

**ANNUAL REPORT & ACCOUNTS**  
**2023-24**

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# Performance Report



## Introduction by the Chair

**Welcome to our 2023–24 Annual Report and Accounts which provides an overview of OSCR’s performance in what has been a positive and productive year for the organisation.**

As Regulator for all of Scotland’s charities OSCR has a unique understanding of the scale and diversity of the sector, and of the value and significant role which charities play in our society. In their many different ways they provide support, security and services to a huge number of beneficiaries, and I want to recognise the commitment and work of charity trustees, staff and volunteers in Scotland who make this happen.

I would like to thank my fellow Board Members for the support they have shown to myself and OSCR throughout the year. Their thoughtful approach to strategic decision making and policy development have helped shape and provide clarity around our future priorities and direction, and their work in the various sub- committees has impacted in no small part the positive outcomes detailed in this report. Jess Wade, a Board Member for 8 years, left her role at the end of March 2024, and I would like to thank her for the contribution she has made during this time. As a Board member Jess focused in particular on ensuring that the impact of our decision making on all parts of the sector was always considered thoroughly, and her focus in the organisation was consistently on staff wellbeing.

Throughout the year I have worked with OSCR’s professional and knowledgeable

staff team and I would like to thank them



for the hard work and adaptability they have shown. I and fellow Board Members have been particularly impressed by their commitment to the Public Service Reform agenda, and to the enthusiasm with which they have embraced the challenge of implementing operational efficiencies, worked in a flexible manner to meet changing demand and priorities, and for their ongoing commitment to increasing collaborative working and sharing services with other public bodies.

I have no doubt that this has been greatly enabled by the strong and positive leadership which has been shown by Maureen Mallon, Chief Executive, who is leaving OSCR at the end of June 2024. We are all hugely grateful to Maureen for the transformation work which she has led at OSCR since taking up post 6 years ago, and for the way in which she has done so: combining enthusiasm and clarity of purpose for the organisation with providing support and empathy to both staff and Board Members throughout that time.



Maureen will be greatly missed and leaves OSCR with our very best wishes and grateful thanks for her positive legacy. Maureen will be succeeded as CEO by Katriona Carmichael who will take up the post in July 2024, and we are all very much looking forward to working with Katriona on the next stage of OSCR's journey.

**Marieke Dwarshuis**  
OSCR Chair.



## Chief Executive's welcome and statement on performance

**Welcome to our Annual Report and Accounts for 2023–24. We started the year with the launch of our 2023–26 Corporate Strategy which sets out how we will work as a modern forward-thinking regulator and outlines our priorities and the outcomes we want to deliver over the plan period.**

Our [Regulatory Priorities](#), which replace our previous Risk Assessment Framework, were launched in summer 2023 after both internal and external consultation and set out the kinds of issues and risks affecting charities which are of regulatory interest to us. Taking action only where it is needed is how we regulate, enabling us to utilise people and resources effectively, while also providing transparency for charities and their beneficiaries. Operating in this focussed way has positively impacted on the volume of work which we have been able to undertake, and the performance section of this report demonstrates how we are operating in an increasingly efficient way.

Taking a lessons learned approach has become the normal way of working in OSCR and this year has seen a number of publications and engagements to encourage active discussions and improvements in charities. We were delighted that the Charities (Regulation and Administration) (Scotland) Act 2023 received Royal Assent in August 2023. The Act gives OSCR a number of new powers to help us work more effectively to protect charities and their assets and will also increase transparency about the trustees who are involved with



running Scotland's charities. Given the significant workstreams associated with the new powers and duties in the Act, we established a Programme Board to co-ordinate and oversee the various projects associated with implementation. In addition to myself and both Heads of Service, the Programme Board includes two of our Board members and provides assurance to the full Board. The changes stemming from the Act impact on all areas of OSCR's activities and staff across the organisation have been involved in project groups planning for various strands of delivery. We have also received a slight uplift in our core funding for 2024–25 to accommodate the additional costs associated with planning for implementation, and this will be used to undertake digital work to support the publication of trustee names on the Scottish Charity Register, and bring in short-term engagement managers and a project manager to support the digital transformation, stakeholder communication and engagement work.

The streamlining work which we started in 2022-23 in respect of delivery of core elements of our business continued throughout the year. A number of new procedures and processes which reduce double handling were introduced, mainly through maximising the use and connectivity of existing technology. The resultant efficiencies generated the capacity required to enable us to undertake additional and new work within our existing resource envelope.

I am proud of the way in which OSCR has embraced the Public Service Reform agenda principles, embedding them in all of our activities and decision-making processes. Looking ahead, we plan to continue the work we started as a member of the Dundee Accommodation Hub, to explore further collaborative working opportunities with other publicly funded organisations co-located in Quadrant and Compass House.

Cyber security remains one of the biggest concerns for all public bodies, and while risk cannot be fully eliminated, we improved our digital infrastructure and secured Cyber Essentials Plus accreditation. We recognise that cyber security is one of our highest areas of risk, and that cyber-attacks are becoming increasingly sophisticated and targeted. To this end I have been grateful for the support and analysis work which the Audit and Risk Assurance Committee (ARAC) have undertaken in respect of this area during 2023-24, and of how it has contributed to our overall organisational assurance.

This will be my last overview for an annual report, as I will be leaving OSCR this summer. Over the last six years it

has been my privilege to work with successive Boards and to do what I can to support charities working in Scotland, through proportionate, targeted and transparent regulation.

Regulation is a people business, and throughout my time leading the team at OSCR I have been supported by an enthusiastic and hardworking group of colleagues who share my commitment to the organisation's values and goals and have all contributed to our improvement journey. They have been a pleasure to work with. As a non-ministerial office, the role of our Board is critical to our success and we are hugely lucky to be led by a strong, thoughtful and strategic group of board members. I am particularly pleased that our work on staff engagement, development and wellbeing has positively impacted on our 2023 Civil Service People Survey results. I am confident that the People Strategy which we put in place in May 2023, together with our Annual Learning Plan will support my successor and the whole team to keep doing great work.

**Maureen Mallon**  
OSCR Chief Executive and  
Accountable Officer.



## About the Scottish Charity Regulator (OSCR)

### Purpose and activities of the organisation

**OSCR regulates and is the registrar for Scotland's 25,000 charities. We are a non-ministerial office (NMO) working alongside the Scottish Government and are directly accountable to the Scottish Parliament. We work to ensure that the Scottish public have confidence that the country's charities are well run.**

- We provide information to the public about charities and their activities, through our Scottish Charity Register and reporting.
- We offer a range of tools and guidance for charities and the people who run them, to support and encourage improvement in the sector.
- We use our knowledge and intelligence of charities to positively influence and inform the development of national policy, legislation and practice that affects the charitable sector in Scotland.
- We ensure that wrongdoing in charities is identified, addressed and that the relevant parties are held to account.

### OSCR's mission statement

The Scottish Charity Regulator will regulate in a way which builds trust and confidence in Scottish charities, holds charities to account and strengthens their ability to positively contribute to society.

### OSCR's values

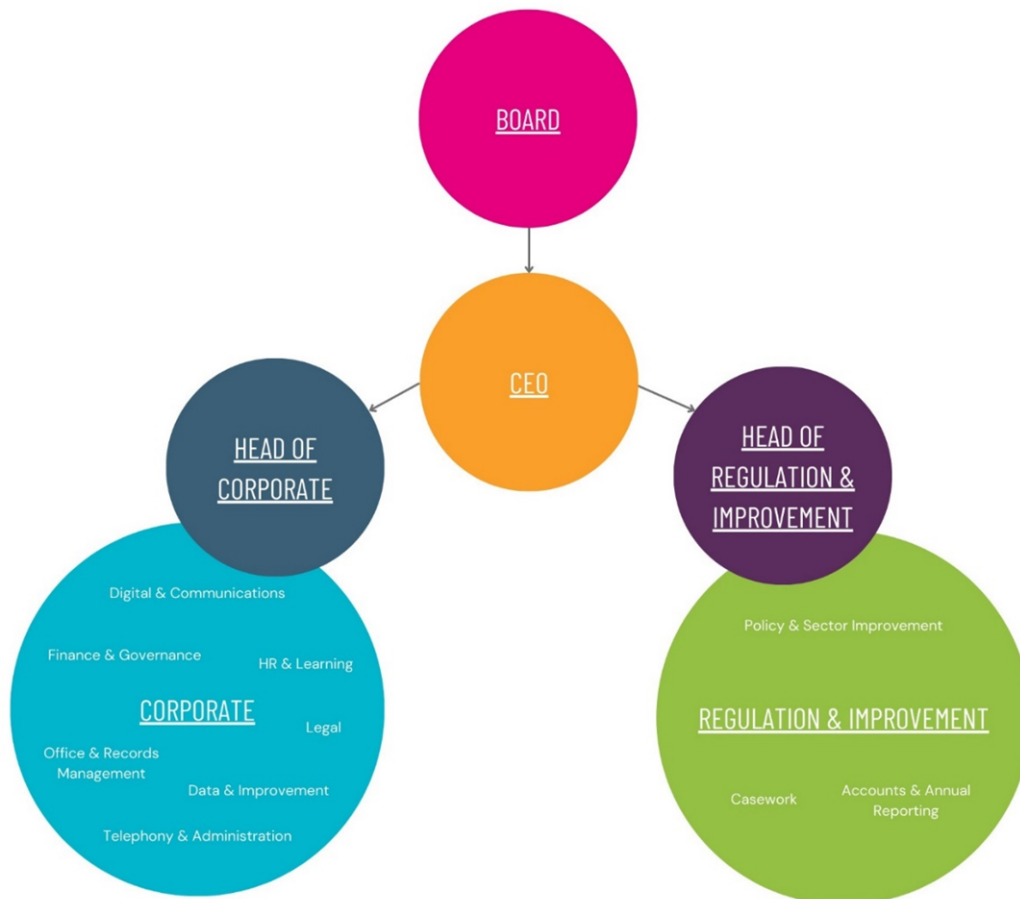
Our values provide a foundation for everything we do, from our interactions with charities to the way we work with colleagues.

