hoc briefings from the CEO and SMT on specific matters which have the potential to create risk as they arise throughout the year, and the report which the CEO and SMT provide for each Board meeting highlight key issues for consideration and noting. OSCR staff consider risk at their regular team meetings, and this information feeds in to both the formal and informal Senior Management Team risk considerations.
- A review of our Corporate Governance arrangements is undertaken annually, to ensure and demonstrate compliance with the Good Governance for Public Services handbook. Following Audit Committee and Board consideration, the 2017 [review](#) was published on our website in January.
- OSCR's Audit Committee considers and evaluates its performance annually using a self assessment checklist. The outcome of this evaluation forms the basis of the formal update which the Audit Committee Chair provides to the Board, annually around June.
- In addition to the annual individual performance reviews which the chair and each member conduct, Board members also complete a retrospective self assessment review which is used to determine whether there are any actions, learning or performance issues which require to be addressed.

In addition to these formal Risk Management practices, we have:

- A mandatory all staff and Board training programme which includes on line courses and evaluation in respect of data handling, awareness and security.
- A Best Value Plan in which considers our performance against the seven Best Value themes recommended in the Audit Scotland Best Value toolkit.
- An IT Code of Conduct which each staff and Board member signs annually, and which sets out our policy in respect of use of technology.
- A service level agreement with the Scottish Government procurement division, under which they provide us with procurement and contract advice, thereby ensuring that any contracts we award are compliant with the requirements of European procurement directives.
- Used Scottish Government funding to carry out a Cyber Essentials pre check, which considered whether corporately we have adequate policies and criteria in place to minimise cyber vulnerability. Following on from this work, which took place in March 2018, we intend to apply for on-site Cyber Essentials Plus certification in 2018-19.

- Joined the Scottish Wide Area Network, or SWAN, a single secure technical network available for the public sector, designed to support data sharing and collaboration amongst members.
- Moved all of the technical infrastructure which supports our operating systems to a cloud based hosted solution. Consequently, we have no servers on site, which has considerably mitigated the risks associated with actual and cyber security and enhanced our back up and recovery arrangements, increasing our overall business resilience.

Review of the effectiveness of the system of internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. My review of the effectiveness of the system is informed by the work of the internal auditors and the OSCR Senior Management Team, who meet informally on a weekly basis, and formally every six weeks. The Senior Management Team have responsibility for the development and maintenance of the internal control framework, and for considering and responding to comments made by the external auditors in their management letter and other reports. The Senior Management Team receive and consider management accounts on a monthly basis, and either meet with, or hold an email exchange with the Head of Support Services in respect of incurred and projected expenditure, approximately every six weeks.

The wider system of internal control is based on ongoing identification of the principal risks in achieving OSCR policies, aims and objectives as outlined in our Corporate and Business Plans. Following identification, the nature and extent of those risks are considered, and a decision taken as to how to manage them effectively, economically and efficiently.

The OSCR Board meets at least every three months, with meetings attended by myself and Senior Management Team members.

The OSCR Audit Committee, which the Head of Support Services and I attend, alongside representatives from both Internal and External Audit, meets at least three times a year. The Audit Committee has responsibility for reviewing OSCR's financial statements prior to publication, and for ensuring that risk is properly identified and mitigated against in the Risk Register. The Audit Committee considers the scope of internal and external audit plans, receives Annual Reports from auditors, and makes recommendations where appropriate.

Internal Audit services are provided by the Scottish Government's Internal Audit Division. Based on the work undertaken during their 2017-18 review, substantial assurance on the adequacy of risk management, control and governance arrangements in place over the systems reviewed, in that period has been awarded.

In addition to the above, I have individual monthly meetings with each of the Heads of Service to discuss operational and performance activities and risk associated with their service area. I also receive end of year Certificates of Assurance from them in respect of their individual service area.

No lapses of data security took place in 2017-18 (Nil 2016-17).

