



# Annual Report and Accounts 2010-11

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# **Annual Report and Accounts 2010-11**

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## Management Commentary

### Organisational Background and Governance Status

The Office of the Scottish Charity Regulator (OSCR) was established as a Non-Ministerial Department (NMD) in April 2006. As an NMD, OSCR is an independent body and part of the Scottish Administration, not the Scottish Government.

The Corporate Body is headed by a Board which is appointed by Scottish Ministers following a public appointments process. The Board is responsible for strategic direction, oversight and governance.

This Annual Report and Accounts gives a brief account of our activities in 2010-11 including general recommendations which have arisen from the exercise of our functions during the year. The report will be sent to Scottish Ministers for consideration, and laid before Parliament. In common with all other materials produced by OSCR, including our Annual Review document which is aimed at a more general readership, this Report and Accounts is also published on our website and is available in a range of formats on request.

The 2010-11 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 an appendix to these accounts.

As a public body, OSCR has a general responsibility to deliver public value and to take account of relevant policy priorities of the Scottish Government, whilst maintaining operational independence. Our work relates to the delivery of the National Performance Framework, and we have a Framework Agreement with the Scottish Government that explains our policy and financial relationship with it. In addition to our accountability to Parliament and our relationship with the Scottish Government, we are responsible for the outcomes and for the processes by which we engage with charities and with the wider public.

### Statement of Activity

OSCR is the independent regulator and registrar of Scottish charities. OSCR regulates over 23,000 Scottish charities including community groups, religious charities, schools, universities, museums, grant-giving charities and major care providers.

OSCR is responsible for:

1. granting charitable status;
2. maintaining a public register of charities;
3. encouraging, facilitating and monitoring compliance by charities with the Charity and Trustee Investment (Scotland) Act 2005 (the 2005 Act);
4. identifying and investigating apparent misconduct in the administration of charities; and
5. providing information or advice, including proposals, to Scottish Ministers on matters relating to OSCR's functions.

### Corporate Objectives and Review of Principal Activities for 2010-11

OSCR's long term vision is for:

'a flourishing charity sector in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role'.

As an effective modern regulator, we aim to contribute to a climate and culture where charities grow, develop and flourish and where regulation is seen as providing positive value. Our Strategic Objectives for 2010-11 were to:

- increase public confidence in charities through effective regulation;
- increase transparency and public accountability of charities;
- increase charity trustees' awareness of and compliance with their statutory responsibilities;
- establish and maintain OSCR as a trusted, effective and innovative regulator;
- minimise the burden of regulation on charities wherever possible, with particular emphasis on reducing multiple reporting; and
- operate effectively and efficiently, demonstrating a commitment to the principles and practice of Best Value.

Our strategic objectives are long term in nature, and whilst we have made significant progress towards the achievement of these – Appendix 2 provides specific details of our performance – much of our outcome reporting is in the form of longitudinal studies which show trends over time. We report on the performance of our day-to-day functions through the publication of selected information on our website on a monthly basis, and this ‘Performance Indicator’ reporting provides information about both our efficiency as a public body and on how charities are responding to a maturing regulatory regime. In accordance with the requirements of the Public Services Reform (Scotland) Act 2010, we also publish information on our website relating to certain expenditure and to the exercise of our functions.

## Activities and Outcomes

In 2010-11 the following activities were of particular note:

### Core activities

- We maintained the Scottish Charity Register which contains contact details and information for around 23,500 Scottish charities. The Register also identifies those charities which have failed to comply with our monitoring regime, within the required deadlines. Such non-compliance can ultimately lead to removal from the Register.
- The total number of new applications for charitable status which we received, at 1,134, was almost identical to those received the previous year. A total of 18 applications were refused, and in another 248 instances the applicant decided to withdraw the application, leaving the total number of charities actually granted status in 2010-11 at 868.
- The number of existing charities who applied to take a certain action such as a change of name, winding up or amalgamation, as required by the 2005 Act, remained in line with 2009-10, with 968 consents and 80 amalgamations being approved. The high volume of this type of application demonstrates that charities understand the legislative requirements and are willing to comply with them.
- All charities listed on the Register were issued with an Annual Return or Monitoring Return Form. In 2010-11 we introduced a number of Fail criteria for Charity Accounts, and in the course of the year 76% of the accounts as originally submitted by charities were considered to meet the required standard. Some 7%

of charities were advised that their accounts were inadequate and were required to resubmit them, and the remaining 17% of charities were issued with a Qualified Pass, which means that there were some deficiencies, but overall the accounts were accepted.

- In 2010-11, as in previous years, we monitored and reported on our performance through publication of monthly statistics on our website. An overall summary is provided at Appendix 2, and demonstrates that we achieved our objectives in the majority of cases. We did not meet our 100% validation target for Annual and Monitoring returns partly as a result of the more robust approach taken to accounts compliance, but we are taking steps to address this in the coming year.
- In accordance with the requirements of the Public Service Reform (Scotland) Act 2010, we now publish information in respect of certain expenditure on our website, on a monthly basis. We also published a statement in respect of the exercise of our functions on our website in June.

### Publications

- Throughout 2010-11 we published and circulated a wide range of guidance and briefings aimed at charities and their professional advisors. Our website is our preferred communications vehicle for new publications, which are automatically highlighted to subscribers to our electronic newsletter, OSCR Reporter. We now have nearly 8,500 subscribers to the e-newsletter.
- Our Inquiry and Intervention Policy was updated in September 2010 with the aim of making the inquiry process more transparent and clarifying expectations in respect of those who make complaints and charities being investigated. Guidance aimed at organisations considering applying for charitable status was also updated, through the relaunched ‘Becoming a Charity in Scotland’ document.
- We recognise that the current economic downturn is impacting on charities, albeit to varying degrees, and our ‘Charities in Financial Difficulties’ publication recognises that charities have different financial challenges and needs at different stages of their development. It outlines the manner in which OSCR can assist individual charities to navigate their way through these difficulties to a managed outcome which is appropriate for the charity and its beneficiaries in the long term.

- When it is unclear who is in charge of a charity, serious governance problems can develop and harm the charity's activities and reputation. In March 2011 we published 'Who's in Charge' Guidance which explains why clarity about who is in charge of a charity is crucial. It also sets out how the duties of charity trustees and the principles of the charity test dictate the way that people in charge of charities must behave. There were just under 4,000 views of this document on its first week on our website, and it has already been drawn upon heavily by senior counsel.
- One of the most significant challenges we faced in 2010-11 was preparing for the introduction of the Scottish Charitable Incorporated Organisation or SCIO. SCIOs are a new legal form, designed exclusively for Scottish charities which allow them to incorporate without having to become companies or Industrial and Provident Societies. Our SCIO Guidance was launched in March 2011, in anticipation of the commencement of the appropriate regulations on 1 April 2011.

### Liaison with Stakeholders

- Our annual Open Meeting was held in Edinburgh in October, with Fergus Ewing, Minister for Community Safety, providing a keynote speech. Our staff have attended and spoken at a wide range of events throughout the year and across the country. In December we announced information about our dedicated Outreach Programme of training aimed specifically at those advising charities on their responsibilities. We identified a need to enhance the information and advice available to charities from intermediaries such as umbrella bodies, local support groups, lawyers and accountants, and will work alongside them through a series of Outreach events, to provide definitive guidance on legal requirements and reporting to the Regulator.