- ✓ **Independent**
- ✓ **Proportionate**
- ✓ **Accountable**
- ✓ **Transparent**
- ✓ **Consistent**
- ✓ **Fair**
- ✓ **Targeted**
- ✓ **Informed**

## OSCR's structure

OSCR's structure is designed to enable us to fulfil our regulatory duties and carry out the related support functions, whilst still providing enough flexibility to adapt to changing priorities and demands. This, coupled with making the

most of our technology, allows us to work in an effective and agile way. The diagram below shows our current organisational structure. A more detailed organisational chart including job titles can be found on our [website](#).



## How we are funded

As a non-ministerial office, we are funded by the Scottish Government. The level of funding we receive is set out in the annual Budget (Scotland) Act. Our revenue budget for 2023-24 was £3.300m (2022-23 - £3.430m)

## Financial Review Summary

OSCR is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio and consequently our budget is detailed separately in the relevant Budget (Scotland) Act. The revenue resource expenditure, or net operating cost for the year ended 31 March 2024 was £3.418m, (£3.390m in 2022-23) as shown in the Statement of Comprehensive Net Expenditure; compared to a revenue budget of £3.300m (£3.430m in 2022-23). The net cash requirement for 2023-24 was £3.307m against a budget of £3.300m. This is in line with agreements made with the Scottish Government around funding, given the new legislation and the financial memorandum that supported its passage. The main operating costs were incurred in relation to staff at £2.600m (£2.443m in 2022-23), with other expenditure at £0.710m (£0.818m in 2022-23), depreciation at £0.089m (£0.128m in 2022-23) and lease interest at £0.019m (£0.001m in 2022-23).

A new lease for Quadrant House came into effect on 20 April 2023. A cash incentive was provided by the landlord, reducing our cash requirements in 2023-24 to £3.307m (note 2). A provision for the dilapidations of £0.136m remains in the accounts (£0.162m in 2022-23) (note 12).

The impact of IFRS 16 – Leases (which became effective from 1 April 2022) is included in the 2023-24 accounts. The

impact of IFRS 16 is to bring into account a right of use asset (our building) and the lease liability (note 14).

## Payment performance

OSCR is required to pay contracts that are not in dispute in line with Scottish Government policy. OSCR paid 98.3% of invoices within these terms for the 2023-24 financial year, which was slightly down from the 2022-23 figure of 98.8%. This is a slight decrease, but still above the Scottish government target of 95% of invoices being paid on time, and measures have been put in place to ensure that all invoices are sent to a central mailbox, rather than emailed to individuals, to prevent delays in future. The policy also requires a measure of payments made within 10 days in respect of undisputed invoices. We paid 97.2% of invoices within 10 working days in 2023-24, an improvement on our 2022-23 performance (92.3%).





## Contributing to Scotland's priorities

As a public body, OSCR is committed to identify and implement efficiencies in line with the Scottish Government's public service reform agenda. Already an efficient body, over the past few years we have made substantial system improvements designed to deliver faster and more effective regulation within a challenging financial environment. During 2023–24 we have:

- Targeted our regulatory activities using efficient processes hosted on user-friendly and connected digital systems.
- Enhanced online support in a variety of formats, informed by data analysis.
- Provided greater clarity around our expectations of charities.
- Continued to develop a flexible and agile workforce with relevant transferable skills.
- Worked with other public sector funded bodies to avoid duplication and clarify joint working expectations and outcomes.

More details around our activities this year can be found in the 'Highlights of progress against our corporate objectives' section of this report. Through carrying out our statutory duties, we support Scotland's 25,000 charities, who have with an annual income of approximately £17 billion and make a significant contribution to Scotland's economy, to deliver services

to their users. The activities of a significant number of these charities contribute both directly and indirectly to the achievement of the Scottish Government's top three missions: Equality, Opportunity and Community.



The National Performance Framework (NPF) is currently under review, and we look forward to publication of the revised framework and outcomes and to mapping the contribution which OSCR and charities in Scotland make towards successful delivery. Considering the existing framework, our work supports delivery across each of the 11 National Outcomes, and as an organisation we can map the direct contribution of our activities and culture to those outcomes focussed on Economy, Environment, Fair Work and Business and Human Rights. All of our contributions in these areas are twofold, internal and in providing guidance to the sector we regulate. We ensure that we stretch ourselves as a small public body to contribute to the local economy, participate in local mentoring programmes and are very proactive in relation to environmental issues as outlined in our sustainability

report. We always look at developing guidance for trustees through the lens of the NPF and ensure that support materials are circulated through OSCR

Reporter and other mechanisms to encourage charities to see themselves as part of its delivery.



## Highlights of progress against our corporate objectives

As referenced by the CEO in her introduction, 2023–24 is the first year of our [2023–26 Corporate Strategy](#). Highlights of our achievements in delivering our corporate outcomes for this year are provided below, and performance data is also available within the performance analysis section of this report.

One notable activity which has an overarching impact on more than one corporate outcome was the launch of our [Regulatory Priorities](#). These priorities set out the kinds of issues and risks affecting charities where we think we should target our activities so that we deliver smart, responsive and effective regulation and positively impact on Scotland’s charity sector and its beneficiaries. Details and context around these can be found on [OSCR’s website](#).

### Corporate Outcome 1 – We will ensure the public have access to the information they need about charities in Scotland and how they are regulated.

- One of our [regulatory priorities](#) through the year has been to address the issue of charities which fail to engage with us and to demonstrate to the public how they provide public benefit. We have been working through the year to re-engage charities that have failed to report on their activities and a result have managed to decrease the number of charities failing to

submit accounts to us by 400 during the year. Further detail around this reduction is found in the performance analysis section of this report.

- We worked intensively to make sure we were in a position to use our new power to remove charities from the Scottish Charity Register that have failed to submit accounts on time and failed to engage with OSCR about putting this breach of trustee duties right. We were ready to issue notifications to charities when the legislation commenced on 1 April 2024.
- We have also continued to work with Foundation Scotland on our successful [Revitalising Trusts Project](#). The project estimates that the total asset value of trusts revitalised during year two of the project has been £2.9 million.
- We launched our [Communications Strategy](#) which will contribute to delivering our strategic objective of promoting increased trust in Scottish charities by supporting charities to comply with their regulatory responsibilities.
- Our Sector Overview Report was launched at the end of 2022–23. The report details the scale and scope of the charity sector, what it looks like and what issues are influencing and challenging charities in Scotland. The report

uses key facts and figures from our database of charity information to present a profile of income, expenditure, purposes, beneficiaries, activities and operation. Throughout 2023-24 we have continued to improve the information included in this report with the intention of providing stakeholders with a useful overview of Scotland's Charity Sector. The report is quarterly and updates were published in April, June, October and February.

### Corporate Outcome 2 – We will provide charities with the tools and guidance they need to meet regulatory obligations.

- The issues of conflict within charities and reserves management have featured within our published [regulatory priorities](#) for the year and were highlighted within our sessions at Scottish Council for Voluntary Organisations The Gathering in November and other external events that we have participated in during the year.
- We started to publish thematic reports during the year to highlight key learning lessons from our inquiry work in a way that other charities and advisors can benefit from, covering key topics such as financial management. We will continue to develop and publish more thematic reports on key topics emerging from our inquiry work in 2024-25.
- In December 2023, we introduced a new online annual return for charities to complete when they submit their annual reports and accounts to us. The new online annual return provides a more interactive experience for charities with greater support to ensure straightforward and accurate completion. Tailored feedback is provided to support the charity trustees to deal with issues identified from the answers provided to the questions, helping charity trustees with their understanding of core governance matters.
- We improved the design and accessibility of our website to make it easier for people to find what they need and to modernise the look and feel of the site. The refreshed website was launched in September, and we have continued to work over subsequent months to improve the content on the site. The new design and content aim to improve the user experience, accessibility and engagement on the OSCR website.
- During 2023-24 we refreshed the membership of Charities Reference Group (CRG) to encompass a wide range of charities with regards to size, purpose and geographical location. CRG has already provided qualitative feedback on issues relating renewed guidance for charities and aspects of the implementation of the Charities (Regulation and Administration) (Scotland) Act 2023.

### Corporate Outcome 3 – We will deliver smart, responsive and effective regulation that positively impacts on Scotland’s charity sector and its beneficiaries.

- In June 2023 we launched a new online form for concerns about charities to be provided to us, and this coincided with a refresh of our [Inquiry Policy](#). Our aim was to improve how we deal with concerns by providing clarity about issues that are for OSCR to deal with, those that are for other agencies and regulators to consider and the matters that charity trustees should be dealing with. The new form provides us with more useful information, including additional documents on which to base our initial assessment meaning this is more robust. Further data around this can be found in the performance analysis section of this report.
- We engaged closely with umbrella bodies in areas of the charity sector where our experience indicates there may be a need to use our new power to appoint interim trustees. This will enable us to help charities that cannot function due to a lack of charity trustees in place, where specific criteria are met. We also engaged and prepared guidance on the other new powers due to commence on 1 April 2024,

including the power to compel charities to take specific actions, helping to inform our protocols for using it and to identify sources of possible interim trustees.

- We increased our digital infrastructure security, introducing additional security measures and changing our hosting providers, resulting in achievement of Cyber Essentials Plus accreditation. Our [Digital Strategy 2023–26](#) was published which supports the delivery of our Corporate Strategy 2023–26. Further information around the challenges of cyber security is found in the ‘Key challenges for OSCR during 2023–24’ section of this report.