Given all of the above, as Accountable Officer I can confirm that I am fully content with the effectiveness of OSCR's existing arrangements to ensure appropriate standards of corporate governance and effective risk management.

Remuneration and Staff Report

Remuneration Report

This report provides information on the remuneration of OSCR Board members and senior managers. The senior managers are:

- David Robb, Chief Executive
- Laura Anderson, Head of Professional Advice & Intelligence
- Judith Hayhow, Head of Support Services
- Judith Turbyne, Head of Engagement
- Martin Tyson, Head of Casework
- Nicola McBain/Louise Meikleham, Head of Change

This report contains audited information and also information which is not subject to audit.

Remuneration policy

Board members are not employees of OSCR or part of the Civil Service. Board members' remuneration is determined in accordance with the 'Public Sector Pay Policy for Senior Appointments 2016-17'. Further information about the policy may be found at:

<http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay/public-bodies-covered>.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at www.civilservice.gov.uk) and with independent advice from the Senior Salaries Review Body.

Staff employed below senior civil service level are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish Government and, in determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

Service contracts

Board members

Board members are appointed for a period determined by Scottish Ministers, and are eligible to be re-appointed following the end of their first period of Board membership. Either party may terminate early by giving notice. Normally there is no payment available in the event of early termination of the contract. However, where special circumstances exist, Scottish Ministers may decide that compensation for early termination is appropriate and instruct OSCR to make a payment. The amount of the payment would also be decided by Scottish Ministers.

Details of the service contracts for Board members serving during the year are detailed below:

		Current term	Date of initial appointment	Date of termination of appointment
The Very Reverend Dr Graham Forbes CBE	Chair	2 nd	March 2011	February 2019
Professor David Harrison	Deputy Chair (Until March 2018)	2 nd	March 2010	February 2018
Patricia Armstrong OBE	Member (Deputy Chair from March 2018)	2 nd	April 2014	March 2018*
Professor Stuart Cross	Member	2 nd	April 2014	March 2018*
Dr Sophie Flemig	Member	1 st	April 2016	March 2020
Stephanie Fraser	Member	1 st	March 2018	March 2022
Shona Ulrichsen	Member	2 nd	April 2014	March 2018*
Jill Vickerman	Member	1 st	March 2018	March 2022
Jessica Wade	Member	1 st	April 2016	March 2020

* Patricia Armstrong, Professor Stuart Cross and Shona Ulrichsen all commenced second terms of appointment in April 2018.

Employees (including the Senior Management Team)

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

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Audited Information

Board Remuneration

	2017-18 £'000	2016-17 £'000
Graham Forbes (Chair)	10-15	5-10
David Harrison	NIL	NIL
Patricia Armstrong	0-5	0-5
Stuart Cross	0-5	0-5
Sophie Flemig	0-5	0-5
Stephanie Fraser	0-5	N/A
Shona Ulrichsen	0-5	0-5
Jill Vickerman	NIL	N/A
Jessica Wade	0-5	0-5

David Harrison elected not to claim remuneration for his work as an OSCR Board Member, and from April until the end of November 2017, Graham Forbes passed on his remuneration to his employers, St Mary's Cathedral, Edinburgh.

There was no increase in the daily fee rate in 2017-18 in accordance with the UK and Scottish Government policy on pay restraint.

Salary, Benefits in Kind and Pensions

The following table provides remuneration information in respect of each senior officer.

Official	Salary (£'000)		Benefits in Kind (to nearest £'000)		Pension Benefits (£'000)		Total	
	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17
David Robb*	55-60	50-55	Nil	Nil	42	24	95-100	75-80
Laura Anderson	55-60	55-60	Nil	Nil	22	21	75-80	75-80
Judith Hayhow	65-70	65-70	Nil	Nil	11	22	75-80	85-90
Judith Turbyne	55-60	55-60	Nil	Nil	22	21	75-80	75-80
Martin Tyson	65-70	15-20	Nil	Nil	37	44	100-105	60-65
Nicola McBain**	5-10	25-30	Nil	Nil	3	4	10-15	30-35
Louise Meikleham**	10-15	30-35	Nil	Nil	6	6	15-20	35-40

* David Robb was seconded to the Scottish Government Digital Directorate from December 2016 to July 2017. During that time, his salary costs were met by them. His FTE salary banding is 80-85k.