### Our People

- In January 2011 the Very Reverend Dr Graham Forbes CBE, who is Provost of St Mary's Cathedral, Edinburgh, was appointed as our new Chair. Dr Forbes was appointed through a public appointments process and took up post on 1 March 2011, following the retirement of John Naylor OBE.
- In October 2010 our staff took part in the UK Cabinet Office survey on employee engagement, and in January 2011 we published the results in respect of OSCR on our website, [www.oscr.org.uk](http://www.oscr.org.uk). The survey showed high

levels of engagement for staff, with OSCR achieving consistently positive scores, and the results will be used to inform our ongoing programme of staff engagement and development.

### Advising Ministers

- During 2010-11 OSCR was represented on the Scottish Government Working Group tasked with advising Scottish Ministers on how best to implement a regime for Scottish Charitable Incorporated Organisations (SCIOs). We also worked with the Scottish Government Charity Law Team on the development of supporting Regulations in respect of SCIOs.
- We welcome the fact that the Public Services Reform (Scotland) Act 2010 includes provisions in respect of recommendations made to Ministers in previous Annual Reports. Later in this report we have made further formal recommendations which we hope Ministers will consider, including a general review of current charity legislation, possibly in parallel with a review of the 2006 Charities Act in England and Wales.

### Working with Others

- OSCR works closely with a number of other organisations, including other regulators, to develop joint policies and to consider ways of reducing the regulatory burden on charities that operate under more than one regulatory regime. Having previously developed formal agreements with a diverse range of partner organisations – full details of which are available on our website at [www.oscr.org.uk](http://www.oscr.org.uk) – our focus in 2010-11 was ensuring that these agreements were being effectively implemented. Formal reviews in respect of each were conducted throughout the year, including where appropriate, discussion around the likely impact of the introduction of Scottish Charitable Incorporated Organisations.
- As a member of the Charity Regulators Forum, which was established to keep pace with the changing demands of regulating the charity sector in the UK and Ireland, we meet with other UK and Irish regulators on a quarterly basis to discuss key topical issues. A series of one-to-one meetings between our Chair and Chief Executive with their counterparts in other regulatory bodies also take place throughout the year.
- As joint UK SORP (Statement of Recommended Practice) making body with the Charity Commission for England and Wales (CCEW), in 2010-11 we have been heavily

involved in discussions relating to the preparation of the new charities SORP, which will be issued for consultation in 2012. The new SORP is developed within the parameters of the UK accounting framework, which is currently undergoing significant revision in order to converge with International Financial Reporting Standards.

- OSCR has continued to share services with the Scottish Government in respect of Human Resources, financial systems and procurement, and has participated in Scottish Government studies and groups aimed at considering and evaluating the impact of these services. In 2010-11 we worked with the Central Government Centre of Procurement Expertise in respect of a number of the government-wide contracts, of which OSCR is a collaborative member. Use of centrally negotiated contracts has resulted in the achievement of considerable efficiency savings both in terms of time and money throughout the year.

## Recommendations

Section 1(5)(e) of the 2005 Act provides that OSCR has the function of advising Ministers on matters relating to its functions. Section 2 of the 2005 Act further provides that our Annual Report may include any general recommendations which we have arising from the exercise of our functions during this and any previous years.

Since our establishment in 2006 we have made a number of specific recommendations to Ministers and have welcomed Ministers' willingness to engage with us in respect of these recommendations, as demonstrated by their inclusion in the Public Services Reform (Scotland) Act 2010.

In terms of recommendations for 2011 and beyond, our recommendations are as follows:

### 1. Charity registration with OSCR and HMRC

We recommend that Scottish Ministers explore with Ministers in England and Wales and in Northern Ireland a route by which HMRC might formally accept, for the purposes of UK tax relief, all organisations recognised by any UK Charity Regulator.

The rationale for this recommendation is as follows: the Charities and Trustee Investment (Scotland) Act 2005 provides a definition of charity in Scotland which was considered and agreed by the Scottish Parliament. In

our experience as the Regulator this definition remains appropriate and well suited to the Scottish context. Nevertheless, the legal definition of charity in Scotland is subtly different from the legal test of a charity in England and Wales (and Northern Ireland), and it remains the case that HMRC grants tax relief within the UK on the basis of English charitable purposes.

We would warmly welcome confirmation that HMRC should formally recognise, for the purposes of tax relief, all organisations recognised by any UK Charity Regulator as a charity. This would immediately remove much of the potential uncertainty of recognition.

### 2. Small local authority charities

We recommend that consideration be given to removing the requirement for the accounts of charities where the local authority is the sole trustee to be audited. Instead, the accounts of these charities should be subject only to the external scrutiny requirements of the Charities Accounts (Scotland) Regulations 2006 (as amended) and therefore independent examination would be an option for smaller local authority charities.

The rationale for this recommendation is as follows: at present the Local Government (Scotland) Act 1973 requires the accounts of all charities, where the local authority is the charity trustee, to be audited regardless of size. This is in contrast to all other charities where the external scrutiny requirements of the Charities Accounts (Scotland) Regulations 2006 (as amended) permit the option of independent examination where the income of the charity is less than £500,000. More than 95% of the 'local authority' charities are very small and we accept that full audit compliance or alternatively formal reorganisation is disproportionately expensive.

It would therefore ease the regulatory burden on local authority charities, and achieve consistency with the regime for other charities if the provisions of the 1973 Act were amended to align the requirements with those of other charities. We therefore recommend that consideration be given to reviewing the provisions of the Local Government (Scotland) Act 1973, perhaps utilising new provisions of the Public Services (Scotland) Reform Act.

### 3. NHS Endowment Trusts

We recommend that the provisions of the National Health Service (Scotland) Act 1978 are reviewed with a view to ensuring that at least a majority of charity

trustees of the Endowment Funds are independent of the relevant Health Board.

The rationale for this recommendation is as follows: we have identified some governance challenges for NHS Endowment Funds, which are registered charities, where all of those acting as charity trustees of the fund also sit on the relevant Health Board and are appointed *ex officio*, i.e. by virtue of being appointed to the Health Board. We are concerned that this governance structure does not allow the charity trustees to demonstrate their independence of the Health Board and may make it difficult for them to act in the interest of the charity in decisions where the interest to the Health Board is also involved. This is one of the high risk areas identified and explored in the case study in our recent guidance for charity trustees, 'Who's in Charge'.

Constitutional arrangements for all of these Endowment Trusts are set out in the current National Health Service (Scotland) Act 1978 and any change in governance would require an amendment to the legislation. An appropriate change would significantly mitigate the risk we have identified of a systemic conflict of interest for the charity trustees.