### Corporate Outcome 4 – We will focus on our people and have a motivated, flexible and well supported workforce.

We continued our work to achieve the goals set out in our [People Strategy](#). The purpose of this People Strategy is to set out how we as an organisation want to develop so that OSCR is both an effective regulator and somewhere people want to work. Over the course of 2023–24 we have:

- Embedded hybrid working.
- Supported and encouraged collaborative working internally and externally.

- Developed internal guidance and training materials alongside our tailored Corporate Training Plan.
- Supported and trained managers to be confident in their role.
- Continued to regularly review our work and priorities to ensure that our people resource is always focused on addressing priority work.
- Worked with our people to understand what impacts our wellbeing and how we can support this at work.
- Introduced a Staff Hub (intranet site) to aid internal communication.

Following this work, we have seen an increase from 56% in 2022 to 65% in 2023 in our Civil Service People Survey engagement score, and we remain committed to supporting and nurturing our people in the year ahead.

**Corporate Outcome 5 – We will maintain a focus on best value, continuous improvement and collaboration.**

- We followed Scottish Government procurement processes so ensure best value in improving our digital infrastructure and provided all staff with an active knowledge of procurement processes to ensure consistency in buying goods and services to maximise our budget through identifying

best value. Two sessions were provided by Scottish Government's procurement team, an overview of procurement for all staff and an in-depth workshop for those staff who will likely be involved in procuring goods and services.

- As part of a Dundee accommodation hub we have led other bodies in exploring opportunities to increase the sharing of services and have expanded involvement in a geographic hub with Dundee City Council.



## Summary of principal risks 2023-24

The following section of the report outlines the key challenges and risks by OSCR in 2024-25, and the actions taken to address them.

### Financial sustainability and the impact of the 2023-24 pay settlement

Like many publicly funded bodies, financial sustainability is perhaps our single biggest challenge. Our 2023-24 budget was £3.3m, of which approximately 75% is associated with staffing costs and 18% of the rest committed for rent and other fixed costs. This means that the remainder of our budget requires to be carefully monitored and planned, and we work hard to get the very most from what is available. As detailed in the remuneration report, OSCR staff are civil servants and subject to the Scottish Government pay policy, including a no compulsory redundancy policy.

At the beginning of 2023-24 we allocated our budget based on pay policy assumptions which, although well-informed and consistent with those used by other public bodies, turned out to be considerably lower than those set out in the pay settlement and policy agreed with the trade unions. To mitigate against these higher than anticipated staff costs we identified and implemented process improvements which enabled staff time to focus on higher priority work. In addition to this we reduced areas of failure demand through improved communications, guidance refreshes and improved

website design and accessibility, with the purpose of improving stakeholders' abilities to access information and guidance on a self-service basis. We started to collect customer feedback information from website visitors in the latter part of the year, and this is available in the performance report section of this report.

### New charity legislation

The Charities (Regulation and Administration) (Scotland) Act 2023 gained royal assent on 9 August 2023. OSCR staff worked closely with Scottish Government colleagues throughout the preparation and parliamentary passage of the 2023 Act.

The powers and duties associated with the Act are outlined earlier in this report, (page 6 – Chief Executive's welcome) and were warmly welcomed by us. During 2023-24, in addition to our work with Scottish Government colleagues, considerable planning work associated with commencement of the Act was required to be undertaken and delivered, and resourcing this, in addition to our ongoing delivery priorities, was challenging. Commencement of the Act is in two phases, the first of which was in April 2024, and during 2023-24 a project board and number of project teams were created to support specific workstreams associated with the legislation. Staff capacity was generated through efficiencies stemming from implementation of the regulatory



priorities, and through operational efficiencies which have been outlined in the context of the public service reform agenda, but nevertheless maintaining momentum was challenging. For those aspects of the legislation which will require to be digitally delivered or where extensive engagement will be required – adding trustee names to the Register, and publishing charity accounts, and extension of automatic trustee disqualification – a business case, based on the financial memorandum which had supported the legislative passage and been scrutinised by the Parliamentary Social Justice Committee, was prepared and considered by Scottish Government colleagues. Approval of the business case provided sufficient assurance to enable us to recruit a temporary project manager to oversee the digital work associated with the trustee schedule and accounts publication, and two engagement managers are to be seconded into OSCR to work with external organisations to help build stakeholder input into our implementation, and to inform and ensure charities understand and are prepared for the additional duties.

## Cyber security

Cyber security and taking steps to mitigate against the threat of a cyber-attack continues to be one of the biggest challenges faced by all public bodies, and for OSCR. During 2023-24 we undertook a number of actions to enhance OSCR's approach to cyber security by improving our digital infrastructure. We have also taken action to ensure that our outgoing communications meet modern

standards. Staff training around cyber security continued and was supplemented by the use of online tools developed by the National Cyber Security Centre (NCSC) which enabled us to assess our resilience against cyber-attacks and to practise our response in a safe environment. We achieved Cyber Essentials Plus accreditation and continue to be proactive in taking action against and raising awareness of cyber threats.

## Staff engagement

An engaged workforce is a crucial part of OSCR being an agile, effective, and efficient regulator. Ensuring staff are motivated, listened to, developed, and engaged while the external environment outside of work is challenging has been a key priority this year. Progress against Corporate Outcome 3, detailed in the previous section of this report, details the actions we undertook in 2023-24 to support and develop our people. As is reported, not only did these actions impact on overall staff engagement, but in addition, the flexible and agile approach to working collaboratively assisted in meeting the resourcing challenges associated with preparing for the new charity legislation. (ref p. x)

## Performance Analysis

To monitor delivery of our Corporate Strategy Outcomes, our 2023–24 Business Plan details our priorities for the year together with the key performance indicators (KPIs) we would use to measure and report delivery progress against. We published these KPIs quarterly on our [website](#) and

provided our Board with updates on delivery progress at each of its meetings. The highlighted performance information below, together with the achievements against our Corporate Outcomes section of this report, provide an overview of our performance during 2023–24.

1. We will ensure the public have access to the information they need about charities in Scotland and how they are regulated.

KPI	2022–2023 Baseline	2023–2024	Result (to date)	On track?
<b>The percentage of charities who are not up to date with filing their annual return and accounts is less than 11%.</b>	12%	11%	10.1%	Yes
<ul style="list-style-type: none"> <li>• Of 24,975 charities on the register at the end of March 2024, 2,520 were not up to date with filing their annual return and accounts.</li> <li>• Further information is included in the 'Highlights of progress against our corporate objectives' section of this report</li> </ul>				
<b>80% of the public who provide feedback on their experience of using the website report they can find the information they need on the OSCR website.</b>	n/a	80%	82%	Yes
<ul style="list-style-type: none"> <li>• This survey went live in March 2024 and the information is not based on a full year's data.</li> </ul>				

## 2. We will provide charities with the tools and guidance they need to meet regulatory obligations.

KPI	2022-2023 Baseline	2023-2024	Result (to date)	On track?
<b>Helpfulness rating for our tools and guidance will be 90%.</b>	0	90%	71%	To continue into 2024-25
<ul style="list-style-type: none"> <li>Data collection started in December, since when 378 responses have been received. The information gathered is being analysed to identify ways to improve our guidance and tools, and improvements will be implemented as and when required. Once a full year's cycle of feedback is received, we will have a fuller picture of the views of most charities, which will enable us to make any necessary changes to better support the majority of the sector.</li> </ul>				



### 3. We will deliver smart, responsive and effective regulation that positively impacts on Scotland’s charity sector and its beneficiaries.

KPI	2022-2023 Baseline	2023-2024	Result (to date)	On track?
<b>90% of status*cases are completed within 6 months of receipt</b> *applications for charitable status.	87% of 934	90%	97% of 770	Yes
<ul style="list-style-type: none"> <li>746 of 770 applications completed within 6 months of receipt.</li> </ul>				
<b>60% of concerns* cases are completed within 6 months of receipt</b> *concerns received about charities.	46% of 210	60%	50% of 279	To continue into 2024-25
<ul style="list-style-type: none"> <li>Over the business year we opened 210 inquiry files and closed 279, which shows we made significant progress in reducing the total number of open inquiry cases and releasing capacity to take on new cases sooner. We will continue our to work toward the ambitious 60% target, the trend in the latter part of 2023-4 was positive and we hope by actively managing all cases through our low, medium and high-risk teams collectively, we will continue to make progress towards this target.</li> </ul>				
<b>100 % of consent*application s are completed within 28 days.</b> *Applications from charities to make certain changes.	95% of 562	100%	100% of 551	Yes
<ul style="list-style-type: none"> <li>All of the 551 applications received were competed within 28 days.</li> </ul>				
<b>The proportion of incoming concerns which are not appropriate to OSCR reduces by 50% (2022-2023 64%)</b>	64% of 635	32%	59% of 527	To continue into 2024-25

- Background to this KPI can be found at the 'Highlights of progress against our corporate objectives' of this report. This was a new process when implemented and the KPI set we over-estimated the impact the new policy and website form would have, based on the corresponding data from comparable bodies. We will continue to evaluate the effectiveness of this process to make improvements and further reduce the amount of failure demand in this area.