** Nicola McBain and Louise Meikleham undertook the temporary Head of Change role on a Job Share basis, during the period of David Robb's secondment.

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by OSCR and as recorded in these accounts.

Bonus

No bonuses payments were paid in 2017-18 or 2016-17.

Benefits in kind

There were no benefits in kind in 2017-18 or 2016-17.

Highest paid employee

Reporting bodies are required to disclose the relationship between the total remuneration of the highest paid employee in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2017-18	2016-17
Band of highest paid employee	£80-85,000	£75-80,000
Median salary	£31,611	£31,654
Remuneration ratio	2.61	2.45

Pension benefits	Accrued pension at pension age as at 31-3-18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-18	CETV at 31-3-17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive					
David Robb	25-30	0-2.5	537	474	26
	Lump sum	Lump sum			
	75-80	0-2.5			
Senior Management Team					
Laura Anderson	10-15	0-2.5	109	94	7
Judith Hayhow	25-30	0-2.5	438	411	1
	Lump sum	Lump sum			
	60-65	0			

Martin Tyson	25-30	0-2.5	415	368	22
	Lump sum	Lump sum			
	20-25	0-2.5			
Judith Turbyne	5-10	0-2.5	69	52	11
Nicola McBain	5-10	0-2.5	90	86	1
Louise Meikleham	5-10	0-2.5	75	72	2

Accrued Pension

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The table below details pension ages for each of the schemes whilst note 6 to the Accounts provides further detail.

Scheme	Pension age
Classic (including Classic Plus)	60
Premium	60
Nuvos	65
Alpha	Later of 65, or state pension age
Partnership	Benefits must be drawn between 50 and 75

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 buying additional pension benefits at their own cost. CETVs are worked in accordance with The Occupational Pension Scheme (Transfer Values) (Amendment) regulations 2008 and do not take into account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

Staff Report

The Staff Report contains information relating to staff costs and staff numbers.

Staff Costs

The staff costs for the year were as follows:

	Permanently employed staff £'000	Others £'000	2017-18 Total £'000	2016-17 Total £'000
Wages and salaries	1,604		1,604	1,472
Social security costs	164		164	144
Other pension costs	329		329	301
Agency staff costs		51	51	68
Total	2,097	51	2,148	1,985

Average staff numbers over the year by WTE

The average number of whole-time equivalent persons employed during the year was as follows:

	2017-18 WTE	2016-17 WTE
Senior management	5	4.76
Other permanent staff	41.7	39.54
Agency staff	1.69	2.35
Total	48.39	46.65

Breakdown by permanent and other at year end

The table below details breakdown of permanent and non-permanent staff, at 31 March 2018.

	Permanent	Temporary
Senior management	5	0
Employees	46	1
Total	51	1

Breakdown by gender at year end

The table below details the gender breakdown of permanent staff, at 31 March 2018.

	Female	Male
Senior management	3	2
Employees	30	16
Total	33	18

Sickness absence

The total number of days lost and the average number of days lost per full time equivalent (FTE) to sickness absence increased during 2017-18 to 6.4 days, which is the same as was incurred in 2015-16 period. As shown in the table below, whilst days lost to short term sickness reduced, the overall level was impacted by the larger long term absence level. Given the size of our organisation and the relatively small number of staff employed, absence levels can fluctuate significantly on an annual basis.

At 6.4 days average absence per FTE staff member, levels at OSCR – although up on 2016-17 – have once again fallen below the Scottish Government Core average equivalent level of 7.6, which is encouraging.

