

Scottish Public Services Ombudsman

Annual Accounts

2006-07

**Scottish Public Services Ombudsman
Accounts For The Year Ended 31 March 2007**

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Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2007

FOREWORD

The accounts for the financial year ended 31st March 2007 are presented in accordance with paragraph 15(1) of Schedule 1 to the Scottish Public Services Ombudsman Act 2002, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

Background Information

1. The Scottish Public Services Ombudsman (the Ombudsman) was constituted under Section 1 of the Scottish Public Services Ombudsman Act 2002 which was passed by Parliament on 21 March 2002 and received Royal Assent on 23 April 2002.

Statutory Powers and Responsibilities

2. The statutory functions of the Ombudsman are to investigate complaints from members of the public about maladministration and service failure by public bodies and others who provide and deliver public services. The Ombudsman has a role also to increase public awareness, knowledge and understanding of the service by, for example, issuing guidance, publishing leaflets and participating in a range of outreach activities. The SPSO also has a role to promote good administrative practice and, using the evidence from its investigations, to contribute to the development and improvement of the public sector in Scotland.

Financial Position

3. The Ombudsman's expenditure on operating activities for the year ended 31 March 2007 totalled £2,899,000. This was on staffing costs £1,889,000, other operating costs £914,000 and depreciation £96,000. Income of £34,000 was earned resulting in net expenditure on operating activities of £2,865,000.

4. A further £22,000 was spent on fixed asset purchases giving total expenditure for the year of £2,887,000.

5. The Scottish Parliament awarded the Ombudsman a budget of £2,882,000 for financial year 2006-07, excluding depreciation. The Ombudsman's actual expenditure at £2,791,000 was under budget. Details of performance against budget are shown in Note 2 to the accounts.

Financial Administration

6. From 1 April 2005 the Office of the Scottish Public Services Ombudsman took over responsibility for its own financial administration.

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Payment of Creditors

7. The Ombudsman 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 either receipt of the goods or services. Scottish Parliamentary Corporate Body (SPCB) payment performance for 2006-07 was 92% (2005-06, 92%).

Review of 2006-07

8. The financial year 2006-07 was a significant one for the SPSO with the successful introduction of the revised investigation and reporting process. The SPSO received 4,228 complaints and enquiries over the year 2006-07, compared to 3,698 in the previous year. Of those that were within jurisdiction, 51% were about local government, 20% about the NHS, 8% about Housing Associations, 6% about the Scottish Executive and its Agencies and 2% about further and higher education. In total, the 2006-07 volumes reflect an increase of 21% in enquiries and 7% in complaints, representing an increase of 14% in overall contact.

Future Developments

9. The SPSO will be pursuing the completion of the 2005-08 Strategic Plan during the year 2007-08.

10. The SPSO will continue to work closely with the Scottish Executive and the SPCB in regard to shared services and other opportunities for improving cross-agency working and multi-organisational efficiencies.

The Scottish Public Services Ombudsman

- | | | |
|-----|---------------------------------|------------------------------------|
| 11. | <i>The Ombudsman is:</i> | Professor Alice Brown |
| | <i>Appointed:</i> | 30 September 2002 |
| | Reappointed | with effect from 30 September 2007 |

The Ombudsman's first appointment was for a period of five years. The Ombudsman has been re-appointed for a further four years.

Equal Opportunities

12. The Ombudsman 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.

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Provision of Information to Employees

13. The office of the Ombudsman 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.

Audit

14. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 15 (2) of Schedule 1 of the SPSO Act 2002. The Auditor General has appointed Grant Thornton UK LLP as the SPSO Auditors for the 5 year period from 2006-07.

Professor Alice Brown
Scottish Public Services Ombudsman

24 August 2007

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REMUNERATION REPORT

The Ombudsman's re-appointment was for a period of four years and remuneration of the Ombudsman is set by the Scottish Parliamentary Corporate Body. Following nomination by the Scottish Parliament the Ombudsman is appointed by Her Majesty the Queen.

Under the Scottish Public Services Ombudsman Act 2002, the remuneration of the Ombudsman and her Deputies is set by the SPCB.

The Ombudsman's salary and pension entitlement is set out below, along with that of her Deputies. The Deputies are employed on a part-time basis, working a minimum of 18 ½ hours per week. Their salaries given below are based on part-time employment and include overtime.