#### 4. We will focus on our people and have a motivated, flexible and well supported workforce.

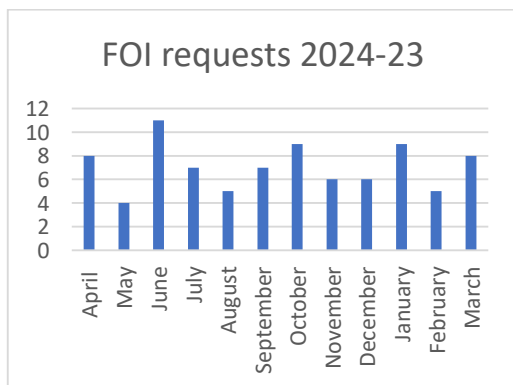
KPI	2022-2023 Baseline	2023-2024	Result (to date)	On track?
<b>People Survey Engagement Score increase to 60%.</b>	56%	60%	65%	Yes
<ul style="list-style-type: none"> <li>• Further information around our work in this area can be found within the 'Highlights of progress against our Corporate Outcomes' section of this report.</li> </ul>				

#### 5. We will maintain a focus on best value, continuous improvement and collaboration.

KPI	2022-2023 Baseline	2023-2024	Result (to date)	On track?
<b>All MOUs and partnership agreements reviewed and refreshed.</b>	n/a	All MOUs reviewed and refreshed.	All MOUs reviewed.	Partial
<ul style="list-style-type: none"> <li>• All MoUs were reviewed, but as a result of reprioritisation of work, were not refreshed. The priority to refresh the agreements will carry forward to 2024-25, this will further support our commitment to public service reform and improve the effectiveness of our working relationships by removing duplication of work.</li> </ul>				

## Freedom of Information requests

During 2023-24, we received 85 requests under the Freedom of Information (Scotland) Act 2002. This was a slight increase on the number received in 2022-23 (83). All responses were issued within the 20-working day deadline. During 2023-24 one of our responses was referred by the requestor to the Scottish Information Commissioner. No decision on this request has yet been issued by the Commissioner.



## Service Level Complaints

OSCR received 21 service level complaints during 2023-24. The complaints were dealt with in line with our [complaints procedure](#). Of these, 13 were not upheld, 7 were either upheld or partially upheld, 1 was resolved and 1 was withdrawn. All were responded to within the 20-working day timescale. Where complaints were upheld, the reason for the complaint and associated processes were reviewed, so that improvements could be made to internal processes where appropriate. In addition to this, 3 complaints were referred to the Scottish Public Service Ombudsman by the complainant. All of these were upheld in OSCR's favour.



## Going Concern

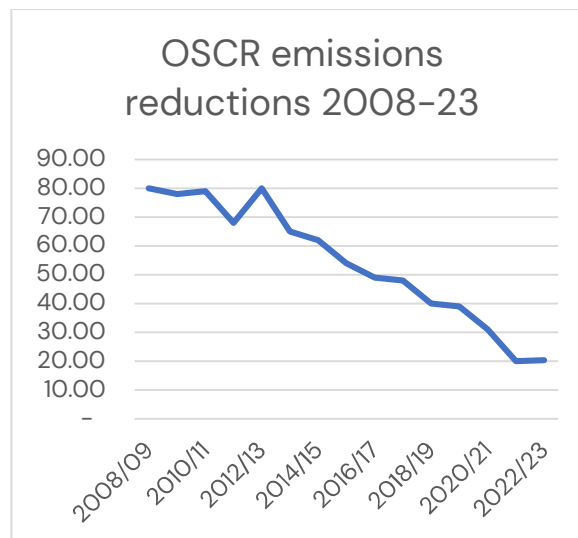
OSCR has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2024-25 of £3.6m has been confirmed in the Budget Scotland Act 2024. It is therefore considered appropriate to prepare these accounts on a going concern basis.

## Sustainability Report

All public bodies listed in Schedule 1 of the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 as amended by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020, are required to report annually on compliance with climate change duties established under S44 of the Climate Change (Scotland) Act 2009 and in accordance with Schedule 2 of the 2015 Order. The climate change duties relate to the reduction of emissions, and specifically CO<sub>2</sub>.

The reduction goal set out in the Climate Change (Scotland) Act 2009 is 42% against the 2008-09 baseline. OSCR's baseline figure was 80 tCO<sub>2</sub>e, and our 2022-23 emissions are calculated at 20.34 tCO<sub>2</sub>e (figures for 2023-24 are not yet available as the figures are not produced prior to the production of this document), which is a reduction of 74.5% and well above the goal.

The graph 'OSCR emissions reductions 2008-23' demonstrates the reductions since 2008-09.



During 2023-24 we have continued to take steps to reduce our emissions by:

- Hosting the majority of events online rather than in person.
- Embedded our hybrid working policy to reduce the number of journeys to and from work.
- Significantly reduced the use of paper and office supplies.
- Promoting and encouraging the use of more active or sustainable modes of transportation.

As a relatively small organisation based in a single leased office in Dundee, opportunities for emission reductions are limited. To support our journey to Net Zero we have engaged with 'Keep Scotland Beautiful', a Scottish charity with a focus on making Scotland a clean, green and sustainable country to explore further opportunities to further reduce our emissions and to improve our contribution to wider sustainability goals.

## Anti-corruption and anti-bribery

During the year 2023–24 there were no reports of fraud within OSCR. Staff are aware of the Civil Service Code, and complete annual training on the subject of fraud, bribery and corruption. Contractors are also bound by Scottish Government terms and conditions. Staff are able to access information about raising concerns of fraud and whistleblowing via the Scottish Government website, internal Scottish Government intranet and also during monthly conversations with their manager. Our whistleblowing and counter fraud policies were refreshed in May 2024.

## Recommendations to Scottish Ministers

In previous reports, we have highlighted the need for secondary legislation to be passed to complement the benefits to the sector and the public intended by the Charities (Regulation and Administration) (Scotland) Act 2023. These include measures to:

- Allow transfer of charity assets to ensure that charitable resources continue to be used for the public benefit
- Improve the path for dissolution of insolvent Scottish Charitable Incorporated Organisations (SCIOs) and allow strike off of inactive SCIOs (reflecting recommendations of the SCIO Dissolution Working Group in 2020)
- Consolidate the regulations which apply to charity accounting in Scotland

Our view is that these measures are still needed, and we look forward to working with colleagues in Scottish Government to ensure that they are progressed.

We also note the Scottish Government's consultation on whether there should be a future review of charity regulation and charity law. We welcome this exploration of views on wider issues of charity law and look forward to informing and contributing to discussions in light of the consultation responses.

## Diversity, equality and human rights

OSCR is committed to carrying out its work in a way that encourages equal opportunities, aims to eliminate unlawful discrimination, and fosters good relations among all people. This commitment is aligned the Scottish Government's National Performance Framework which seeks to reduce inequalities in Scotland. We will continue to ensure that equality is an integral part of all our policies and is reflected in our work as charity regulator. As a public body, we follow Scottish Government policies in relation to diversity, equality and human rights. We contribute to the Scottish Government's vision to be a world-leading diverse employer where people can be themselves at work, ensuring that all colleagues feel comfortable and valued, and free to contribute fully and to the best of their ability.

As an employer, OSCR is committed to recruiting, supporting and developing all staff equally and fairly. We positively value the different perspectives and skills each person brings to our work. All staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. Our vacancies are advertised fairly and openly with successful applicants being recruited on merit. We encourage and embrace ideas from all staff promoting inclusion across the organisation and ensure all staff are trained in diversity and inclusion. We support a number of staff to work on a part-time basis, and our hybrid working model supports flexibility for individuals.

We work together with Occupational Health and Workplace Adjustment teams to ensure workplace adjustments are put in place to support those who need them.





## Public Interest Disclosure

OSCR is a 'prescribed person' under the Public Interest Disclosure Act 1998 (PIDA) which means that we are allowed to accept disclosures from people who carry out paid work for a charity.

Our regulatory priorities are set out in our [Regulatory Priorities 2024-26](#) guide, and when we receive a whistleblowing disclosure we assess it in the light of our Regulatory Priorities and in line with our [Whistleblowing guidance](#) and our [Inquiry Policy](#).

Whistleblowing disclosures help us identify and prevent concerns within the sector and help charities to put things right. They play an important part in supporting OSCR to underpin public trust and confidence in the charity sector.

We received ten (10) whistleblowing reports in 2023-24, compared with the eight (8) received in the previous year.

Nine (9) of the concerns received were assessed as requiring OSCR to open inquiries using our powers under section 28 of the 2005 Act and using our other statutory powers as appropriate. Six (6) of these inquiries are still ongoing. In a number of these cases concerns from other sources were received in addition to the whistleblowing disclosures.

In 2023-24 whistleblowing concerns helped us to:

- Identify regulatory concerns
- Take action to protect charity assets and beneficiaries
- Identify risks to charities and to the charity sector that would not be otherwise known
- Provide guidance and recommendations to charity trustees.

DocuSigned by:

*Maureen Mallon*

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**Maureen Mallon**

**Chief Executive and Accountable Officer**

**28.06.2024**

# Accountability Report





## Chief Executive's Report

OSCR staff are employed by Scottish Ministers but have the same terms and conditions as staff within the core Scottish Government, including access to Civil Service pension arrangements. OSCR follow Scottish Government policies and procedures, including performance management procedures, and all staff use the digital HR system to record transactional matters relating to absence and performance.

Our aim is that OSCR staff have a clear understanding of how the work they carry out on a day-to-day basis contributes to delivery of our corporate vision and objectives. Our induction programme for new staff joining the organisation was updated during the year, and we have successfully embedded a hybrid working model whereby colleagues attend the office in person, at least two days each week, as well as attending meetings and engagements with other organisations.

A staff newsletter which provides feedback from meetings, outlines key events and decisions, and includes general updates is prepared and issued electronically to all staff each week, and in late March 2023 we launched a staff intranet, where news, guidance, learning materials and general information can be shared. This intranet helps ensure that the information our people access is up-to-date and consistent and is supplemented by regular all-staff meetings which we hold via MS Teams. The full staff team engaged in-person meetings at our offices in August and January to consider our People Survey results, and overall priorities across all of

our work. These sessions ran as staff-led workshops and the outputs were key to shaping how we deliver our work. Each individual meets their manager for a structured monthly conversation, which includes discussions about wellbeing, learning and performance, in addition to weekly priorities-based discussions.

OSCR participate in the annual UK Civil Service People survey which is co-ordinated by the Cabinet Office. Our 2023 results showed our employee engagement score to have improved and information about the work we have done to support and develop colleagues is listed in the 'Highlights of progress against our corporate objectives' section of this report.