All staff absences are recorded using the Scottish Government's OneHR system, and absence levels are monitored on a monthly basis within OSCR, and on a quarterly basis on our behalf, by the Scottish Government Human Resource Division. Independent occupational health professionals become involved when absences reach a certain level within a determined timeframe.

	<u>2017-18</u>	<u>2016-17</u>
Days sickness absence		
Short term (under 20 days)	132.1	163.9
Long term (Over 20 days)	173.7	97.1

Total	305.8	261.0
Average per FTE member of staff	6.3	

Policies in relation to disabled persons.

OSCR's equality duties arise from two main sources: The Equality Act 2010 (the 2010 Act), and the Charities and Trustee Investment (Scotland) Act 2005, Section 1 (8) of which requires us to perform our functions in a manner that encourages equal opportunities and in particular the observance of the equal opportunities requirements.

We have published guidance for charities on meeting the requirements of the Equality Act 2010, <http://www.oscr.org.uk/media/1395/2014-12-02-charities-and-the-equality-act-2010.pdf> and in September 2016 updated our corporate Equality Strategy which shows how we will work to ensure that equality continues to be an integral part of our policies and practice <http://www.oscr.org.uk/media/2353/2016-18-equality-strategy.pdf>

Our Board and Senior Management Team are committed to ensuring that OSCR carries out its work in a way that encourages equal opportunities, eliminates unlawful discrimination, and fosters good relations among all people. Equality is an integral part of all our policies and practice, and from a status and compliance perspective, ensuring charity compliance with equality law, and that charity trustees are fulfilling their duties in this regard is a priority for us.

Our staff have a key role to play in ensuring that all our customers are dealt with in a manner consistent with our equality duties; and we have a corporate responsibility to ensure that OSCR services and information is as accessible as possible. Our website meets accessibility standards, is Speak IT Plus enabled, and we are a member of Happy to Translate. We are also in the process of finalising our British Sign Language (BSL) Plan.

As an employer, OSCR adopts the Scottish Government policies on equal opportunities and diversity. All staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. A significant number of our staff are employed on a part time working pattern, and whilst no staff are employed as homeworkers, we support and provide technology to facilitate occasional remote working.

OSCR undertakes to develop all staff and positively values the different perspectives and skills each brings to our work.

Expenditure on consultancy and payroll arrangements

Consultancy expenditure of £9,142 was incurred in 2017-18. The Scottish Government Digital Transformation Service (DTS) carried out analysis and options appraisal work to inform the expansion of our Online services, and the future development of our technical infrastructure.

In 2016-17 £2,898 was spent on external consultancy fees to undertake a digital maturity assessment.

Exit packages

No Board member or senior manager left under voluntary or compulsory exit schemes in 2017-18 (nil in 2016-17).

Parliamentary Accountability Report

Losses and Special Payments

There were no losses and special payments incurred by OSCR in the year to 2017-18 (nil in 2016-17).

Fees and Charges

OSCR do not receive fees or charges income, in the course of work carried out. All income is in the form of funding from the Scottish Government.

Remote contingent liabilities

There were no contingent liabilities at 31 March 2018 which require disclosure under IAS 37 or the Scottish Public Finance Manual (nil in 2016-17).

David Robb
Chief Executive and Accountable Officer
12 June 2018

Independent Auditor's Report

Independent auditor's report to the Office of the Scottish Charity Regulator, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Office of the Scottish Charity Regulator for the year ended 31 March 2018 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, and the Statement of Changes in Taxpayers' Equity, Statement of Operating costs by Departmental strategic Objective and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and

Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Joanne Brown, for and on behalf of Grant Thornton UK LLP

110 Queen Street

Level 8

Glasgow

G1 3BX

Annual Accounts

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Operating costs			
Staff costs	4	2,148	1,985
Other administration costs	7	814	813
Depreciation and amortisation	8,9	23	67
Net operating cost		2,985	2,865