#### 4. Earlier recommendations

We very much welcome the fact that some of our previous recommendations have been adopted and we also draw attention to the following previous recommendations which remain outstanding:

- that a provision be added to the Act allowing all uses of the terms 'charity' or 'charitable' in pre-2005 constitutions to be interpreted to include the meaning of these terms in both the 2005 Act as well as tax legislation
- that section 31 should be amended to allow OSCR to make positive directions requiring a charity's trustees to undertake specific actions in respect of the charity to protect charitable assets or address misconduct
- that the charity test be expanded to require an applicant body or charity to have some connection with Scotland
- that section 17 should be extended to require the charity giving notification of a change in principal office or contact to also provide an alternative principal office or address at time of notification
- that organisations engaged in public collections should be required to positively state whether or not they are a charity
- that the Reorganisation Provisions of chapter 5 of the 2005 Act would benefit from a fundamental review and redrafting
- finally, that a wider review of the 2005 Act be included in the Government's timetable.

### Expenditure for the Year

The resource expenditure for the year ended 31 March 2011 was £2.9 million as shown in the Operating Cost Statement. Non-current assets to the value of £0.1 million were acquired during the year, resulting in a total outflow of £3.0 million.

### Looking Forward

**OSCR as a Public Body** – Charities contribute directly as a major economic force to the Scottish economy, and primarily and necessarily have a social purpose. As such they are key to the national strategic objectives of creating a Scotland which is wealthier and fairer, smarter, healthier, safer and stronger, and greener. Against this background OSCR has a significant role to play in creating and ensuring an environment within which charities directly contribute to the economic and social development of Scotland and in which they continue to be supported by the public. Through this role, OSCR contributes to the delivery of the Scottish Government's National Performance Framework, and specifically the National Outcomes relating to strong resilient and supportive communities; the delivery of high quality responsive public services; and the reduction of the local and global environmental impact of consumption and production.

Over the coming years we expect to see further development of requirements for Scottish Public services to incorporate broadly agreed principles with a greater focus on the user, on quality and innovation and on the strengthening of accountability. We are also aware of the continuing requirement to observe and report on Best Value, which involves us maximising the value for money of all our activities, and seeking to continuously improve our performance in every area of our activity.

In response to the constraints on available funding for public services in Scotland, our Outreach Programme will focus on working with umbrella bodies and intermediaries, and we will work with other regulators to find innovative ways of reaching charities and our other stakeholders, thereby contributing to the Scottish Government's wider Third Sector Policy of developing the infrastructure, capacity and capability of the Third Sector.

**Outcome Reporting** – Our Strategic Objectives as detailed in our 2011-14 Corporate Plan are long term in nature, and consequently outcome reporting will tend to be in the form of qualitative and longitudinal studies showing trends which extend over a number of years. Although assessment of impact is long term, we will continue to report on the performance of our day-to-day functions on our website, on a monthly basis. In common with other public bodies, one of the challenges of outcome or performance reporting is that of attribution, particularly where there is extensive collaboration. The Scottish Government is developing a new methodology for the assessment of social economy turnover which draws on the Scottish Charity Register, and we will explore further with them and other regulators how we can best report on the cumulative impact of co-operation. As a member of the Scottish Research Forum we will also contribute to research about the sector, over the coming year.

**The Duty of User Focus** – The Public Service Reform Act 2010 introduced a duty of 'user focus' on public bodies. Under the terms of the legislation, OSCR's 'users' are defined as the beneficiaries of the charities we regulate. In the coming year we will consider how we can properly address this duty given that we have no mandate to regulate the services provided by charities. One of the ways this could be achieved is for OSCR to place greater emphasis on the importance of financial planning and issues of long term sustainability for individual charities, particularly for those with vulnerable beneficiaries, and this is something which we will explore.

**Equality Strategy and Duties** – OSCR has equality duties deriving from the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), and the Equality Act 2010 whose main provisions came into force in October 2010. Accordingly, OSCR needs to deliver its functions in a manner that encourages equal opportunities, aims to eliminate unlawful discrimination and other conduct prohibited by equality legislation, and fosters good relations

between people who share a protected characteristic, and those who do not. We will shortly publish our Interim Equality Strategy 2011-12, and once full guidance and codes of practice for Scottish Public Authorities are published by the Equality and Human Rights Commission, (EHRC), will develop a comprehensive OSCR Equality Strategy for 2012 onwards. As part of our integrated risk based review of charities, including those operating at an international level, we will consider their compliance with Equalities legislation.

**Online Reporting for Charities** – A major project for 2011-12 will be the upgrading of part of our IT system and redesign of our internal procedures so that we can introduce online services for charities. During 2011 we aim to introduce online filing of accounts and a slimmed down Annual Return, making life easier for charities. At the same time, the information about charities which we publish on our Register will alter, with additional financial highlights being provided for the public, along with easier to interpret information relating to each charity's compliance with our monitoring requirements. Work on the technical development will be funded from within our 2011-12 and 2012-13 budget allocations, and once implemented the new system should deliver corporate efficiency savings.

**The Rolling Review** – Reflecting the fact that some of our earlier programmes of work have reached a reasonable stage of maturity, we will be merging the former Rolling Review programme into a more integrated risk framework which will allow us to address not only the areas of the charity test we have already addressed, but other areas of identified risk. We plan to take a more proactive approach to the individual monitoring of charities which present an identified risk, with a focus on governance and will be giving greater consideration to financial risks and long term sustainability, particularly where there are vulnerable beneficiaries or users who might be at risk.

**Ongoing Casework** – We anticipate that casework will continue in the year ahead at no less than 2010-11 levels. The phased introduction of the new legal form, the Scottish Charitable Incorporated Organisation, which OSCR is responsible for administering, will be a significant commitment. In addition, given the current economic challenges being faced we also anticipate that the number of reorganisations schemes put forward by charities may increase. For example, we are aware that many local authorities are either in the process of, or are planning to,

submit proposals to us in respect for the reorganisations of the charitable trusts which they administer, in order to release additional charitable funds and apply these better to charitable purposes.

**Communication** – We will endeavour through our Communications Strategy to raise public awareness of and confidence in the charity sector through promotion of our role as Scottish Charity Regulator. We will also encourage charities to be more transparent about how they operate, and in terms of the information which they make available to the public in respect about how they operate. Our website will continue to be our main communications vehicle, and as has been outlined, the site will undergo significant re-design work in the second half of 2011, in conjunction with the online filing and Register enhancements. In the meantime, guidance, news items, performance information and the Scottish Charity Register will continue to be accessible through the site – [www.oscr.org.uk](http://www.oscr.org.uk).

## Governance

### Board Members

The Board consists of a Chair, a Deputy Chair and six Board Members. The appointments are made by Scottish Ministers and overseen by the Scottish Public Appointments Commissioner. Each Board Member is subject to an annual appraisal by the Chair, and Board Members participate in regular training and briefings. The Chair also meets with the Scottish Government's Director General for Learning and Justice to review the Board and Chair's performance.