## Statement of Accountable Officer's responsibilities

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

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

- Observe the Accounts Direction issued by Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- Prepare the accounts on a going concern basis.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is

fair, balanced and understandable.

The Scottish Permanent Secretary appointed the Chief Executive, Maureen Mallon, as the Accountable Officer for OSCR. As Accountable Officer, the Chief Executive is responsible for the regularity and propriety of the public finances for which she is answerable and for keeping proper records and for safeguarding OSCR's assets, as set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

## Statement by Accountable Officer

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 Memorandum to Accountable Officers for Parts of the Scottish Administration, issued by Scottish Ministers.

## Disclosure of information to the auditors

As Accountable Officer, as far as I am aware, there is no relevant audit information of which OSCR's external auditor is unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that OSCR's external auditor is aware of the information.

## Accountable Officer Confirmation on the Annual Report and Accounts

As Accountable Officer I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

## Governance Statement

### Background

The Corporate Governance Statement records the stewardship of OSCAR and supplements the Annual Report and Accounts. This statement also draws together position statements and evidence on governance, risk management and control, to provide a coherent and consistent reporting mechanism.

### Scope of Responsibility

As Accountable Officer I have responsibility for maintaining a sound system of internal control which supports the achievement of OSCAR's policies, aims and objectives as set by the Scottish Ministers. In the discharge of my personal responsibilities, I ensure organisational compliance with the Scottish Public Finance Manual (SPFM).

OSCAR's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve corporate policies, aims and objectives. It is focused on the ongoing identification and prioritisation of risks relating to strategic and operational activity, based on evaluation of the likelihood and impact of each risk being realised. OSCAR relies upon certain business critical systems which are provided by the Scottish Government, in particular in respect of finance and human resource functionality. Internal control is addressed by the respective Scottish Government Directorates, and I am provided with Annual Certificates of Assurance by the Scottish Government Director of Human Resources and

Organisational Development, and also the Director of Financial Management.

### Operation of the Board and Committees

The Board of OSCAR is the Charity Regulator, and as such has collective responsibility for setting the strategic direction of the organisation, and for ensuring it carries out its functions effectively and efficiently. Scottish Ministers are responsible for appointing the OSCAR Board, following a public appointments exercise, regulated by the Commission for Ethical Standards in Public Life in Scotland, and more information on Board Members can be found in later in this section of this report.

Ministers must not direct or otherwise seek to control OSCAR in the exercise of its functions. In addition to setting the strategic direction for the organisation, the Board oversees OSCAR's work and monitors performance including the design and operation of risk frameworks.

They do this through scrutiny, and where appropriate, approval of:

- Corporate Plans and Business Plans
- Key strategies and policies
- Scrutiny of the Annual Report and Accounts
- Considering reports from the Audit Risk and Assurance Committee and Casework Committee

- Regular reports, including reports relating to risk management and performance.

## Audit Risk and Assurance Committee

The Audit Risk and Assurance Committee (ARAC) support the Board in relation to responsibilities associated with risk, control and governance. [The terms of reference for the ARAC](#), which are reviewed annually, are published on the OSCR website. The ARAC, which comprises three Board Members, is attended by the CEO, Head of Corporate and representatives from both Internal and External Audit. The ARAC held three business meetings in 2023–24 (June, November and February) and also held an additional meeting in June 2023, at which a detailed review of the draft Annual Report and Accounts was undertaken prior to its consideration by the Board. In addition to its ‘standard business’, the committee conducts ‘deep dive’ reviews during two of its annual meetings. The subject matter for these reviews is informed by consideration of the Risk Register and Business Plan, and in 2023–24 included OSCR’s Assurance Map and Scottish Government’s new Oracle Finance and HR system.

The ARAC conducts its business with reference to the Scottish Government Audit Committee Handbook, and reviews its own effectiveness annually, reporting the results of that review to the Board and Accountable Officer. The ARAC Chair holds private meetings with representatives from Internal and External Audit annually; and feedback

from each ARAC meeting is provided by the ARAC Chair to the full Board.

## Casework Committee

The Casework Committee support the Board by providing oversight of OSCR’s case-based activities, and assurance to the Board that case-based decision making is undertaken in line with charity and other applicable laws, right first time principles, and OSCR’s Risk Framework, policies and published guidance. The work of the Casework Committee will also influence our thoughts around our regulatory priorities for the coming year. [Terms of Reference](#) for the Committee are reviewed annually and are published on our website.

The Casework Committee met nine times during 2023–24 (April, May, June, August, September, November, December, February and March). Feedback on each Casework Committee meeting is provided to the Board at every Board meeting, and the Committee reports to the Board every year on its activities and the level of assurance provided.

## Our Board



**Marieke Dwarshuis**  
Chair



**Jill Vickerman**  
Vice Chair and  
Casework  
Committee Chair



**Jess Wade**  
Board Member and  
Casework  
Committee  
member



**Lynn Bradley**  
Board Member and  
Audit Risk and  
Assurance  
Committee Chair



**Kirsten Howie**  
Board Member and  
Casework  
Committee  
member



**Neil Mackay**  
Board Member and  
Audit Risk and  
Assurance  
Committee  
member



**William Maxwell**  
Board Member and  
Audit Risk and  
Assurance  
Committee  
member



**Robin Strang**  
Board Member and  
Casework  
Committee  
member

## Chief Executive

The Chief Executive of OSCR is appointed by the Permanent Secretary as the Accountable Officer of OSCR and is accountable to the Board for the day-to-day running of the organisation. Maureen Mallon was appointed as Chief Executive in October 2019 and is a member of the Senior Civil Service.

Our **Senior Management Team**, who are responsible for day-to-day operations of the organisation, is made up of our Chief Executive and two Heads of Service.

## Senior Management Team



**Maureen Mallon**  
Chief Executive



**Martin Tyson**  
Head of Regulation  
and Improvement



**Judith Hayhow**  
Head of Corporate

Details of Senior Management Team remuneration can be found in the Remuneration Report.



## The risk and control framework

All bodies covered by the Scottish Public Finance Manual (SPFM) must operate a Risk Management Strategy in accordance with key principles specified, and these have been adopted by OSCR.

- The Audit Risk and Assurance Committee (ARAC) considered our Corporate Risk Register at each of its meetings in 2023-4, and corporate risk appetite statements, the risk register and our assurance map were considered by the full Board at a strategy day held in September, the theme of which was risk.
- Board Members receive ad hoc briefings from the CEO and SMT on specific matters which have the potential to create risks as they arise throughout the year.
- The OSCR Leadership Team review and update the risk register in respect of operational delivery matters monthly .
- A formal report on the activity of the ARAC and Casework Committees is presented to the Board annually.
- The Board Chair conducts individual performance reviews for each Board member annually, as a part of which any learning or development requirements are identified.
- Internal Audit conduct an annual review of specific activities, with the coverage being determined through discussion with the CEO and ARAC and drawn from our risk register.
- External Audit consider governance arrangements as part of their Annual Report and Accounts review work.

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

- An IT Code of Conduct which staff and Board Members review annually and which sets out our policy in respect of the use of technology.
- Issued reminders to staff on the risks around cyber security and their responsibilities in respect of this.
- All staff complete mandatory Security and Data Protection training annually.
- Achieved Cyber Essentials and Cyber Essentials Plus accreditation
- A Service Level Agreement with the Scottish Government Procurement Division as part of which they provide us with procurement and contract advice and support, thereby ensuring compliance with Scottish Government and national procurement directives.
- Our [framework agreement](#) between OSCR and the Scottish Government was comprehensively reviewed, this sets out how OSCR will work with the Scottish Government and specifies the key roles and responsibilities of:
  - The Board of OSCR
  - The Chief Executive and Accountable Officer of OSCR
  - Scottish Ministers
  - The Portfolio Accountable Officer within Scottish



Government whose remit  
includes liaison with OSCR

- Our Memorandums of Understanding with other bodies were reviewed to determine where revisions are required to support OSCR's organisational requirements. This review and refresh is ongoing. Further information about this work can be found in the performance analysis section of this report.



## Review of effectiveness of the system of effective control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control which has been in place during 2023–24, and up to the period when these accounts are signed. My review of the effectiveness of the system is informed by the work of our internal auditors and the OSCR Senior Management Team who, supported by the Extended Leadership Team are responsible for overseeing implementation of the internal control framework, and ensuring that any comments raised by internal audit through their management letter are adequately responded to. The Extended Leadership Team receive and consider management accounts on a monthly basis, and also review expenditure projections, and budget allocations. In addition, the Senior Management Team and Extended Leadership Team have fortnightly meetings which alternate between thematic-based discussion around key topics and issues, and standard business meetings during which operational plan delivery and risk are considered.

I receive Certificates of Assurance from Heads of Service, in respect of their business areas, annually. The wider system of internal control is based on the ongoing identification of the principal risks in delivering OSCR's policies, aims and objectives as outlined in the Corporate and Business Plans. Following identification, the nature and extent of those risks are considered and a decision taken as to how to manage

and mitigate them effectively, economically and efficiently.

OSCR Board meetings are attended by myself and Senior Management Team members, with input from staff members who have been involved in the preparation of specific papers. The Chair and I hold meetings weekly either face to face or virtually. Throughout the year Committee Chairs and Board members have engaged with staff on specific topics, attended staff meetings and been visible in the organisation.

Internal Audit services are provided by the Scottish Government's Directorate for Internal Audit and Assurance. Based on their 2023–24 review, a 'substantial' assurance rating was awarded in respect of the adequacy of risk management, control and governance arrangements for those areas reviewed. No reportable lapses of data security took place in 2023–24 (Nil in 2022–23). In light of the above, as Accountable Officer I can confirm that I am fully content with the effectiveness of OSCR's existing arrangements in respect of corporate governance and risk management.

