

**Office of the Commissioner for Public
Appointments in Scotland**

Annual Accounts

Year Ended 31 March 2007

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MANAGEMENT COMMENTARY

The accounts for the financial year ended 31 March 2007 are presented in accordance with paragraph 13(1) of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003, and prepared in accordance with an Accounts Direction given by the Scottish Ministers.

Background Information

1. The Commissioner for Public Appointments in Scotland (the Commissioner) was constituted under Section 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003 which was passed by Parliament on 5 February 2003 and received Royal Assent on 11 March 2003.

2. On her appointment the Commissioner established an office to assist her in the exercise of her duties. This is known as the Office of the Commissioner for Public Appointments in Scotland (OCPAS).

Statutory Powers and Responsibilities

3. The statutory functions of the Commissioner for Public Appointments in Scotland are to:

- prepare and publish a code of practice in respect of the making by the Scottish Ministers of any appointment or recommendation for appointment of a person to an office or as a member of a body specified in schedule 2 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003
- examine the methods and practices employed by the Scottish Ministers in the making of appointments and recommendation for appointment to the specified authorities
- investigate complaints arising from the making by the Scottish Ministers of any appointment, or recommendation for appointment to the specified authorities
- report to the Scottish Parliament material non-compliance with the code of practice and if the appointment or recommendation for appointment in question has not been made, direct the Scottish Ministers to delay making the appointment or recommendation until the Parliament has considered the case
- ensure that appointments and recommendations for appointment to the specified authorities are made fairly and openly and that as far as reasonably practicable all categories of person are afforded an opportunity to be considered for appointment
- prepare and publish a strategy for ensuring that appointments and recommendations for appointment to the specified authorities are made by the Scottish Ministers in a way which encourages equal opportunities.

Financial Position

4. The Commissioner's expenditure on operating activities for the year ended 31 March 2007 totalled £399,000 (2005-06 £416,000). This was on staffing costs £192,000 (2005-06 £146,000), other operating expenditure £203,000 (2005-06 £266,000), and depreciation £4,000 (2005-06 £4,000). Details of other operating expenditure are shown in note 6 to the accounts.

5. The Commissioner earned income of £2,000 (2005-06 £1,000), resulting in net expenditure on operating activities for the year of £397,000 (2005-06 £415,000). This will be charged to the general fund and will be carried forward to 2007-08.

6. A further £2,000 (2005-06 £1,000) was spent on the purchase of tangible fixed assets during the financial year as detailed in note 7 to the Accounts.

7. The Scottish Parliament awarded OCPAS a budget of £397,000 for financial year 2006-07. The Commissioner's total expenditure, at £397,000 (2005-06 £412,000) excluding cost of depreciation and notional cost of capital (£4,000), was in line with budget. Details of expenditure against budget are shown in note 2 to the accounts.

8. The Commissioner's accounts record a small net deficit position in the balance sheet resulting mainly from a timing issue in relation to the receipt of cash funding from the Scottish Parliamentary Corporate Body (SPCB).

Payment of Creditors

9. Invoices were processed by OCPAS. OCPAS is committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 30 days of receipt of the goods or services. OCPAS payment performance for 2006-07 was 90% (2005-06 91.5%).

Review of 2006-07

10. During this year of operation:

Implementation of the new Code of Practice in Scotland

- launch of the new Code in April 2006
- shadowing of initial three appointment rounds under the new Code
- monitoring the first 32 appointment rounds under the new Code
- recording issues arising under new Code in preparation for review of Code in 2008-09

Creation of an equal opportunities strategy for public appointments

- analysis of research for stage one of the strategy
- preparation for second and third phases of research
- initial strategy development
- establishment of a strategy steering group

Enhancing procedures to regulate the public appointments process in Scotland

- monitoring level of OCPAS Assessor activity against predictions
- completing five training days for OCPAS Assessors and re-introducing drop-in sessions
- inducting seven new OCPAS Assessors, utilising training sessions and shadowing of current assessors
- reviewing OCPAS Assessor numbers against business predictions (resulting in no further recruitment in 2006-07)
- reviewing the Service Level Agreement between OCPAS and its assessors
- tendering for and appointing auditors to audit the public appointments process