The notes on pages 40 to 51 form part of these accounts

Statement of Financial Position

as at 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Non-current assets:			
Property, plant and equipment	8	15	25
Intangible assets	9	7	24
Total non-current assets		22	49
Current assets:			
Cash and cash equivalents	11	1	1
Other current assets	12	11	40
Total current assets		12	41
Total assets		34	90
Current liabilities:			
Trade and other payables	13	204	175
Total current liabilities		204	175
Non-current assets less net liabilities		(170)	(85)
Non-current liabilities:		0	0
Assets less liabilities		(170)	(85)
Taxpayers' equity:			
General fund		(170)	(85)

David Robb
Chief Executive and Accountable Officer
12 June 2018

The notes on pages 40 to 51 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Cash flows from operating activities			
Net operating cost	SCNE	(2,985)	(2,865)
Adjustments for non cash transactions:			
Depreciation and amortisation	8,9	23	67
Audit fee	7	13	13
Loss on disposal	7	4	0
Movements in working capital:			
Decrease in trade and other receivables	12	29	12
Increase in trade and other payables	13	29	12
Net cash outflow from operating activities		<u>(2,887)</u>	<u>(2,761)</u>
Cash flows from financing activities			
Net funding	3	2,887	2,761
Net increase/(decrease) in cash and cash equivalents			
	11	0	0
Cash and cash equivalents at the beginning of the period	11	1	1
Cash and cash equivalents at the end of the period	11	1	1

The notes on pages 40 to 51 form part of these accounts

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2018

	Note	General Fund £'000
Balance at 31 March 2016		6
Changes in taxpayers' equity for 2016-17		
Non cash charges – auditor's remuneration	7	13
Net operating cost for the year	SCNE	<u>(2,865)</u>
Total recognised income and expenditure for 2016-17		(2,852)
Net funding	3	2,761
Balance at 31 March 2017		(85)
Changes in taxpayers' equity for 2017-18		
Non cash charges – auditor's remuneration	7	13
Net operating cost for the year	SCNE	<u>(2,985)</u>
Total recognised income and expenditure for 2017-18		(2,972)
Net funding	3	2,887
Balance at 31 March 2018		(170)

The notes on pages 40 to 51 form part of these accounts

Statement of Operating Costs by Departmental Strategic Objective
for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Strategic objective			
To develop a flourishing charity sector in Scotland in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role.			
Allocation of resources and assets:			
Net expenditure	SCNE	2,985	2,865
Total assets	SOFP	34	90

The notes on pages 40 to 51 form part of these accounts

Notes to the Accounts

1. Statement of accounting policies

1.1 Basis of Accounting

In accordance with the accounts direction issued by Scottish Ministers (reproduced at Appendix 1), the accounts have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by OSCR are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8 (IAS 8): Accounting Policies, Changes in Accounting Estimates and Errors.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare additional statements and notes. These include the Statement of Operating Cost by Departmental Strategic Objectives and supporting notes to show outturn against budget in terms of the net resource requirement.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets where material at their value to the organisation by reference to their current cost.

1.3 Accounting standards issued but not yet effective

In accordance with IAS 8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application. No significant impact on future periods' financial statements is anticipated. The following standards have been considered:

- IFRS 16 Leases (from January 2019)

1.4 Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. Further explanation of the going concern basis is contained in the Performance Overview.

1.5 Property, office furniture and equipment

OSCR occupies a leasehold building under a 17 year operating lease with five year rent reviews. Leaseholder improvements to the building are capitalised at the cost of construction. Plant and equipment and information technology are capitalised at cost. Generally, leasehold improvements over £10,000 and plant and equipment and information technology over £5,000 are capitalised. Furniture and fittings are not capitalised and the full cost is charged to the operating costs in the year of acquisition.

As required under International Accounting Standard (IAS) 16 all non-current assets are valued at fair value. Depreciated historic cost is used as a proxy for fair value as the assets held under this category have a short life and are low value.