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

DocuSigned by:  
*Maureen Mallon*  
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**Maureen Mallon**  
**Chief Executive and Accountable Officer**  
**28.06.2024**

# Remuneration and Staff Report



## Remuneration Report

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

The senior managers are:



**Maureen Mallon**  
Chief Executive



**Martin Tyson**  
Head of Regulation  
and Improvement



**Judith Hayhow**  
Head of Corporate

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

## Remuneration policy

Board members are not employees of OSCR or part of the Civil Service. Board members' remuneration is determined in accordance with the [Public Sector Pay Policy For 2023-24](#) which the Scottish Government prepare. 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 engagement of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

## Service contracts

Board members are appointed for a period determined by Scottish Ministers and are eligible to be re-appointed following the end of their first period of Board membership. Either party may terminate early by giving notice.

Details of the service contracts for Board members serving during the year are detailed below, with those members whose tenure will end in 2024 highlighted on the next page:

		Current Term	Date of initial Appointment	Date of termination of appointment
Marieke Dwarshuis	Chair	1 <sup>st</sup>	October 2022	October 2026
Jill Vickerman	Vice Chair	2 <sup>nd</sup>	March 2018	March 2026
Jess Wade	Member	2 <sup>nd</sup>	April 2016	March 2024
Lynn Bradley	Member	1 <sup>st</sup>	April 2022	April 2026
Kirsten Howie	Member	1 <sup>st</sup>	April 2022	April 2025
Neil Mackay	Member	1 <sup>st</sup>	April 2022	April 2026
William Maxwell	Member	1 <sup>st</sup>	April 2022	April 2025
Robin Strang	Member	1 <sup>st</sup>	April 2022	April 2026

### Board Remuneration (Audited)

	2023-24	2022-23
Marieke Dwarshuis	15-20	5-10
Jill Vickerman	5-10	5-10
Jess Wade	5-10	5-10
Lynn Bradley	5-10	5-10
Kirsten Howie	5-10	5-10
Neil Mackay	0-5	0-5
William Maxwell	5-10	5-10
Robin Strang	5-10	5-10

The daily rate paid to members is set by the Scottish Government, and in 2023-24 was £217.92 per day for members, £233.92 for the Vice Chair and £290.92 for the Chair. The variance in rates paid reflects claims made by Board members throughout the year. No Board member received any benefit in kind, or pension payment.

## Salary, Benefits in Kind and Pensions (Audited)

Official	Salary (£'000)		Pension Benefits* (£'000)		Total Remuneration* (£'000)	
	23-24	22-23	23-24	22-23	23-24	22-23
Maureen Mallon	85-90	85-90	n/a	3	n/a	85-90
Martin Tyson	80-85	75-80	n/a	5	n/a	80-85
Judith Hayhow	80-85	70-75	n/a	26	n/a	100-105

\*Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

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

### Bonus

No bonus payments were paid in 2023-24 or 2022-23.

### Benefits in kind

There were no benefits in kind in 2023-24 or 2022-23.



## Fair pay disclosure (Audited)

We are required to disclose the relationship between the total remuneration of the highest paid director in the organisation and the lower quartile, median and upper quartile remuneration of our workforce.

Total remuneration includes salary, overtime, other taxable allowances and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

The Chief Executive was the highest paid Director in the financial year 2023-24 and is the only member of the Senior Service employed by OSCR. The full-time annual salary for the Chief Executive is in the salary band £85,000 to £90,000. The midpoint of this band is £87,500 which is 2.53 times greater than the median remuneration of the workforce. The median pay ratio for 2023-24 is consistent with the pay reward and progression policies for OSCR's employees as a whole. The Chief Executive's salary (our highest paid Director) has remained the same as the previous financial year based on the midpoint of the salary band.

There were two agency staff employed during the year, one of whom earned more than the highest paid director. This agency appointment was only for part of the year, but for the purposes of this disclosure, payment has been grossed up to provide an annual value. The agency staff member was recruited competitively through a Scottish Government framework to provide interim specialist digital project management capacity required to implement new legislation.

The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole (excluding highest paid director) was an increase of 9.68% in 2023-24. 2022-23 was an increase of 5.53% on 2021-22. Excluding all agency staff, the increase was 5.61%. This is consistent with the pay reward and progression costs.

	2023-24	2022-23
<b>Band of highest paid employee (mid-point)</b>	£87,500	£87,500
<b>Lower quartile (25<sup>th</sup> percentile) remuneration</b>	£31,067	£29,447
<b>Lower quartile ratio</b>	2.82%	2.97%
<b>Median remuneration</b>	£35,364	£33,120
<b>Median ratio</b>	2.47%	2.64%
<b>Upper quartile (75<sup>th</sup> percentile) remuneration</b>	£52,603	£49,860
<b>Upper quartile ratio</b>	1.66%	1.75%
<b>Staff minimum FTE remuneration</b>	£27,128	£25,713
<b>Staff maximum FTE remuneration *</b>	£121,723	£79,109

\* includes Agency staff grossed up for full year.

## Pension benefit (Audited)

Pension benefits	Accrued pension at pension age as at 31.3.24 and related lump sum*	Real increase in pension and related lump sum at pension age*	CETV at 31.3.24*	CETV at 31.3.23	Real increase in CETV*
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>					
Maureen Mallon	n/a	n/a	n/a	476	n/a
<b>Senior Management Team</b>					
Martin Tyson	n/a	n/a	n/a	639	n/a
	Lump Sum	Lump Sum			
	n/a	n/a			
Judith Hayhow	n/a	n/a	n/a	610	n/a
	Lump Sum	Lump Sum			
	n/a	n/a			

\*Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

## Pensions statement

OSCR staff members are eligible to be members of the Principal Civil Service Pension Scheme (PCSPS) and at 31 March 2024 all permanent members of staff had joined. In accordance with the Government Financial Reporting Manual (FRM) the PCSPS is accounted for as if it were a defined contribution scheme. Further information and details in respect of the pension schemes are included in notes 1.12 and 4 to the accounts. Details of the pension entitlements of OSCR's Senior Management Team have been provided.

## Accrued pension

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The table below details pension ages for each of the schemes whilst note 4 to the Accounts provides further detail.

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

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The real increase reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme

or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff costs (Audited)

	Permanently employed staff £000	Others £000	2023-24 Total £000	2022-23 Total £000
	£000	£000	£000	£000
Wages and salary	1,810	65	1,875	1,722
Social security	195	1	196	187
Other pensions costs	502		502	463
Agency staff costs		27	27	71
<b>Total</b>	<b>2,507</b>	<b>93</b>	<b>2,600</b>	<b>2,443</b>

### Agency staff costs

Two agency staff were employed during 2023-24, the first was to cover an essential post whilst recruitment and onboarding from April until August. The second agency member of staff was recruited in the capacity as a project manager in February 2024, the work to be carried out is directly related to the implementation of the new charity legislation (further information on the new legislation can be found in the performance section of this report). The agency members of staff were recruited in line with Scottish Government policies.

### Average staff numbers over the year by WTE (Audited)

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

	2023-24 WTE	2022-23 WTE
Senior management	3.0	3.0
Other permanent staff	38.8	39.1
Agency	0.5	1.7
<b>Total</b>	<b>42.3</b>	<b>43.8</b>

## Breakdown by permanent and other at year end

In terms of corporate staffing levels, at the end of 2023–24 the overall permanent staff headcount number was 43 with 8 staff members working on a part-time basis. The overall Whole Time Equivalent for permanent staff was 41.8. Only 1 member of OSCR staff is a Senior Civil Servant.

## Breakdown by gender at year end

The table below details the gender breakdown of permanent staff, at 31 March 2024.

	Male	Female
Senior Management	1	2
Employees	19	21
<b>Total</b>	<b>20</b>	<b>23</b>

## Sickness absence

The average number of days lost per full time equivalent (WTE) to sickness absence during 2023–24 was 4.5 days (Scottish Government Core for comparison was 8.16 days for the same period), which was a decrease on the 2022–23 level of 5.5. A breakdown of absence shown between short term and long term is detailed in the table below and highlights the reduction in long term absence during the year. Given the relatively small number of staff employed, absence levels can fluctuate significantly on an annual basis, particularly when periods of long-term absence occur.

All staff absences are recorded using the Scottish Government’s OneHR system, and absence information is provided to us on a quarterly basis by the Scottish Government Human Resource Division (SGHRD), as part of our shared service arrangement. SGHRD work with our HR advisor to manage long-term absences, involving occupational health professionals, as required and in accordance with official absence policies and procedures.

Days sick absence	2023–24	2022–23
Short term (under 20 days)	185.1	174.0
Long term (over 20 days)	0	44.0
Total	185.1	218.0
Average per FTE member of staff	4.5	5.5



## Policies in relation to disabled persons

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

To ensure OSCR services and information is as accessible as possible, our website meets accessibility standards, is Recite Me enabled and we are a member of Happy to Translate. To support charities in complying with equality law we have [published guidance](#) highlighting their responsibilities.

We are currently engaging with charities as part of the process of reviewing and updating our Equality Policy which shows how we ensure that equality continues to be an integral part of our policies and practice.

As an employer, OSCR undertakes to develop all staff and positively values the different perspectives and skills each brings to our work. We adopt the Scottish Government policies on equal opportunities and diversity, and all staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. A significant number of our staff are employed on a part time working pattern, and whilst no staff are employed as homeworkers, we support and provide technology to facilitate hybrid working.

## Expenditure on consultancy and payroll arrangements (Audited)

Consultancy expenditure totalled £10.5k in 2023–24. We received procurement advice and support from the Scottish Government Procurement Directorate in respect of the Fully Managed Service (Lite) at a cost of £2k (£4k 2022–23). In addition, we commissioned 360 degree feedback for our Senior Management team at a cost of £1k and running assessments in relation to our CEO recruitment for £7.5k; both of these services were provided by Keil Centre.