Membership of the Board and their roles during the period to the date of this report are given below:

John Naylor OBE (to 28 February 2011)	<b>Chair</b>
The Very Reverend Dr Graham Forbes CBE (from 1 March 2011)	<b>Chair</b>
Lindsay Montgomery CBE	<b>Deputy Chair</b>
Annie Gunner Logan	<b>Member</b>
Fiona Ballantyne	<b>Member</b>
David Hughes Hallett	<b>Member</b>
Oscar Mendoza	<b>Member</b>
Professor David Harrison	<b>Member</b>
Kaliani Lyle	<b>Member</b>

The Board is responsible for providing strategic direction, oversight and governance and for monitoring expenditure and operations. The Board met regularly throughout the period 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 is given below:

Lindsay Montgomery CBE	<b>Chair</b>
Oscar Mendoza	<b>Member</b>
David Hughes Hallett	<b>Member</b>

Minutes of the meetings, brief biographies and the register of interest of Board Members are available at [www.oscr.org.uk](http://www.oscr.org.uk).

### Chief Executive

The Chief Executive of OSCR is, subject to Board Approval, appointed by the Permanent Secretary (as Accountable Officer for the Scottish Government) as the Accountable Officer of OSCR. The Chief Executive is accountable to the Board for the day-to-day running of the organisation. Jane Ryder has been in post as Chief Executive since 1 February 2007, and is subject to an annual performance review by the Chair and the Scottish Government Director General Learning and Justice. In accordance with the Senior Civil Service conditions, this appraisal impacts on the Chief Executive's pay and bonus award.

### Senior Management Team

OSCR has an internal management structure which is headed by the Senior Management Team who are responsible for day-to-day operations. Senior Management Team members have monthly meetings with the Chief Executive and are subject to an annual performance review which impacts on their pay award.

### Senior Management Team

Jane Ryder	<b>Chief Executive</b>
Judith Hayhow	<b>Head of Corporate Services</b>
Martin Tyson	<b>Head of Charity Services</b>
Laura Anderson	<b>Head of Enquiry and Investigations</b>
Quentin Fisher <sup>1</sup>	<b>Head of Policy and Development</b>

Details of the salaries and pension entitlements of the Senior Management Team can be found in the remuneration report.

<sup>1</sup> Quentin Fisher was appointed on 26 July 2010 following a recruitment campaign. He was Acting Head of Policy and Development from 2 February 2010.

## The Status of, and Provision of, Information to Employees

OSCR staff are employed by Scottish Ministers as Home Civil Servants. At a practical level, this means that OSCR staff are employed with the same terms and conditions as staff within the Scottish Government, and have access to the civil service pension arrangements. Staff are able to take advantage of career opportunities across the Scottish Government, its agencies and directorates, and our HR and payroll functions are carried out for us by the Scottish Government Human Resource Division on a shared service basis.

OSCR is committed to ensuring that all staff have a full understanding of the objectives and role of the organisation, together with the legislative context within which we operate as an NMD.

We have a comprehensive staff induction programme for all new staff which contains key written information on OSCR as well as copies of corporate publications and policies. The induction material is complemented by a series of one-to-one induction sessions between the new employee, representatives from each of the OSCR Teams, members of the Senior Management Team and the Chief Executive.

We consider it critical that staff employed within OSCR are familiar with, and provided with, an opportunity to contribute to the formulation and dissemination of corporate policy. To this end, all-staff briefings and discussion sessions are regularly held, supplemented by specific topic-based workshop sessions where necessary.

As has been outlined, in October 2010 OSCR was one of 96 organisations which took part in the UK Civil Service People's Survey. The results from this Cabinet Office co-ordinated survey provided information about OSCR staff engagement as well as high level comparator data for the other participating organisations. From our perspective the outcomes, which were published on our website [www.oscr.org.uk](http://www.oscr.org.uk), were very positive and will inform staff engagement in 2011-12.

As a Bronze Standard Investors in People accredited organisation, learning and development are an integral part of what we do, and each year we produce a holistic Corporate Learning Plan which identifies, at a practical level, how we will ensure that our staff have the appropriate skills and knowledge to undertake their roles effectively. Our Corporate Learning Policy and Strategy is reviewed by our SMT annually.

## Equal Opportunities and Diversity Policies

OSCR adopts the Scottish Government policies on equal opportunities and diversity. The policy on equal opportunity states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity (transgender), caring responsibility or trade union membership. In line with Scottish Government policy, OSCR is specifically required to increase the diversity of staff within the organisation. OSCR undertakes to develop all staff and positively values the different perspectives and skills each brings to our work.

As has been outlined in the Equality Strategy and Duty section of page 7 of this report, OSCR has recently developed an interim Equality Strategy for 2011-12 and will develop a comprehensive policy for 2012 onwards during the course of the year.

## Sickness Absence

Information is provided for the year ended 31 December 2010.

Days sickness absence*	2010	2009
Short term	172	190
Long term	71	122
Total	243	312
Average per member of staff	5.1	6.3

\*excludes sickness days incurred while on part-time working on medical grounds

## Environmental Matters

OSCR remains committed to the Scottish Government's policy on sustainable development.

We identify 'reduced local and global environmental impact of our consumption and production' in our Corporate Plan 2011-14 as one of the three National Outcomes in the National Performance Framework supported by our work.

In support of the delivery of this policy, we have implemented our first Carbon Management Plan (CMP), in partnership with the Carbon Trust. The CMP covered the period 2010-11 and established our baseline carbon emissions as well as identifying environmental projects aimed at reducing them. These included:

- The removal of bottled water stations and the installation of a chilled mains water system
- The application of heat reflective and heat retentive film to office windows
- Specification of only Band A or Band B hire cars where business travel by car is necessary
- Voltage optimisation of the energy supply.

Voltage optimisation was implemented in the latter part of 2010-11 and its impact will be seen in the coming year. The remaining projects achieved an overall reduction in our carbon emissions of 1,012 kg of CO<sub>2</sub> during 2010-11, despite the severe winter weather and consequent increase in electricity and gas consumption.

Moving forward, we have produced a second Carbon Management Plan for the period 2011-14 which will implement projects on a joint basis with the Riverside Environmental Group, which meets regularly through the year and includes representatives from OSCR, the Scottish Social Services Council and Social Care and Social Work Improvement Scotland, who also occupy Quadrant and Compass House. These projects include:

- Fine tuning of the Buildings Environmental Management System
- Optimisation of heating controls
- The introduction of centralised recycling stations for paper, aluminium and plastic, to supplement existing arrangements in respect of waste paper and cardboard.

Our target is to reduce our carbon emissions by 10% overall by April 2014. This realistic goal reflects our relatively small

size, the fact that we occupy an already energy efficient building, and that we operate on the basis of a shared services agreement.

We use Scottish Government collaborative contracts for IT, paper and electrical purchases, and these include good practice for sustainability, energy use and packaging. We also recycle all failed and obsolete electrical equipment through approved contractors, reducing landfill. Office PCs are automatically switched off after office hours and we have increased the air conditioning temperature in our IT communications room by 2°C to reduce power consumption, with no impact on equipment performance.

We actively promote electronic communication, and our guidance material and publications are produced in pdf and Word format on our website, with only limited stocks of hard copy material produced.

We actively encourage staff to use sustainable transport methods and promote the use of public transport for those attending events which we have organised, such as the Annual Open Meeting. Our staff use video conferencing facilities where possible.