Depreciation is provided on a straight line basis, to write off the cost of the asset over its estimated useful life. The depreciation periods which normally apply to the categories of assets are:

Asset category:	Depreciation period (years)
Leasehold improvements	5 - 12
Plant and machinery	5
Information technology	3 - 5

Assets in the course of construction are not depreciated until the asset is brought into use.

1.6 Intangible assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model. Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. Non income generating assets are carried at depreciated historic cost. These valuations are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity'.

The main category of intangible asset is software and its associated development. These assets have an estimated useful life of three to five years and are amortised over this period.

Intangible assets in the course of construction are not amortised until the asset is brought into use.

1.7 Impairment of tangible and intangible assets

All tangible and intangible non-current assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Whenever there is an indication that an asset may be impaired, any losses/gains arising on the disposal of the asset are posted to the Statement of Comprehensive Net Expenditure.

1.8 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consist of cash at bank.

1.9 Value Added Tax

OSCR is registered for VAT and where applicable will recover VAT on expenditure incurred. Where VAT is not recoverable, expenditure is charged including VAT, to operating costs or included in the cost of property, plant and equipment and intangible assets.

1.10 Pension

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. OSCR recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of defined contribution schemes, OSCR recognises the contributions payable for the year.

1.11 Leasing

Rentals applicable to operating leases are charged to operating costs as they are incurred in accordance with IAS17 - Leases.

1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, OSCR discloses for parliamentary reporting and accountability purposes certain statutory and non statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but have been reported to Parliament in accordance with the requirements of the Scottish Public Finance Manual.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

1.13 Short term employee benefits

OSCR permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances, in accordance with Scottish Government resourcing policies. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used.

1.14 Financial instruments

OSCR does not hold any complex financial instruments. The only financial instruments included in the accounts are financial assets in the form of trade receivables and other current assets and financial liabilities in the form of trade payables and other current liabilities.

1.15 Trade receivables and other current assets

All material amounts due at 31 March 2018 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

1.16 **Other current liabilities**

All material amounts outstanding at 31 March 2018 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

1.17 **Segmental reporting**

Financial reporting to senior decision makers is at an organisation wide level and therefore segmental reporting under IFRS 8 is not required.

1.18 **Changes in Accounting Policy**

There have been no changes in accounting policy during the year.

2. Outturn against budget

	2017-18 Budget £'000	2017-18 Outturn £'000	2016-17 Outturn £'000
Gross budget	3,073	2,985	2,865

3. Reconciliation of net resource outturn to net cash requirement in 2017-18

2016-17 Outturn £'000	Note	2017-18 Budget £'000	2017-18 Outturn £'000	2017-18 Variance £'000
2,865	Resource outturn	3,073	2,985	(88)
<u>2,865</u>	Total resource requirement	<u>3,073</u>	<u>2,985</u>	<u>(88)</u>
	Accruals adjustments:			
(80)	Non cash items		(40)	
(24)	Changes in working capital other than cash		<u>(58)</u>	
2,761	Net cash requirement		2,887	
2,761	Net funding received		2,887	
0	Cash surplus		0	

4. Staff numbers and related costs

An analysis of staff numbers and costs is disclosed in the Staff Report section on page 27 of this report. A summary of cost is provided in the table below.

	2017-18 £'000	2016-17 £'000
Directly employed staff	2,097	1,917
Other staff costs (Agency staff)	51	68
Total	2,148	1,985

5. Reporting of voluntary early severance/voluntary early retirement scheme

Any early retirement and other departure costs would be paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs would be accounted for, in full, in the year of departure. Where OSCR does agree early retirements, the additional costs would be met by OSCR and not by the Civil Service pension scheme. Any ill health retirement costs would be met by the pension scheme.

No staff members retired under voluntary early severance packages or retired on ill-health grounds in 2017-18 or 2016-17.

6. Post Employment Benefits: Pension

International Accounting Standard 19 (IAS 19) 'Employee Benefits' sets out the accounting treatment to be followed when accounting for the costs of providing a pension scheme.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but OSCR is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource account of the [Cabinet Office: Civil Superannuation](#).