## Exit packages (Audited)

No staff member, Board member or senior manager left under voluntary or compulsory exit schemes in 2023–24 (nil in 2022–23).

# Parliamentary Accountability Report

## Losses and special payments

There were no losses and special payments incurred by OSCR in the year 2023-24 (nil in 2022-23).

## Fees and charges

OSCR do not charge for any of the work carried out, and so receive no fee income. All income is in the form of Scottish Government funding.

## Remote contingent liabilities

There were no contingent liabilities which require disclosure under IAS31 in 2023-24 (nil for 2022-23).

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**Maureen Mallon**

**Chief Executive and Accountable  
Officer**

**28.06.2024**

# Independent Auditor's Report



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

## Reporting on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Office of the Scottish Charity Regulator for the year ended 31 March 2024 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements:

give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;

have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and

have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000

and directions made thereunder by the Scottish Ministers.

### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such

internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

using our understanding of the central government sector to identify that the Public Finance and Accountability

(Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;

inquiring of the Accountable Officer and Head of Corporate as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

inquiring of the Accountable Officer and Head of Corporate concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;

discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Finance and Accountability (Scotland) Act 2000.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data

Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the revenue budget set by the Scottish Government as part of the Budget (Scotland) Act. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained confirmation of the revenue budget via the Budget (Scotland) Act and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with

provisions of relevant laws and regulation described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

## Reporting on regularity of expenditure and income

### Opinion on regularity

In our opinion in all material respects:

the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and

the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance



with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

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

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the

financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

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

2000 and directions made thereunder by the Scottish Ministers.

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

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

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

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

### **Use of our report**

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 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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Pat Kenny, CPFA (for and on behalf of  
Deloitte LLP)

110 Queen Street,  
Glasgow,  
G1 3BX  
United Kingdom

28 June 2024

# Annual Accounts



# Financial Statements – Office of the Scottish Charity Regulator

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2024

		2023-24	2022-23
	Note	£'000	£'000
<b>Operating costs</b>			
Staff costs	3	2,600	2,443
Other administration costs	5	710	818
Depreciation and amortisation	6,7,14	89	128
Interest expense on lease liability	14	19	1
<b>Net operating expenditure</b>		<b>3,418</b>	<b>3,390</b>
<b>Total comprehensive net expenditure</b>		<b>3,418</b>	<b>3,390</b>

The notes on pages 65 to 82 form part of these accounts.

## Statement of Financial Position

as at 31 March 2024

		2023-24	2022-23
	Note	£'000	£'000
<b>Non-current assets:</b>			
Right of use asset – building	14	353	6
Property, plant and equipment	6	0	0
Intangible assets	7	0	0
<b>Total non-current assets</b>		<b>353</b>	<b>6</b>
<b>Current assets:</b>			
Cash and cash equivalents	9	1	0
Other current assets	10	133	9
<b>Total current assets</b>		<b>134</b>	<b>9</b>
<b>Total assets</b>		<b>487</b>	<b>15</b>
<b>Current liabilities:</b>			
Trade and other payables	11	(578)	(319)
Right of use liability	14	(106)	(5)
<b>Total current liabilities</b>		<b>(684)</b>	<b>(324)</b>
<b>Total assets less current liabilities</b>		<b>(197)</b>	<b>(309)</b>
<b>Non current liabilities</b>			
Right of use liability	14	(345)	0
Provision for dilapidations	12	(136)	(162)
<b>Assets less liabilities</b>		<b>(678)</b>	<b>(471)</b>
<b>Taxpayers' equity:</b>			
General fund		(678)	(471)

The notes on pages 65 to 82 form part of these accounts.

## Statement of Cash Flows

for the year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
<b>Cash flows from operating activities</b>			
Net operating cost	SCNE	(3,418)	(3,390)
Adjustments for non-cash transactions:			
Depreciation and amortisation	6,7,14	89	128
Audit fee	5	15	15
Movements in working capital:			
(Increase)/decrease in trade and other receivables	10	(123)	36
(Decrease)/increase in trade and other payables	11	259	56
(Decrease)/increase in provisions	12	(26)	0
Lease interest	14	19	1
<b>Net cash outflow from operating activities</b>		<b>(3,185)</b>	<b>(3,154)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	14	(121)	(131)
Funding from Scottish Government	2	3,307	3,284
<b>Net financing</b>		<b>3,186</b>	<b>3,153</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	9	1	<b>(1)</b>
Cash and cash equivalents at the beginning of the period	9	0	1
Cash and cash equivalents at the end of the Period	9	1	0

The notes on pages 65 to 82 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2024

	Note	General Fund £'000
<b>Balance at 31 March 2022</b>		<b>(375)</b>
<b>Changes in taxpayers' equity for 2022-23</b>		
Non-cash charges – auditor's remuneration	5	15
Net operating cost for the year	SCNE	(3,390)
Transitional adjustment to reserves – lease liability		(5)
<b>Total recognised income and expenditure for 2022-23</b>		<b>(3,380)</b>
Net funding	2	3,284
<b>Balance at 31 March 2023</b>		<b>(471)</b>
<b>Changes in taxpayers' equity for 2023-24</b>		
Non-cash charges – auditor's remuneration	5	15
Net operating cost for the year	SCNE	(3,418)
<b>Total recognised income and expenditure for 2022-23</b>		<b>(3,403)</b>
IFRS16 lease incentive		(111)
Net funding	2	3,307
<b>Balance at 31 March 2024</b>		<b>(678)</b>

The notes on pages 65 to 82 form part of these accounts.

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*Maureen Mallon*  
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**Maureen Mallon**

**Chief Executive and Accountable Officer**

**The Accountable Officer authorised these statements for issue on 28 June 2024**



# Notes to the Accounts

## 1. Statement of accounting policies

### 1.1 Basis of Accounting

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury, which follows International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, IFRIC Interpretations and the Companies Act 2006, to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention.

### 1.3 Accounting standards issued but not yet effective

In accordance with IAS 8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application.

### 1.4 Accounting standards effective in current year

No new standards, amendments and interpretations issued but not adopted in 2023/24 are expected to have a material impact on OSCR.

### 1.5 Assumptions made about the future and other major sources of estimation uncertainty

Management have made no judgements or estimates in the preparation of these accounts.

### 1.6 Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. The negative balance on our Statement of Financial Position of £678k does not indicate an inability to continue as we are funded by the Scottish Government. Further explanation of the going concern basis is contained in the Performance Overview (page 24).

## 1.7 Property, plant and equipment

Leaseholder improvements to the building are capitalised at the cost of construction. Plant and equipment and information technology are capitalised at cost. Leasehold improvements over £10,000 and plant and equipment and information technology over £5,000 are capitalised. Furniture and fittings are not capitalised and the full cost is charged to the operating costs in the year of acquisition.

As required under International Accounting Standard (IAS) 16 all non-current assets are valued at current value in existing use. Depreciated historic cost is used as a proxy for current value in existing uses 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. Leasehold improvements are depreciated at the lower of expected useful economic life and lease term. The depreciation periods which normally apply to the categories of assets are:

<b>Asset category</b>	<b>Depreciation period (years)</b>
Leasehold improvements	5 - 12
Plant and machinery	5
Information technology	3 - 5

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

## 1.8 Intangible assets

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

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

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

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

### **1.9 Impairment of tangible and intangible assets**

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

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

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

### **1.10 Cash and cash equivalents**

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

### **1.11 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.

### **1.12 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.

## 1.13 Leasing

### Scope and classification of leases

IFRS 16 leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low value items, defined as items costing less than £5,000 when new, provided they are not highly dependent or integrated with other items; and contracts with a term shorter than 12 months.

### Initial recognition of leases

At the commencement of a lease, a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. We have used the HM Treasury rate at the year of recognition. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

### Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of property without regular rent reviews. For these leases, the asset is carried at a revalued amount.

### Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering

event occurred. Lease payments are debited against the liability.

### **Impairment of assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential.

#### **1.14 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.

#### **1.15 Short term employee benefits**

OSCR permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances, in accordance with Scottish Government resourcing policies. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used. In response to the COVID 19 pandemic, in 2020–21 Scottish Government policy on leave carry-forward was amended to enable up to 20 days leave, rather than 10 as was previously the case, to be carried forward by individual staff members into 2021–22 and 2022–23. This position reverted to 10 days for 2023–24.

#### **1.16 Financial instruments**

OSCR does not hold any complex financial instruments. As the cash requirements of OSCR are met by the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Most financial instruments relate to contracts to buy non-financial items in

line with our expected purchase and usage requirements and OSCR is therefore exposed to little credit, liquidity or market risk.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when OSCR becomes a party to the contractual provisions of the instrument.

#### **1.17 Trade receivables and other current assets**

All material amounts due at 31 March 2024 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

#### **1.18 Trade payables and other current liabilities**

All material amounts outstanding at 31 March 2024 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

#### **1.19 Segmental reporting**

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

#### **1.20 Changes in Accounting Policy**

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

## 2. Reconciliation of net resource outturn to net cash requirement in 2023-24

2022-23 Outturn £'000		2023-24 Budget £'000	2023-24 Outturn £'000	2023-24 Variance £'000
3,390	Resource outturn	3,300	3,418	118
3,390	Total resource requirement	3,300	3,418	118
130	IFRS16 lease payments		121	
	Accruals adjustments:			
(143)	Non cash items		(104)	
(93)	Changes in working capital other than cash		(128)	
<b>3,284</b>	<b>Net cash requirement</b>		<b>3,307</b>	
<b>3,284</b>	<b>Net funding received</b>		<b>3,307</b>	
0	Cash (surplus)		0	

## 3. Staff numbers and related costs

An analysis of staff numbers and costs is disclosed in the Staff Report section on page 49 of this report. A summary of cost is provided in the table below.