## Pensions

OSCR staff members are eligible to be members of the Principal Civil Service Pension Scheme. During the year to 31 March 2011, three new staff joined and three left the scheme as OSCR members, leaving an OSCR membership at 31 March 2011 of 49 (49 as at 31 March 2010). Details of the scheme are included in note 5 to these accounts. Details of the pension entitlements of OSCR's senior management team are given in the Remuneration Report.

## 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 2011, OSCR paid 99.4% of its invoices within these terms (2009-10 99.8%).

Following the Scottish Ministers' announcement to reduce the time taken to make payments to suppliers in October 2008, OSCR has set a second target requiring payment to be with suppliers within 10 working days of the receipt of a

valid and undisputed invoice. During the year ended 31 March 2011, OSCR paid 98.8% of its invoices within these terms (2009-10 98.2%).

### Provision of Relevant Information

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

### Auditor

The Auditor General for Scotland has appointed Grant Thornton UK LLP as auditor. Details of the audit fee for the year to 31 March 2011 are disclosed in note 6 to the accounts.



GRAHAM FORBES CBE  
Chair  
30 June 2011



JANE RYDER  
Chief Executive and  
Accountable Officer  
30 June 2011

## Remuneration Report

### Remuneration Policy

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://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.

Board Members are not employees of OSCR or part of the Civil Service, and until 31 March 2008 were not remunerated. From 1 April 2008 Scottish Ministers approved remuneration for Board Members. Remuneration is determined in accordance with the 'Public Sector Pay Policy for Senior Appointment: Chief Executive, Chairs and Members'. Further information about the policy may be found at [www.scotland.gov.uk/Publications](http://www.scotland.gov.uk/Publications).

### Service Contracts

The Constitutional Reform and Governance Act 2010 require 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 the Civil Service Compensation Scheme.

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

### Board Remuneration

Board Members were due remuneration in the following bands:

	2010-11 £'000	2009-10 £'000
John Naylor OBE (Chair, until 28 February 2011)	10-15	15-20
Graham Forbes CBE (Chair, from 1 March 2011)	0-5	n/a
Lindsay Montgomery CBE (Deputy Chair)	Nil	Nil
Martin Crewe (until 28 February 2010)	n/a	0-5
Annie Gunner Logan	0-5	0-5
Iris McMillan (until 28 February 2010)	n/a	0-5
Fiona Ballantyne	0-5	0-5
David Hughes Hallett	0-5	0-5
Oscar Mendoza	0-5	0-5
David Harrison (from 1 March 2010)	0-5	0-5
Kaliani Lyle (from 1 March 2010)	0-5	0-5

Lindsay Montgomery CBE has elected not to claim remuneration for his work as an OSCR Board Member in 2010-11 and 2009-10. Martin Crewe, Annie Gunner Logan and David Harrison have passed on their remuneration to their employers (Barnardo's Scotland, Community Care Providers Scotland and the College of Medicine at the University of Edinburgh respectively). Graham Forbes has indicated that he will pass on his remuneration to St Mary's Cathedral, Edinburgh. All members are eligible to claim out of pocket expenses relating to their work as OSCR Board Members.

There was no increase in the daily rate in 2010-11 and Board Members declined to take an increase in 2009-10.

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the department during their period in office.

	2010-11			2009-10		
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)
<b>Chief Executive</b>						
Jane Ryder	70-75	0-5	0	70-75	5-10	0
<b>Senior Management Team</b>						
Marieke Dwarshuis (to 1 February 2010)	n/a	n/a	0	40-45	0	0
Kirsty Gray (to 28 August 2009)	n/a	n/a	0	20-25	0	0
Judith Hayhow	55-60	0	0	50-55	0	0
Martin Tyson (from 1 September 2009)	40-45	0	0	20-25 (fye* 40-45)	0	0
Laura Anderson (from 1 September 2009)	40-45	0	0	20-25 (fye* 40-45)	0	0
Quentin Fisher (from 2 February 2010)	50-55	0	0	5-10 (fye* 45-50)	0	0

\*fye is full year equivalent

### Salary

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

### Bonus

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses are recorded according to the year in which they are paid.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by OSCR and treated by HM Revenue and Customs as a taxable emolument.

## Pension Benefits

	Accrued pension at pension age as at 31-3-11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-11 <sup>2</sup>	CETV at 31-3-10	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>					
Jane Ryder	5-10	0-2.5	100	73	19
<b>Senior Management Team</b>					
Judith Hayhow	15-20 Lump sum 45-50	0-2.5 Lump sum 2.5-5	198	167	16
Martin Tyson (from 1-9-09)	10-15 Lump sum 15-20	0-2.5 Lump sum 0-2.5	128	106	12
Laura Anderson (from 1-9-09)	0-5	0-2.5	15	9	4
Quentin Fisher (from 2-2-10)	5-10 Lump sum 20-25	0-2.5 Lump sum 2.5-5	85	64	14

### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (classic, premium, or classic plus); or a 'whole career scheme' (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under classic, premium, classic plus and nuvos 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).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years'

pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pension Increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's

<sup>2</sup> The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31-3-10 and 31-3-11 have both been calculated using the new factors for consistency.

basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

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

#### 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 a pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

#### Real increase in CETV

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

#### Compensation for loss of office

No members of the senior management team left under voluntary or compulsory exit schemes in 2010-11 (nil 2009-10).



JANE RYDER  
Chief Executive and Accountable Officer  
30 June 2011

## Statement of Accountable Officer's Responsibilities

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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; and
- prepare the accounts on a going concern basis.

The Permanent Secretary of the Scottish Administration 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.



JANE RYDER  
Chief Executive and Accountable Officer



## Statement on Internal Control

### 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. OSCR has in place a Framework Agreement with the Scottish Government that explains the policy and financial relationship with Scottish Government. We also liaise with the Charity Law Team, responsible for implementing the Charity and Trustee Investment (Scotland) Act 2005, and the Third Sector Team which has policy responsibility for the third sector as a whole.

OSCR is headed by a Board whose Members are appointed by Scottish Ministers, and who are responsible for providing strategic direction, oversight and governance. The Board is also involved in monitoring expenditure and performance.

### The Purpose of the Statement of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 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 Corporate Services and also the Director of Finance.

### The Risk and Control Framework

The OSCR Board regularly considers risk in respect of specific issues, and in 2010-11 also considered matters relating to the undertaking of core functions within the current economic climate, while our Audit Committee considered all of the risks associated with our activities, through discussion around the Risk Register at each of its meetings.

At OSCR, risk management is embedded in our operational activities in the following ways:

- Our Corporate Risk Register is comprehensive, and ownership of specific risks is allocated to members of the Senior Management Team. The register is reviewed by them on a quarterly basis.
- The Audit Committee considers and reviews the risk register at every one of its meetings, and reports on this exercise to the Board, who also undertake one annual formal review of the register. All OSCR staff have access to the risk register and are invited to comment on it on an ongoing basis.
- In accordance with Scottish Government Guidance to Audit Committees, OSCR's Audit Committee uses the self assessment checklist to consider and evaluate its performance, annually. The Audit Committee Chair also undertakes a performance review, and provides a formal annual update to the Board around June each year.
- Quality Assurance is embedded into our core business and processes, and is an integral part of what we do. Each year we revise and update our Quality Assurance Framework, which is considered by the Audit Committee, and on a six-monthly basis we assess our performance against the Framework, through formal quality assurance reviews. As a result, risk in relation to operational business areas is minimised.