The Scottish Government currently has five pension schemes offering employer contributions at one of four rates in the range of 20% to 24.5% of pensionable pay, depending on salary bands. Employee contributions range between 3.0% and 8.05%, depending on the scheme. Civil servants may be in one of the five defined benefit schemes; either a 'final salary' scheme: Classic (including Classic Plus) or Premium; or a 'whole career scheme': Nuvos or Alpha. There is also an annuity scheme (Partnership).

For 2017-18, employers' contributions of £329,163 were payable to the PCSPS (2016-17 £300,809). The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under Classic (including Classic Plus), Premium, Nuvos and Alpha are increased annually in line with Pension Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (Partnership pension account).

From 1 April 2015 a single set of contribution rates was set across Civil Service Pensions, regardless of whether members are in Classic, Classic Plus, Premium, Nuvos or Alpha.

From 1 April 2015 employee contribution rates were set as follows:

	Members who moved into alpha from classic	All other members
Full Time Equivalent Annual Pay Range	Contribution rates from 1 April 2015	Contribution rates from 1 April 2015
Up to £15,000	3.00%	4.60%
£15,001 - £21,000	4.60%	4.60%
£21,001 - £47,000	5.45%	5.45%
£47,001 - £150,000	7.35%	7.35%
£150,001 and above	8.05%	8.05%

Benefits accrue as follows:

Classic:

Benefits accrue at the rate of 1/80th of the final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

Premium:

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. There is no automatic lump sum.

Classic Plus:

Benefits in respect of service before 1 October 2002 are calculated broadly as per Classic and benefits for service from 1 October 2002 are worked out as per Premium.

Nuvos and Alpha:

In both of these schemes a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pension Increase legislation. There is no automatic lump sum.

In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

Partnership:

The partnership pension account is a stakeholder pension arrangement. The employer contribution consists of 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement) plus an age related contribution ranging from 11.5% to 24.5%.

Members of a partnership pension scheme can select their own pension contribution rate. Partnership members do not need to contribute, but if they do so, the employer will match this up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Members of the partnership schemes are contracted in to the state pension scheme – so pay higher National Insurance contributions than members of the four Scottish Government pension schemes.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions.

7. Other administration costs

	2017-18 £'000	2016-17 £'000
Property costs	146	150
Supplies and services	487	483
Staff related costs	40	43
Rentals under operating leases	124	124
<u>Non cash items:</u>		
Auditors' remuneration and expenses	13	13
Loss on disposal	4	0
Total	814	813

- (i) Property costs for 2017-18 comprises: recharges from Service Level Agreement (SLA) with the Care Inspectorate £95.4k; rates £42.5k and property maintenance costs £8.1k.
- (ii) Staff related costs 2017-18 comprises: travel and subsistence £22.5k; training £12.5k and membership fees/subscriptions £5k.

Auditor's remuneration is disclosed as a notional charge and relates to fees notified to OSCR by Grant Thornton UK LLP in respect of the audit work carried out in relation to the year ended 31 March 2018. All audit fees are paid from the Scottish Consolidated Fund.

External audit did not receive fees in relation to non-audit work during the year ended 31 March 2018 (nil in the year to 31 March 2017).

8. Property, office furniture and equipment

	Leasehold improvements	Information technology	Furniture and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
1 April 2017	191	136	55	382
Additions	0	0	0	0
Disposals	0	(71)	0	(71)
31 March 2018	191	65	55	311
Depreciation				
1 April 2017	173	129	55	357
Charged in year	3	3	0	6
Disposals	0	(67)	0	(67)
31 March 2018	176	65	55	296
Net book value at 31 March 2018	15	0	0	15
31 March 2017	18	7	0	25

	Leasehold improvements	Information technology	Furniture and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
1 April 2016	191	144	55	390
Additions	0	0	0	0
Disposals	0	(8)	0	(8)
31 March 2017	191	136	55	382
Depreciation				
1 April 2016	170	126	55	351
Charged in year	3	11	0	14
Disposals	0	(8)	0	(8)
31 March 2017	173	129	55	357
Net book value at 31 March 2017	18	7	0	25
31 March 2016	21	18	0	39

All assets are owned.