	2023-24 £000	2022-23 £000
Directly employed staff	2,507	2,318
Other staff costs (Board members / Agency staff)	93	125
<b>Total</b>	<b>2,600</b>	<b>2,443</b>

## 4. Post Employment Benefits: Pension

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

### Principal Civil Service Pension Scheme (PCSPS)

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

The Scottish Government currently has five pension schemes offering employer contributions at one of four rates in the range of 26.6% to 30.3% of pensionable pay, depending on salary bands. Employee contributions range between 4.6% and 7.35%, depending on the scheme. Civil servants may be in one of the five defined benefit schemes; either a 'final salary' scheme: Classic (including Classic Plus) or Premium; or a 'whole career scheme': Nuvos or Alpha. There is also an annuity scheme (Partnership).

For 2023-24, employers' contributions of £502k were payable to the PCSPS (2022-23 £463k). 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 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Contributions to the scheme are expected to be 28.7% for 2024-25. A levy of 0.27% of pensionable pay is also expected to be payable by employers from 1 April 2024 in order to meet the cost of administering the scheme.

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

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



For 2023-24 employee contribution rates were set as follows:

<b>Annualised rate of pensionable earnings</b>	<b>Contribution rates from 1 April 2015</b>
Up to £23,100	4.60%
£23,101 – £56,000	5.45%
£56,001 – £150,000	7.35%

Benefits accrue as follows:

**Classic:**

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

**Premium:**

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

**Classic Plus:**

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

**Nuvos and Alpha:**

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

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

**Partnership:**

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

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

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

## 5. Other administration costs

	2023-24	2022-23
	£'000	£'000
Property costs	145	179
Supplies and services	558	586
Staff related costs	18	38
 <u>Non cash items:</u>		
Auditors' remuneration and expenses	15	15
Provision for dilapidations	(26)	0
<b>Total</b>	<b>710</b>	<b>818</b>

- (i) Property costs for 2023-24 comprise: property running costs recharged under a Memorandum of Terms of Understanding (MOTU) agreement with the Care Inspectorate £98k (2022-23 £130k); rates recharged from Care Inspectorate £46k (2022-23 £47k) and property maintenance costs £1k (2022-23 £2k).
- (ii) Supplies and services costs for 2023-24 comprise: ICT support and equipment £325k (2022-23 £443k), ICT development £152k (2021-22 £24k), professional fees £29k (2022-23 £62k), and administration costs £52k (2022-23 £57k).

- (iii) Staff related costs for 2023-24 comprise: training £4k (2022-23 £27k), travel and subsistence £3k (2022-23 £3k), recruitment £7k (2022-23 £3k) and membership fees/subscriptions £4k (2022-23 £5k).

Auditor's remuneration is disclosed as a notional charge and relates to fees notified to OSCR by Audit Scotland in respect of the audit work carried out in relation to the year ended 31 March 2024. All audit fees are paid from the Scottish Consolidated Fund.

No other work was carried out by Deloitte (appointed auditors), during the year ended 31 March 2024 (£ nil in the year to 31 March 2023).

The new lease removes the tenants responsibility for some of the Quadrant House dilapidations. The dilapidations provision has decreased by £26k in 2023-24 to reflect this.

## 6. Property, plant and equipment

2023-24	Leasehold improvement £000	Furniture and equipment £000	IT £000	Total £000
<b>Cost</b>				
At 1 April 2023	141	0	0	141
Additions	0	0	0	0
On transfer	0	0	0	0
On disposals	(141)	0	0	(141)
<b>At 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>				
At 1 April 2023	141	0	0	141
Charge for year	0	0	0	0
On transfer	0	0	0	0
On disposals	(141)	0	0	(141)
<b>At 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2024</b>				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2023	0	0	0	0

<b>2022-23</b>	<b>Leasehold improvement</b>	<b>Furniture and equipment</b>	<b>IT</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1 April 2022	191	55	63	309
Additions	0	0	0	0
On transfer	0	0	0	0
On disposals	(50)	(55)	(63)	(168)
<b>At 31 March 2023</b>	<b>141</b>	<b>0</b>	<b>0</b>	<b>141</b>
<b>Depreciation</b>				
At 1 April 2022	188	55	63	306
Charge for year	3	0	0	3
On transfer	0	0	0	0
On disposals	(50)	(55)	(63)	(168)
<b>At 31 March 2023</b>	<b>141</b>	<b>0</b>	<b>0</b>	<b>141</b>
<b>Net book value</b>				
<b>at 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2022	3	0	0	3

All assets were owned prior to disposal, with the exception of leasehold improvements and right of use asset.

## 7. Intangible assets

	Software £000
<b>Cost:</b>	
At 1 April 2023	0
Additions	0
Disposals	0
<b>At 31 March 2024</b>	<u>0</u>

<b>Amortisation</b>	
At 1 April 2023	0
Charged in year	0
Disposals	0
<b>At 31 March 2024</b>	<u>0</u>

<b>Net book value:</b>	
<b>At 31 March 2023</b>	<b>0</b>
At 31 March 2022	0

	Software £000
<b>Cost:</b>	
At 1 April 2022	174
Additions	0
Disposals	(174)
<b>At 31 March 2023</b>	<u>0</u>

<b>Amortisation:</b>	
At 1 April 2022	174
Charged in year	0
Disposals	(174)
<b>At 31 March 2023</b>	<u>0</u>

<b>Net book value:</b>	
<b>At 31 March 2023</b>	<b>0</b>
At 31 March 2022	0

All assets were owned prior to disposal.

## 8. 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.

## 9. Cash and cash equivalents

	2023-24	2022-23
	£000	£000
Balance as at 1 April	0	1
Net change in cash and cash equivalent balances	1	(1)
Balance as at 31 March	1	0

This balance is held in a commercial bank.

## 10. Other current assets

	2023-24	2022-23
	£000	£000
Prepayments	21	8
Trade receivables	0	1
Other receivables	112	0
	<b>133</b>	<b>9</b>

The increase in other receivables in 2023-24 is due the cash incentive in relation to the new Quadrant House lease arrangements being received in 2024-25.

Analysis of other current assets:

	<b>2023-24</b>	<b>2022-23</b>
	<b>£000</b>	<b>£000</b>
Balances with other central Government bodies	112	0
Balances with bodies external to Government	21	9
	<b>133</b>	<b>9</b>

## 11. Trade payables and other current liabilities

	<b>2023-24</b>	<b>2022-23</b>
	<b>£000</b>	<b>£000</b>
Trade payables	33	64
Accruals	439	162
Other taxation and social security	51	46
Other payables	55	47
	<b>578</b>	<b>319</b>

The increase in accruals in 2023-24 is mainly due to the timing of the receipt of invoices relating to the Quadrant House accommodation costs.

Analysis of trade payables and other current liabilities:

	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£000</b>
Balances with other central Government bodies	432	154
Balances with bodies external to Government	146	165
	<b>578</b>	<b>319</b>

## 12. Provisions for liabilities and charges

There is a provision of £136k for property dilapidations in respect of Quadrant House lease obligations in 2023-24 (2022-23 £162k). Estimates of likely costs in respect of obligations under our property leases for dilapidations, reinstatement and property decorations are charged in accordance with IFRS 16 Leases. The provision has been calculated based on each tenant's percentage occupancy of the building.

	2023-24	2022-23
	£'000	£000
Opening balance at 1 April	162	162
Provided in year	0	0
Released in year	(26)	0
Closing balance at 31 March	136	162

## 13. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2024.

## 14. Leases

OSCR recognises a right of use asset upon lease commencement. The right of use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date over the term (which is equal to or shorter than the asset's useful life). The right of use asset will be periodically reviewed for impairment losses and adjustments on remeasurement of the lease liability.

OSCR has tenancy of Quadrant House through a Scottish Government lease, through a MOTU agreement with the Care Inspectorate. The lease period began on 20 April 2023 and it is expected that OSCR will remain in the building for at least 5 years. A provision for dilapidations has been made (note 12).



	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	6	0
Recognition of right of use asset on initial application of IFRS16	0	131
Additions	436	0
Depreciation expense	(89)	(125)
At 31 March	<u>353</u>	<u>6</u>

### Commitments under leases

Upon commencement of new leases, the liability is measured at the cost of unpaid lease payments.

Total future annual lease payments on the Quadrant House building are :

	<b>2023-24</b>
	<b>£'000</b>
Not later than one year	121
Later than one year and not later than five years	371
Less interest element	(41)
Present value of obligations	<u>451</u>

Current portion	106
Non-current portion	345

Quantitative disclosures around cash outflow for leases:

Reduction of lease liability	102
Interest on lease liability	19
Total cash outflow for leases	<u>121</u>

## 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, through the use of its electronic HR and transactional finance systems.

Facilities Management of our office at Quadrant House, Dundee is undertaken by the Care Inspectorate on a shared service basis, for which we £265k in 2023-24 (£161k 2022-23). The increase from 2022-23 is largely due to the rent on Quadrant House which was previously charged directly by the Scottish Government, but is now charged by the Care Inspectorate as part of the MOTU agreement. This shared service agreement included the provision of strategic accounting services and transactional services from the Care Inspectorate and Scottish Social Services Council. These services totalled £18k (2022-23 £17k). The strategic accountancy services were carried out by the Scottish Social Services Council up to January 2024, after which the Care Inspectorate took over this service, for which we paid £6k in 2023-24 (2022-23 £ nil).

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 2024 which required disclosure under IAS 37 or the Scottish Public Finance Manual.

## **17. Post statement of financial position events**

There were no events after the statement of financial position date relating to the 2023-24 financial year up to when the Accounts were signed.

## Appendix 1



### OFFICE OF THE SCOTTISH CHARITY REGULATOR

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

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

Signed by the authority of the Scottish Ministers



Dated 6 June 2021

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