Remuneration		2006-07	2005-06
		£	£
Ombudsman			
Professor Alice Brown	Salary	85-90	80-85
	Benefits in kind	Nil	Nil
Deputy Ombudsman			
Eric Drake	Salary	25-30	25-30
	Benefits in kind	Nil	Nil
Carolyn Hirst	Salary	25-30	25-30
	Benefits in kind	Nil	Nil
Lewis Shand Smith	Salary	35-40	45-50
	Benefits in kind	Nil	Nil

Pension Benefits	Salary (as defined below)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 as at 31 March 2007 and related lump sum	CETV at 31 March 2006	CETV at 31 March 2007	Value of CETV increase over year
	£'000	£'000	£'000	£'000	£'000	£'000
Ombudsman						
Professor Alice Brown	80 - 85	0 - 2.5 lump sum 2.5 - 5	20 - 25 lump sum 70- 75	563	615	52
Deputy Ombudsman						
Eric Drake	25 - 30	0 - 2.5 lump sum 0 - 2.5	20 - 25 lump sum 65 - 70	398	416	18
Carolyn Hirst	25 - 30	0 - 2.5 lump sum 0 - 2.5	0 - 5 lump sum 5 - 10	23	30	7
Lewis Shand Smith	25 - 30	0 - 2.5 lump sum 0 - 2.5	0 - 5 lump sum 5 - 10	25	33	8

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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.

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 service, not just their current appointment. 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 member (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.

Professor Alice Brown
Scottish Public Services Ombudsman

24 August 2007

Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2007

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The SPCB designated the Ombudsman as the Accountable Officer for the Office of the Scottish Public Services Ombudsman. 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 15(1) of Schedule 1 to the Scottish Public Services Ombudsman Act 2002, the Ombudsman is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Ombudsman's affairs at the year end and of the financial activities of her office during the year.

In preparing the accounts, the Ombudsman is required to:

- (i) observe the Accounts Direction issued by 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 Ombudsman will continue in operation.

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Accounts For The Year Ended 31 March 2007**

STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control will evolve to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

I have ensured consistent adherence to procedures for internal control in place during the year 2006-07, especially in the key business areas of financial management, operational and employee data management and risk management. A formal Scheme of Control and Scheme of Delegation remain in place and were periodically reviewed, as required by the Scheme of Control, and amended as necessary. The Executive Board, which I chair, meets at least monthly to consider the operational and financial performance, matters of Risk and Audit, the Annual Business Plan and the strategic direction of the organisation. The Management Team meets on a bi-monthly basis and oversees the day-to-day running of the complaints handling work. The Director of Corporate Services led the Management Team and was also a voting member of the Executive Board. The HR Manager and Communications Manager continue to sit on the Executive Board as non-voting members, ensuring their functional expertise is available to the Executive Board.

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control. I am satisfied that the current Scheme of Control provides a robust and appropriate framework. I chose not to pursue the option of establishing an Internal Audit function during 2006-07. This decision was taken because I was satisfied that, given the very simple process structure of the SPSO and the availability of thorough control statistics, such a function was not essential and that all available resources should be devoted to the investigation of complaints.

I also postponed the decision on whether or not to establish an Advisory Group to support both the Executive Board and the Risk and Audit Committee. I considered alternative proposals and made the decision to set up an Audit Advisory Committee comprised of three external persons, one acting as Chair and another as Deputy Chair.

The SPSO formally complies with the principles of the Scottish Public Finance Manual in line with the Financial Memorandum agreed with the SPCB.

Professor Alice Brown
Scottish Public Services Ombudsman

24 August 2007

**Scottish Public Services Ombudsman
Accounts For The Year Ended 31 March 2007**

INDEPENDENT AUDITOR'S REPORT TO THE SCOTTISH PUBLIC SERVICES OMBUDSMAN, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

We have audited the financial statements of the Scottish Public Services Ombudsman (the "Ombudsman") for the year ended 31 March 2007 under the Scottish Public Services Ombudsman Act 2002. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses 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 officers, in their individual capacities, or to third parties.