Maintaining the Commissioner's office

- reviewing office procedures and policies, including risk assessment
- inducting an Assessment Manager
- reviewing OCPAS staffing structure, confirming three full-time staff required with changed role descriptions
- establishing an Advisory Audit Board
- developing an office contingency plan
- review of OCPAS accommodation, resulting in decision to remain in present location as shared office was not possible
- publishing the Commissioner's annual report

Developing relationships

- meeting with equalities bodies as precursor to equal opportunities strategy work
- establishing regular meetings with Scottish Executive to discuss issues in the public appointments process, including quarterly surgeries for sponsor teams
- establishing regular meetings with the Commissioners for Public Appointments in England & Wales and Northern Ireland
- establishing a working group with other Scottish Commissioner bodies covering operational issues to share best practice
- meeting with Scottish Executive heads of department

Promoting the public appointments process in Scotland

- presentations by the Commissioner and her team at events to promote the process and work of the office
- utilising a team of OCPAS Champions to promote the public appointments process
- holding an event at Festival of Politics to further public's knowledge of the public appointments process

Future Development

11. Priorities in the coming year for the Commissioner are to:

- launch Equal Opportunities Strategy for consultation. Review input from consultees and revise strategy as appropriate. Publish the EOS for the public appointments process in Scotland
- develop an appointment “hallmark” to evaluate implementation of the public appointments process
- undertake the first OCPAS audit of the public appointments process
- review implementation of the new Code with SEPAT and sponsor teams
- hold exit interviews for OCPAS Assessors coming to the end of their second term and review OCPAS Assessor numbers with a view to recruitment
- review OCPAS guidance issued to users of the new Code
- work with the Scottish Executive to encourage streamlining of the administration surrounding the public appointments process and to produce revised guidance
- produce an accreditation programme for OCPAS Assessors
- review structure and content of OCPAS website
- review OCPAS records management system
- establish a Memorandum of Understanding for appointment rounds between the Commissioner’s office and the Scottish Executive
- identify further opportunities to promote OCPAS and the public appointments process
- hold an event at the Scottish Parliament’s Festival of Politics

The Commissioner for Public Appointments in Scotland

12. ***The Commissioner is:*** Karen Carlton
Appointed: 1 June 2004

The Commissioner’s appointment is for a period of up to 5 years

Equal Opportunities

13. The Commissioner supports the principle of equal opportunities in carrying out her operational functions and employment practices. This means she is committed to pursuing positive action in her organisation’s policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status or disability.

Provision of Information to Employees

14. The office of the Commissioner has adopted the principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to management papers, through oral and written briefings, by staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

Disclosure of Information to Auditors

15. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Audit

16. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 13 (2) of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003.

Register of Interests

17. OCPAS maintains a register of company directorships and other significant interests held by the Commissioner and OCPAS staff. This is available on our website at www.publicappointments.org/publications.



Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 21 August 2007

REMUNERATION REPORT

The Commissioner's appointment is for a period of 5 years and remuneration of the Commissioner is set by the Scottish Parliamentary Corporate Body. Following nomination by the Scottish Parliament the Commissioner is appointed by Her Majesty the Queen.

The Commissioner's salary and pension entitlement is set out below. The Commissioner is employed on a part-time basis, working three days per week. The salary given below is based on part-time employment (three days per week).

Remuneration	2006-07 £'000	2005-06 £'000
Salary	40-45	40-45
Benefits in kind	Nil	Nil

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

Pension Benefits

	Real increase in pension and related lump sum at age 60 £'000	Total accrued pension at age 60 as at 31 March 2007 and related lump sum £'000	CETV at 31 March 2006 £'000	CETV at 31 March 2007 £'000	Value of CETV increase over year £'000
Commissioner					
Karen Carlton	0-2.5 Lump sum 0-2.5	0 - 5 Lump sum 0-2.5	23	37	12

The Cash Equivalent Transfer Value (CETV)

This 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. It 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 pension benefits they have 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 scheme, not just their service in the senior capacity to which the disclosure applies. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Karen Carlton

Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 21 August 2007

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The Scottish Parliamentary Corporate Body designated the Commissioner as the Accountable Officer for the Office of the Commissioner for Public Appointments in Scotland. The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual.