9. Intangible assets

	Software £'000
Cost:	
At 1 April 2017	870
Additions	0
Disposals	0
At 31 March 2018	<u>870</u>
Amortisation:	
At 1 April 2017	846
Charged in year	17
Disposals	0
At 31 March 2018	<u>863</u>
Net book value:	
At 31 March 2018	7
At 31 March 2017	24

	Software £'000
Cost:	
At 1 April 2016	877
Additions	0
Disposals	(7)
At 31 March 2017	<u>870</u>
Amortisation:	
At 1 April 2016	800
Charged in year	53
Disposals	(7)
At 31 March 2017	<u>846</u>
Net book value:	
At 31 March 2017	24
At 31 March 2016	77

All assets are owned.

10. Financial instruments

As the cash requirement of the Non-Ministerial Department is met through the spending review process, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with OSCR's expected purchase and usage requirements and therefore OSCR is exposed to little credit, liquidity or market risk.

11. Cash and cash equivalents

	2017-18	2016-17
	£'000	£'000
Balance as at 1 April	1	1
Net change in cash and cash equivalent balances	<u>0</u>	<u>0</u>
Balance as at 31 March	<u>1</u>	<u>1</u>

This balance is held in a commercial bank.

12. Other current assets

	2017-18	2016-17
	£'000	£'000
Prepayments	<u>11</u>	<u>40</u>
	<u>11</u>	<u>40</u>

Analysis of other current assets:

	2017-18	2016-17
	£'000	£'000
Balances with other central Government bodies	0	20
Balances with bodies external to Government	<u>11</u>	<u>20</u>
	<u>11</u>	<u>40</u>

13. Trade payables and other current liabilities

	2017-18 £'000	2016-17 £'000
Trade payables	76	85
Accruals	128	90
	<u>204</u>	<u>175</u>

Analysis of trade payables and other current liabilities:

	2017-18 £'000	2016-17 £'000
Balances with other central Government bodies	42	44
Balances with bodies external to Government	162	131
	<u>204</u>	<u>175</u>

14. Provisions for liabilities and charges

There were no provisions for liabilities and charges in 2017-18 or 2016-17.

15. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2018.

16. Commitments under leases

Total future annual lease payments under operating leases are given in the table below for each of the following periods.

	2017-18 £'000	2016-17 £'000
<u>Land and buildings:</u>		
Not later than one year	124	124
Later than one year and not later than five years	497	497
Later than five years	23	147

17. Related party transactions

OSCR is part of the wider Scottish Administration and it considers that the Scottish Government is a related party within this context. OSCR had significant financial and non-financial transactions with the Scottish Government in the year, through the use of its electronic HR and transactional finance systems.

The Board Members and Senior Management Team have not undertaken any material transactions or had a significant involvement with other related parties in the year except as reported in the remuneration report with the exception of a contribution of £8k made by OSCR to the Association of Chief Officers of Scottish Voluntary Organisations (ACOSVO) for events held during Trustees' week in November 2017. Patricia Armstrong, OSCR Board member is the Chief Executive of ACOSVO.

18. Contingent liabilities

There were no contingent liabilities at 31 March 2018 (nil at 31 March 2017) which require disclosure under IAS 37 or the Scottish Public Finance Manual.

19. Post statement of financial position events

There were no events after the statement of financial position date relating to the 2017-18 financial year.



OFFICE OF THE SCOTTISH CHARITY REGULATOR

**DIRECTION BY THE SCOTTISH MINISTERS
in accordance with section 19(4) of the Public Finance and Accountability
(Scotland) Act 2000**

1. The statement of accounts for the financial year ended 31 March 2016 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated 6 June 2016

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