In addition there is:

- A comprehensive induction programme for all staff and Board Members which covers governance and accountability; risk management; and details of staff roles and responsibilities.
- A number of all-staff meetings at which topical policy and procedural matters are presented to, and discussed with, staff.
- Annual surveys of the public, the charity sector and OSCR staff which seek comments on our performance, our values and our corporate objectives.

## Review of the Effectiveness of the System of Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of 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 on a monthly basis and 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. In addition, I commission an annual independent audit of our ICT installations and processes, including security, and implement recommendations stemming from this report where appropriate. We have a Business Continuity Plan which is subject to annual review, and during 2010-11 its effectiveness was tested.

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 Plan; evaluating the nature and extent of those risks; and deciding how to manage them effectively, economically and efficiently. Internal control includes a formal quality assurance framework and individual quality assurance processes for service areas.

The OSCR Board meets at least every two months, with meetings attended by myself and Senior Management Team members. At its meetings, members consider corporate strategic functions and direction; make policy decisions and

consider the potential risks associated with those decisions; and on a regular basis consider minutes and reports in respect of and prepared by the Audit Committee. The Board also receives regular financial updates in respect of corporate financial activity.

The OSCR Audit Committee, which the Head of Corporate 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 audit reports and makes recommendations where appropriate. The Board then reviews risk overall on an annual basis.

In addition to the above, I meet monthly 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.



JANE RYDER  
Chief Executive and Accountable Officer  
30 June 2011

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

We have audited the financial statements of the Office of the Scottish Charity Regulator for the year ended 31 March 2011 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity, the Statement of Operating Costs by Departmental Strategic Objective and the related notes. 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 2010-11 Government Financial Reporting Manual (the 2010-11 FReM).

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 123 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.

## Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities set out on page 16, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and receipts.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the 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 2011 and of its net operating cost 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 2010-11 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.

### Opinion on regularity

In our opinion in all material respects:

- the expenditure and receipts 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.

### Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly 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 Management Commentary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on Internal Control does not comply with Scottish Government guidance.

We have nothing to report in respect of these matters.



**Grant Thornton UK LLP**  
Chartered Accountants  
Edinburgh  
Scotland

4 July 2011

## Operating Cost Statement

### for the year ended 31 March 2011

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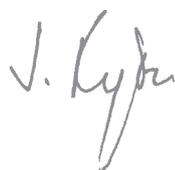
	Note	2010-11 £'000	2009-10 £'000
<b>Operating costs</b>			
Staff costs	5	1,952	1,827
Other administration costs	6	792	872
Depreciation	7,8	169	165
<b>Net operating cost</b>		<b>2,913</b>	<b>2,864</b>

The notes on pages 27 to 34 form part of these accounts.

## Statement of Financial Position

as at 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	7	86	107
Intangible assets	8	55	152
<b>Total non-current assets</b>		<b>141</b>	<b>259</b>
<b>Current assets:</b>			
Trade and other receivables	10	0	0
Other current assets	10	10	8
<b>Total current assets</b>		<b>10</b>	<b>8</b>
<b>Total assets</b>		<b>151</b>	<b>267</b>
<b>Current liabilities:</b>			
Trade and other payables	11	205	190
<b>Total current liabilities</b>		<b>205</b>	<b>190</b>
<b>Non-current assets less net liabilities</b>		<b>(54)</b>	<b>77</b>
<b>Non-current liabilities:</b>			
Provisions	12	7	0
<b>Total non-current liabilities</b>		<b>7</b>	<b>0</b>
<b>Assets less liabilities</b>		<b>(61)</b>	<b>77</b>
<b>Taxpayers' equity:</b>			
General fund		(61)	77



JANE RYDER  
Chief Executive and Accountable Officer  
30 June 2011

The notes on pages 27 to 34 form part of these accounts.

## Statement of Cash Flows

### for the year ended 31 March 2011

	Note	2010-11 £'000	2009-10 £'000
<b>Cash flows from operating activities</b>			
Net operating cost		(2,913)	(2,864)
Adjustments for non-cash transactions:			
Depreciation	7,8	169	165
Audit fee	6	14	14
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(2)	0
Increase/(decrease) in trade and other payables		24	(37)
Use of provisions		7	0
<b>Net cash outflow from operating activities</b>		<b>(2,701)</b>	<b>(2,722)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(41)	(46)
Purchase of intangible assets		(19)	(72)
<b>Net cash flow from investing activities</b>		<b>(60)</b>	<b>(118)</b>
<b>Cash flows from financing activities</b>			
Net funding		2,761	2,840
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the period		0	0
Cash and cash equivalents at the end of the period		0	0

The notes on pages 27 to 34 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### for the year ended 31 March 2011

	Note	General Fund £'000
<b>Balance at 1 April 2009</b>		<b>87</b>
<b>Changes in taxpayers' equity for 2009-10</b>		
Non-cash charges – auditor's remuneration	6	14
Net operating cost for the year		(2,864)
<b>Total recognised income and expenditure for 2009-10</b>		<b>2,850</b>
Net funding		2,840
<b>Balance at 31 March 2010</b>		<b>77</b>
<b>Changes in taxpayers' equity for 2010-11</b>		
Non-cash charges – auditor's remuneration	6	14
Net operating cost for the year		(2,913)
<b>Total recognised income and expenditure for 2010-11</b>		<b>(2,899)</b>
Net funding		2,761
<b>Balance at 31 March 2011</b>		<b>(61)</b>

The notes on pages 27 to 34 form part of these accounts.

## Statement of Operating Costs by Departmental Strategic Objective

for the year ended 31 March 2011

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	2010-11 £'000	2009-10 £'000
<b>Strategic objective</b>		
To develop a flourishing charity sector in Scotland in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role.		
<b>Allocation of resources and assets:</b>		
Net expenditure	2,913	2,864
Total assets	151	267

The notes on pages 27 to 34 form part of these accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of OSCR for the purposes of giving a true and fair view has been selected. The particular policies adopted by OSCR are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the 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.

#### 1.1 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.

#### 1.2 Property, plant 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 £1,000 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 apply to the categories of assets are:

Leasehold improvements	5 years
Plant and machinery	5 years
Information technology	3-5 years

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

#### 1.3 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 IAS38 where assets do not generate income. IAS38 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.

#### 1.4 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.

#### 1.5 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.

#### 1.6 Leasing

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

#### 1.7 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.

#### 1.8 Capital charge

A charge reflecting the cost of capital utilised by OSCR was included in operating until 31 March 2010. The charge was calculated at 3.5% per annum, on the average estimated carrying value of all assets less liabilities.

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1 April 2010. The cost of capital charge is therefore no longer applicable. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1 and, noting that the removal of the cost of capital charge has no effect on the balance sheets, a specific disclosure is not required. Details of the impact on the prior year operating cost statement is given in note 2 to the accounts.