Under paragraph 13(1) of Schedule 1 to the Public Appointments and Public Bodies etc. (Scotland) Act 2003 the Commissioner is required to prepare a statement of accounts for each financial year in the form as directed by the Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Commissioner's affairs at the year end and of the financial activities of her office during the year.

In preparing the accounts, the Commissioner is required to:

- (i) Observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- (ii) Make judgements and estimates on a reasonable basis.
- (iii) State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.
- (iv) Prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Commissioner will continue in operation.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer, I am responsible for ensuring that appropriate and adequate internal controls are in place to support my Office in successfully accomplishing its objectives and to safeguard the public funds under my control.

The Public Appointments and Public Bodies etc. (Scotland) Act 2003 provides that the Commissioner is an independent Officeholder in the exercise of her functions and is not subject to the control or direction of the Scottish Parliament, including the Scottish Parliamentary Corporate Body (SPCB) or the Scottish Executive unless where otherwise indicated (see paragraph below).

The Public Appointments and Public Bodies etc. (Scotland) Act 2003 provides that the SPCB shall pay the salaries, allowances and any expenses incurred by the Commissioner in the exercise of her functions. It also provides that the terms and conditions of staff and the arrangements for pensions, allowances and gratuities all require the approval of the SPCB.

In practice, I submit an annual budget bid to the SPCB along with a business plan and the rationale behind each item of expenditure. These details are discussed with the SPCB and form part of their own budget submission to the Scottish Parliament.

Purpose of the System of Internal Control

A system of internal control is an ongoing process designed to identify the principal risks to achieving our objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system comprises a network of operating procedures intended to provide reasonable assurance that objectives will be achieved and funds properly managed. It is designed to manage these risks not eliminate them and must be regularly reviewed and amended.

This system of internal control now includes:

- a three-year business plan detailing OCPAS objectives. This plan is developed in conjunction with staff and their personal objectives flow from it. Both individual and organisational objectives are formally reviewed twice a year and on an ongoing basis at monthly team meetings. These reviews track the progress of our objectives and highlight any obstacles. This is a key element in managing risk
- maintenance of a full electronic accounting system along with written guidelines for financial procedures
- a detailed annual budget prepared and reviewed on a monthly basis
- job descriptions for all staff members based on OCPAS overall aims and objectives
- a performance review system – staff are regularly reviewed against their personal objectives and training requirements are identified and addressed

- a scheme of delegation
- a Financial Memorandum between OCPAS and the Scottish Parliamentary Corporate Body drawn up and approved, clearly delineating responsibilities
- the Scottish Parliament's procurement procedures adopted
- an electronic system for the fair and equitable allocation of OCPAS Assessors
- methods for sharing and cascading information to OCPAS staff are in place
- a full set of office policies, including Code of Conduct, are in place and reviewed once a year
- a register of interests giving details for the Commissioner, OCPAS staff and OCPAS assessors
- a comprehensive set of staff terms and conditions

We have identified areas which will be addressed in the coming year:

- ongoing review of our Internal Audit requirements

Risk and Control Framework

We operate a risk management strategy in accordance with best practice. The key strand is identifying and regularly reviewing the risks which may deflect OCPAS from achieving its objectives. All risks identified are logged in a register. The register was created by and is maintained with input from all OCPAS staff.

This register is reviewed twice a year to ensure that actions to eliminate or reduce risks are underway and that new or changing risks are identified. These risks are assigned to specific objectives in the business plan.

As a result of risk review, during 2006-07, OCPAS:

- developed a Contingency Plan
- established an Advisory Audit Board
- implemented prevention and detection of fraud policies
- produced and published a register of interests

In the coming year we aim to highlight strategic risks to the business which will be reviewed quarterly along with business objectives. Key risks will be allocated to individual staff members to manage as part of their objectives.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. These measures are reviewed regularly to take into account changing legislation, the advice of my staff and advisors and the results of our external audit.

Recommendations from external audit and the Advisory Audit Board are added to the business plan and to staff personal objectives to ensure they are acted upon.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. OCPAS will continue to be guided by the Scottish Public Finance Manual in reviewing its systems.



Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 21 August 2007

Independent auditor's report to the Office of the Commissioner for Public Appointments in Scotland, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of the Office of the Commissioner for Public Appointments in Scotland (the Commissioner) for the year ended 31 March 2007 under the Public Appointments and Public Bodies etc. (Scotland) Act 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Commissioner and Auditor

The Commissioner is responsible for preparing the annual report and the financial statements in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. The Commissioner is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. We also report if, in our opinion, the Management Commentary is not consistent with the financial statements, if the Commissioner has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the Commissioner's compliance with the Scottish Executive's guidance. We report if, in our opinion, it does not comply with the guidance or if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Commissioner's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Management Commentary and the Remuneration Report except the section on Remuneration and Pension Benefits. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board and the Commissioner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commissioner's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

Financial statements

In our opinion

- the financial statements give a true and fair view, in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Commissioner as at 31 March 2007 and of its net operating cost, total recognised gains and losses and cash flows for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

Regularity

In our opinion in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Conference House
152 Morrison Street
Edinburgh EH3 8EB

21 August 2007

Operating Cost Statement for the year ended 31 March 2007

	<u>Notes</u>	<u>2006-07</u>	<u>2005-06</u>
		£'000	£'000
<u>Income</u>			
Income from all Sources	3	2	(1)
		<hr/>	<hr/>
		2	(1)
<u>Expenditure</u>			
Staff Costs	4,5	192	146
Other Operating Costs	6	203	266
Depreciation	7,8	4	4
		<hr/>	<hr/>
<u>Total Expenditure</u>		399	416
		<hr/>	<hr/>
<u>Net Expenditure for the Year</u>		397	415
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Operating Cost Statement.

The accompanying notes on pages 16 to 22 form an integral part of these accounts.

Balance Sheet as at 31 March 2007

	<u>Notes</u>	<u>2006-07</u> £'000	<u>2005-06</u> £'000
<u>Fixed Assets</u>			
Tangible Assets	7	3	4
Intangible Assets	8	1	2
		<u>4</u>	<u>6</u>
Total Fixed Assets			
<u>Current Assets</u>			
Debtors	9	9	8
Cash at bank and in hand	10	31	8
		<u>40</u>	<u>16</u>
Creditors - amounts falling due within one year	11	(45)	(23)
		<u>(5)</u>	<u>(7)</u>
Net Current Liabilities			
		<u>(1)</u>	<u>(1)</u>
Total Net Liabilities			
		<u>(1)</u>	<u>(1)</u>
<u>Financed by:</u>			
Capital and Reserves			
General Fund	12	(1)	(1)
		<u>(1)</u>	<u>(1)</u>

The accompanying notes on pages 16 to 22 form an integral part of these accounts.

Karen Carlton

Karen Carlton
Commissioner for Public Appointments in Scotland

Date: 21 August 2007

Cash Flow Statement for Year Ended 31 March 2007

		<u>2006-07</u> £'000	<u>2005-06</u> £'000
<u>Operating Activities</u>			
Net Cash Outflow from Operating Activities	(i)	(372)	(413)
<u>Capital Expenditure</u>			
Purchase of Tangible Fixed Assets		(2)	(1)
		<u>(374)</u>	<u>(414)</u>
<u>Financing</u>			
Financing from the Scottish Parliamentary Corporate Body		397	417
Increase in Cash	(ii)	<u>23</u>	<u>3</u>

(i) **Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities**

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
Net Expenditure for the Year	(397)	(415)
Increase in Debtors	(1)	(3)
Increase in Creditors	22	0
Depreciation	4	4
Disposal of fixed assets	0	1
Notional costs	0	0
Net Cash Outflow from Operating Activities	<u>(372)</u>	<u>(413)</u>

(ii) **Analysis of Changes in Cash & Bank**

	At 1 April 2006 £'000	Cash Flow £'000	At 31 March 2007 £'000
Cash at Bank and in Hand	<u>8</u>	<u>23</u>	<u>31</u>

NOTES TO THE ACCOUNTS

1 Accounting Policies

1.1 Basis of Accounting

These accounts cover the year to 31 March 2007. The financial statements have been prepared under the historic cost convention, modified to account for the revaluation of fixed assets where material, at their value to the business by reference to their current costs, and in accordance with the Accounts Direction issued by the Scottish Ministers. They meet the requirements of the Government Financial Reporting Manual, and of the Statements of Standard Accounting Practice / Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

1.2 Tangible Fixed Assets

1.2.1 *Capitalisation*

Purchases of assets for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital with the exception of land and buildings where the threshold is set at £10,000 and IT equipment where the group value exceeds £500.

1.2.2 *Valuation*

As appropriate, assets are reflected at their value to the organisation by reference to current cost.

1.2.3 *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture and equipment	5 years
Fixtures & Fittings	5 years
IT Equipment	3 years

1.3 Intangible Fixed Assets

Software and licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset (3 years).

1.4 Funding Receivable

Funding received from the SPCB is credited directly to the general fund in the period to which it relates.

1.5 Leases

The Commissioner holds no material finance or operating leases. The property lease is renewed annually.

1.6 Notional Costs

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Commissioner includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% in real terms on all assets and liabilities.

1.7 Pension Costs

The Commissioner

The Commissioner is a member of the Principal Civil Service Pension Scheme (PCSPS).

Employees

The staff of OCPAS are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme. OCPAS is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet office: Civil Superannuation (www.civilservice-pensions.gov.uk)

1.8 Value Added Tax

OCPAS is not VAT registered. All VAT is charged to the income and expenditure account.

2 Performance Against Budget

The OCPAS is funded through the SPCB. For financial year 2006-07 the OCPAS was allocated a budget of £397,000. Total net expenditure, after adjusting for non-cash items was in line with budget.

	2006-07 Budget £'000	2006-07 Expenditure £'000	Variance £'000	2005-06 Expenditure £'000
Net Operating Cost	397	397	0	415
Capital Expenditure	0	2	2	1
Total Expenditure	397	399	2	416
Accruals adjustments:				
Non cash items	0	(4)	(4)	(5)
Working capital (including cash)	0	2	2	6
Cash Funding from SPCB	397	397	0	417

3 Income

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
<i>Income from all Sources</i>		
Bank Interest	1	1
HMRC	1	0
	<u>2</u>	<u>1</u>

4 Staff Numbers and Costs

4.1 *Average Staff Employed (Full Time Equivalent)*

The average number of full time equivalent (FTE) persons employed by OCPAS during the period was as follows:

	<u>2006-07</u> FTE	<u>2005-06</u> FTE
Commissioner	0.6	0.6
Staff	3.9	2.7
	<u>4.5</u>	<u>3.3</u>

4.2 *Breakdown of Staff Costs*

	<u>Total</u> <u>2006-07</u> £'000	<u>Commissioner</u> <u>2006-07</u> £'000	<u>Staff</u> <u>2006-07</u> £'000	<u>Total</u> <u>2005-06</u> £'000
Salaries / wages	156	45	111	119
Social security costs	11	4	7	8
Pension costs	25	11	14	19
	<u>192</u>	<u>60</u>	<u>132</u>	<u>146</u>

5 Pension Costs

For 2006-07 employers contributions of £14,075 were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. This compares to contributions of £8,119 in 2005-06 with the four rates falling between 16.2% and 24.6%.

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2006-07, the salary bands will be revised and the rates will be in a range between 17.1% and 25.5%.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Outstanding scheme contributions at 31 March 2007 amounted to £1,644 (2006 - £985).

On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, depending on scheme joined within PCSPS, and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

6 Analysis of Operating Expenditure

	2006-07	2005-06
	£'000	£'000
Property Costs	38	44
Marketing and Public Relations	1	20
Annual Report	7	8
Legal Advice	3	23
Financial Advice	7	9
OCPAS Assessors' Costs	79	63
Code of Practice	6	27
Equal Opportunities Strategy	47	45
General Office Running Costs	8	9
Staff Training & Recruitment	2	10
Other Professional Fees	2	2
Website Creation & Maintenance	0	2
Travel and Expenses and Hospitality	3	4
Notional Cost of Capital	0	0
	203	266
	203	266

The above total includes £6,700 for external auditor's remuneration. External audit received no fees in relation to non-audit work.