## 2. Change of accounting policy

The impact on the prior-year operating cost statement of the removal of the requirement to include cost of capital is £3,000.

### 3. Outturn against budget

	Budget £'000	2010-11 Outturn £'000	2009-10 Outturn £'000 As restated
Gross budget	3,150	2,965	2,998

### 4. Reconciliation of net resource outturn to net cash requirement in 2010-11

	Note	Budget £'000	Outturn £'000	Variance £'000
Resource outturn		3,060	2,913	147
Capital				
Acquisition of property, plant and equipment	7	60	44	16
Acquisition of intangible assets	8	30	8	22
		<u>3,150</u>	<u>2,965</u>	<u>185</u>
Accruals adjustments				
Non cash items			(183)	
Changes in working capital other than cash			(21)	
<b>Net cash requirement</b>			<u>2,761</u>	

### 5. Staff numbers and related costs

Staff costs comprise

	£'000 Permanently employed staff	£'000 Others	2010-11 £'000 Total	2009-10 £'000 Total
Wages and salaries	1,368	23	1,391	1,375
Social security costs	102	1	103	101
Other pension costs	257	0	257	250
Inward secondments	0	18	18	23
Agency staff costs	0	81	81	78
Exit packages	102	0	102	0
<b>Total</b>	<u>1,829</u>	<u>123</u>	<u>1,952</u>	<u>1,827</u>

The PCSPS is an unfunded multi-employer defined benefit scheme but OSCR is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource account of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk/my-civil-service/pensions](http://www.civilservice-pensions.gov.uk/my-civil-service/pensions)).

For 2010-11, employers' contributions of £256,580 were payable to the PCSPS (2009-10 £249,598) at one of four rates in the range 16.7 to 24.3% of pensionable pay, based on salary bands. 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 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

Early retirement and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where OSCR has agreed early retirements, the additional costs are met by OSCR and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme.

Two persons retired under voluntary early severance packages in 2010-11 (1 <£10,000 and 1 £50-100,000) (nil 2009-10). No persons retired on ill-health grounds.

Average number of persons employed was 49.

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

	<b>2010-11</b>	<b>2009-10</b>
	<b>No.</b>	<b>No.</b>
Senior management	5	5
Other permanent staff	44	46
Inward secondments	1	1
Agency staff	3	3
<b>Total</b>	<b>53</b>	<b>55</b>

## 6. Other administration costs

	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
Property costs	138	127
Supplies and services	482	568
Staff-related costs	36	44
Rentals under operating leases	122	119
Non-cash items		
Auditors' remuneration and expenses	14	14
<b>Total</b>	<b>792</b>	<b>872</b>

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 2011. The fees include the Audit Scotland fixed charge £900 in 2010-11 (£1,400 2009-10). All audit fees are paid from the Scottish Consolidated Fund.

No other work was carried out by Grant Thornton UK LLP during the year ended 31 March 2011 (£nil in the year to 31 March 2010).

## 7. Property, plant and equipment

	Leasehold improvements £'000	Information technology <sup>3</sup> £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
1 April 2010	144	189	57	390
Additions	15	28	1	44
Disposals	0	(16)	(2)	(18)
<b>31 March 2011</b>	<b>159</b>	<b>201</b>	<b>56</b>	<b>416</b>
<b>Depreciation</b>				
1 April 2010	115	122	44	281
Charged in year	29	26	11	66
Disposals	0	(15)	(2)	(17)
<b>31 March 2011</b>	<b>144</b>	<b>133</b>	<b>53</b>	<b>330</b>
<b>Net book value at 31 March 2011</b>	<b>15</b>	<b>68</b>	<b>3</b>	<b>86</b>

All assets were owned at 31 March 2011

	Leasehold improvements £'000	Information technology £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
1 April 2009	143	171	66	380
Additions	1	48	3	52
Disposals	0	(32)	(12)	(44)
<b>31 March 2010</b>	<b>144</b>	<b>187</b>	<b>57</b>	<b>388</b>
<b>Depreciation</b>				
1 April 2009	86	126	43	255
Charged in year	29	28	12	69
Disposals	0	(32)	(11)	(43)
<b>31 March 2010</b>	<b>115</b>	<b>122</b>	<b>44</b>	<b>281</b>
<b>Net book value at</b>				
<b>31 March 2010</b>	<b>29</b>	<b>65</b>	<b>13</b>	<b>107</b>
<b>31 March 2009</b>	<b>57</b>	<b>45</b>	<b>23</b>	<b>125</b>

All assets were owned at 31 March 2010 and 31 March 2009

<sup>3</sup> At 1 April 2010 IT server software to the value of £2,632 was transferred from intangible to tangible assets in accordance with International Accounting Standards.

## 8. Intangible assets

	Software <sup>4</sup> £'000	Assets under construction £'000	Total £'000
<b>Cost</b>			
1 April 2010	960	0	960
Additions	8	0	8
Disposals	(8)	0	(8)
<b>31 March 2011</b>	<b>960</b>	<b>0</b>	<b>960</b>
<b>Depreciation</b>			
1 April 2010	811	0	811
Charged in year	101	0	101
Disposals	(7)	0	(7)
<b>31 March 2011</b>	<b>905</b>	<b>0</b>	<b>905</b>
<b>Net book value at 31 March 2011</b>	<b>55</b>	<b>0</b>	<b>55</b>
	Software £'000	Assets under construction £'000	Total £'000
<b>Cost</b>			
1 April 2009	899	0	899
Additions	82	0	82
Transfers	(18)	0	(18)
<b>31 March 2010</b>	<b>963</b>	<b>0</b>	<b>963</b>
<b>Depreciation</b>			
1 April 2009	732	0	732
Charged in year	97	0	97
Transfers	(18)	0	(18)
<b>31 March 2010</b>	<b>811</b>	<b>0</b>	<b>811</b>
<b>Net book value at 31 March 2010</b>	<b>152</b>	<b>0</b>	<b>152</b>
<b>31 March 2009</b>	<b>167</b>	<b>0</b>	<b>167</b>

<sup>4</sup> At 1 April 2010 IT server software to the value of £2,632 was transferred from intangible to tangible assets in accordance with International Accounting Standards.

## 9. 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.

## 10. Trade receivables and other current assets

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Value added tax	10	8
Intra government balances		
	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Balances with other central government bodies	10	8

## 11. Trade payables and other current liabilities

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Trade payables	28	39
Accruals and deferred income	177	151
	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Balances with other central government bodies	17	14
Balances with bodies external to government	188	176
	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
	205	190

## 12. Provisions for liabilities and charges

	Early departure costs £'000
<b>Balance at 1 April 2010</b>	<b>0</b>
Provided in the year	7
<b>Balance at 31 March 2011</b>	<b>7</b>
Analysis of expected timing of discounted flows	
Not later than one year	3
Later than one year and not later than five years	4
Later than five years	0
<b>Balance at 31 March 2011</b>	<b>7</b>

OSCR meets the additional costs of benefits beyond the normal Approved Early Retirement scheme benefits of employees who retire early by paying the required amounts annually to PCSPS over the period between early departure and normal retirement date, or as required by the scheme. This is provided for in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.5% in real terms.

## 13. Capital commitments

Contracted capital commitments not otherwise included in these financial statements:

	31 March 2011 £'000	31 March 2010 £'000
Property, plant and equipment	16	0
Intangible assets	119	4

## 14. Commitments under leases

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

	31 March 2011 £'000	31 March 2010 £'000
Land and buildings		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	122	119

## 15. 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.

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.

## 16. Contingent liabilities

There were no contingent liabilities at 31 March 2011 (£nil; 31 March 2010) which require disclosure under IAS 37 or the Scottish Public Finance Manual.

## Appendix 1

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### 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 2007 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.

D A Stewart  
Acting Director of Finance

Signed by the authority of the Scottish Ministers

Dated 12 March 2007

## Appendix 2

### Performance against Business Objectives

Business Objective	Performance Indicator	2010-11 Performance
<i>1 To determine whether bodies are charities</i>		
1.1 Assess new applications for charitable status	Conclude 80% of status applications within 90 days of receipt	80% of status applications were concluded within 90 days of receipt.
1.2 Continue a risk-based programme of Rolling Review of existing charities to ensure that they meet the charity test	Complete assessments within six months, including at least 24 individual 'high risk' charities each year	A total of five Rolling Review files were opened in the operational year. One assessment was completed in the six-month timescale.
1.3 Operate an effective consents regime for charities	100% of consents are granted within statutory deadline of 28 days (from receipt of full application)	100% of consents were decided within the 28 day statutory deadline.
1.4 Operate an effective Charity Reorganisation regime	100% of applications acknowledged within the statutory deadline of 14 days from receipt 100% of final decisions within the statutory deadline of six months from advertisement	100% of re-organisation applications were acknowledged within the statutory deadline. 100% of final decisions were made within the statutory deadline.
1.5 Conduct appeals before the Scottish Charity Appeals Panel (SCAP)	SCAP clarifies points of law SCAP upholds the integrity of OSCRC's internal procedures	No appeals were made to SCAP in 2010-11.
<i>2 To keep a public Register of charities</i>		
2.1 Maintain the definitive Charity Register of existing charities	Annual Returns are issued to all registered charities within two months of their accounting reference date The Register is updated each working day	All annual returns issued within two months except for charities submitting late annual returns. Register is updated each working day.
2.2 Operate a programme of Annual Returns which provides both information for the public and a basis for possible research	Update the list of defaulting charities on the website each month	Website updated on the first working day of the month and when an individual charity complies with the requirement.
2.3 Develop a programme of research using the Register as basis for selection	Publication timetable met	No research using the register data was planned or undertaken in 2010-11.

Business Objective	Performance Indicator	2010-11 Performance
<i>3 To encourage, facilitate and monitor compliance by charities with the provisions of the Act</i>		
3.1 Maintain information service for charities and the public	Website maintained and upgraded	Website upgrade commenced in January 2011.
	Publication timetable met	13 guidance and associated documents have been published in 2010-11.
3.2 Develop and implement an education programme with charities' professional advisors and umbrella organisations	Report annually, assessing the impact of our programmes	Outreach Programme was launched in December 2010 with a published calendar of training courses available for charity advisors. Eight courses were delivered between Jan and March 2011.
		OSCR staff continued to contribute to seminars, conferences and workshops in line with the OSCR external events programme.
3.3 Develop and implement an education programme with infrastructure organisations	Outcome depends on how Scottish Government policy in this area develops	OSCR personnel contributed to 10 courses for the Third Sector interfaces across Scotland, delivered by EVOC as part of the Supporting Voluntary Action initiative. Two further courses will be delivered in 2011. The charity law advisors programme built on the previous OSCR train the advisor courses of 2008 and 2009.
3.4 Advise charities and the public in relation to the compliance aspect of fundraising	Publish guidance to support the introduction of the Regulations	OSCR has published 13 guidance and associated documents in the year.
3.5 Continue to implement a risk-based and proportionate monitoring programme	Assess 90% of returns within two months of submission	95% of returns were validated within two months of submission.
	Annual return re-issues reduce by 10% a year	Owing to changes in the OSCR policy towards accounts compliance this target has not been met during the year. It remains a period of education for some charities.
	Non-submission cases reduce by 10% a year	
	Partial compliance (as evidenced by the issue of qualified pass letters) reduces by 10% a year	As a result of changing our policy towards accounts compliance between 2009-10 and 2010-11, it is not possible to accurately calculate the reduction in partial compliance.

Business Objective	Performance Indicator	2010-11 Performance
<i>4 To identify, investigate and take appropriate action in relation to individual charities</i>		
4.1 Identify concerns and take appropriate action in relation to individual charities	75% of enquiries are completed within nine months	81% of complaints about charities from external sources were completed within nine months.
4.2 Identify emerging trends as a basis for further enquiry	We report annually	We report on our activities at our annual open meeting and include case studies in our annual review to share experience.
4.3 Work with other regulators and enforcement agencies	Concordats are published on our website	11 concordats are published on our website.
	We report annually on referrals and joint enquiries	During the year we have conducted no joint enquires. We made 14 referrals and received nine referrals from other regulators.
<i>5 Give information or advice, or make proposals to Scottish Ministers on matters relating to our functions</i>		
5.1 Advise Ministers in relation to primary legislation	SG adopts formal recommendations made in our Annual Report and elsewhere  MSPs and MPs support our formal recommendations	Six of OSCR's recommendations have been adopted in the Public Services (Scotland) Reform Act.
5.2 Advise Ministers in relation to secondary legislation	Scottish Government adopts our recommendations	We have worked with the Charity Law Team with SG in respect of Amendment Regulations on charity accounts and new regulations in respect of SCIOs.
5.3 Advise Ministers on relation to policy for the wider Third Sector where appropriate	We can evidence where we have contributed, including developing OSCR initiatives to complement Scottish Government policies	OSCR continues to work with the Scottish Government on a full range of issues including charity law and third sector research.

Business Objective	Performance Indicator	2010-11 Performance
<i>6 Operate effectively and efficiently as a fully accountable public body</i>		
6.1 Demonstrate how OSCR takes into account principles of Best Regulatory Practice	External and internal audit confirm	Not covered in 2010-11 audit.
6.2 Demonstrate the principles and practice of Best Value	External and internal audit confirm	Internal audit report provided substantial assurance on all systems reviewed.
6.3 Demonstrate a commitment to shared services	External and internal audit confirm	Not covered in 2010-11 audit.
6.4 Maintain a culture of excellence in staff management and development	Investors in People accreditation maintained	liP Bronze accreditation awarded in March 2010.
	Positive results from annual independent learning audit	Substantial assurance provided by Internal Audit on learning and development review.
	Staff survey indicates satisfaction levels among staff remain high	Staff participated in the UK Civil Service People's Survey, the results from which were positive.
6.5 Undertake outcome and performance reporting	OSCR Annual Report	Evidence relating to our performance is published in our annual report.
	OSCR website	Our performance indicators are published monthly on our website.