OCPAS has a small permanent staff. In addition, the Commissioner contracts for the services of OCPAS Assessors who participate in each appointment round to the boards of public bodies under her remit and provide her with assurance that the processes used conform to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

7 Tangible Fixed Assets

	Fixtures & Fittings and Equipment £'000	IT Equipment £'000	Total £'000
<u>Cost</u>			
At 1 April 2006	1	8	9
Additions	0	2	2
Disposals	0	0	0
At 31 March 2007	<u>1</u>	<u>10</u>	<u>11</u>
<u>Depreciation</u>			
At 1 April 2006	0	5	5
Charge for Year	0	3	3
Disposals	0	0	0
At 31 March 2007	<u>0</u>	<u>8</u>	<u>8</u>
<u>Net Book Value at 31 March 2007</u>	<u><u>1</u></u>	<u><u>2</u></u>	<u><u>3</u></u>
<u>Net Book Value at 31 March 2006</u>	<u><u>1</u></u>	<u><u>3</u></u>	<u><u>4</u></u>

In previous years IT Equipment was listed as IT Systems and included IT software and licenses. These are now shown separately in Note 8 Intangible Fixed Assets.

8 Intangible Fixed Assets

	IT Software & Licenses £'000	Total £'000
<u>Cost</u>		
At 1 April 2006	3	3
Additions	0	0
Disposals	0	0
At 31 March 2007	<u>3</u>	<u>3</u>
<u>Depreciation</u>		
At 1 April 2006	1	1
Charge for Year	1	1
Disposals	0	0
At 31 March 2007	<u>2</u>	<u>2</u>
<u>Net Book Value at 31 March 2007</u>	<u><u>1</u></u>	<u><u>1</u></u>
<u>Net Book Value at 31 March 2006</u>	<u><u>2</u></u>	<u><u>2</u></u>

9 Sundry Debtors

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
Sundry debtor	0	1
Prepayments	9	7
	<u>9</u>	<u>8</u>

10 Cash at Bank and in Hand

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
Cash Held at Commercial Banks	31	8
	<u>31</u>	<u>8</u>

11 Creditors: amounts falling due within one year

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
Trade Creditors	32	17
PAYE and National Insurance	4	1
Pension Contributions	2	1
Accruals	7	4
	<u>45</u>	<u>23</u>

12 General Fund

	<u>2006-07</u> £'000	<u>2005-06</u> £'000
Balance at 1 April 2006	(1)	(3)
Net Expenditure for the Year	(397)	(415)
Funding from the SPCB	397	417
Notional Cost of Capital	0	0
At 31 March 2007	<u>(1)</u>	<u>(1)</u>

There is no reason to believe that OCPAS will not continue to be funded through the SPCB. The accounts are therefore prepared on a going concern basis.

13 Capital Commitments

There were no contracted capital commitments as at 31 March 2007 (2006 – Nil).

14 Contingent Liabilities

There were no contingent liabilities as at 31 March 2007 (2006 – Nil).

15 Related Party Transactions

The Office of the Commissioner for Public Appointments in Scotland was constituted by the Scottish Parliament which provides funding via the Scottish Parliamentary Corporate Body (SPCB). The SPCB is regarded as a related body. Neither the Commissioner, her staff or related parties has undertaken material transactions with OCPAS during the year.

16 Post Balance Sheet Events

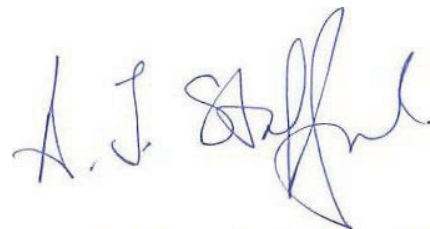
No event has occurred since the date of the balance sheet which materially affects the financial statements.



COMMISSIONER FOR PUBLIC APPOINTMENTS IN SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 13 of Schedule 1 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 1 December 2004 is hereby revoked.


1 September 2006

Signed by the authority of the Scottish Ministers

Dated