Respective responsibilities of the Scottish Public Services Ombudsman and Auditor

The Ombudsman is responsible for preparing the annual report and the financial statements in accordance with the Public Finance and Accountability Act 2000 and directions made thereunder by the Scottish Ministers. The Ombudsman 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 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 Foreword is not consistent with the financial statements, if the Ombudsman 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 Ombudsman'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 Ombudsman'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

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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 Ombudsman in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Ombudsman'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 Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Ombudsman 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 Freedom of Information (Scotland) Act 2002 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
Conference House, 152 Morrison Street, Edinburgh EH3 8EB
24 August 2007

**Scottish Public Services Ombudsman
Accounts For The Year Ended 31 March 2007**

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £'000	2006 £'000
Income			
Income from all Sources	3	(34)	(89)
Total Income		(34)	(89)
Expenditure			
Staff Costs	4,5	1,889	1,593
Other Operating Costs	6	914	932
Depreciation	7,8	96	87
Total Expenditure		2,899	2,612
Net Expenditure for the Year		2,865	2,523

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 13 to 18 form an integral part of these accounts.

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BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £'000	2006 £'000
Fixed Assets			
Tangible Assets	7	523	593
Intangible Assets	8	8	12
Total Fixed Assets		531	605
Current Assets			
Debtors	9	105	117
Cash at Bank and in Hand		144	102
		249	219
Current Liabilities			
Creditors - amounts falling due within one year	10	(158)	(240)
		91	(21)
Net Current Assets		91	(21)
Total Net Assets		622	584
Financed by:			
Capital and Reserves			
General Fund	11	622	584
		622	584

The accompanying notes on pages 13 to 18 form an integral part of these accounts.

Professor Alice Brown
Scottish Public Services Ombudsman

24 August 2007

**Scottish Public Services Ombudsman
Accounts For The Year Ended 31 March 2007**

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2007

	2007	2006
Operating Activities	£'000	£'000
Net Cash Outflow from Operating Activities (i)	(2,818)	(2,301)
Capital Expenditure		
Purchase of Tangible/Intangible Fixed Asset	(22)	(85)
	<u>(2,840)</u>	<u>(2,386)</u>
Financing		
From the Scottish Parliament Corporate Body	2,882	2,488
Increase in Cash (ii)	<u><u>42</u></u>	<u><u>102</u></u>

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

	2007	2006
	£'000	£'000
Net Expenditure for the Year	(2,865)	(2,523)
Decrease in Debtors	12	13
(Decrease)/ Increase in Creditors and Provisions	(82)	103
Depreciation	96	87
Notional Costs	21	19
Net Cash Inflow from Operating Activities	<u><u>(2,818)</u></u>	<u><u>(2,301)</u></u>

(ii) Analysis of Changes in Cash and Bank

	At 1 April 2006 £'000	Cash Flow £'000	At 31 March 2007 £'000
Cash at Bank and in Hand	<u>102</u>	<u>42</u>	<u>144</u>

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Accounts For The Year Ended 31 March 2007**

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 historical cost convention, and in accordance with the Accounts Direction issued by 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 Fixed Assets

1.2.1 Capitalisation

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

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

1.2.3 Valuation

As appropriate, fixed assets are valued at their value to the organisation by reference to current costs.

1.2.4 Depreciation

Depreciation is provided on all 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:

Leasehold improvements	over the period of the lease
Furniture and equipment	5 years
Fixtures and Fittings	5 years
IT Equipment	3 years
Software and licences	3 years

1.3 Funding Receivable

Funding received through the SPCB is credited directly to the General Fund in the period to which it relates.

1.4 Leases

The Ombudsman holds no material finance leases. Costs in respect of operating leases are charged to the income and expenditure account as they fall due.

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1.5 Notional Costs

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Ombudsman includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% (2005-06, 3.5%) in real terms on all assets and liabilities.

1.6 Pension Costs

The Ombudsman and Deputy Ombudsmen

The Ombudsman and Deputy Ombudsmen are paid through the SPCB's payroll. All are members of the Principal Civil Service Pension Scheme (PCSPS).

Employees

The staff of the SPSO are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme, but the SPSO 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)

1.7 Value Added Tax

The SPSO is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account as incurred.

2 Performance Against Budget

The Ombudsman is funded through the SPCB. For financial year 2006-07 the Ombudsman was allocated a budget of £2,882,000, including £147,000 for fixed asset additions. Net expenditure for the year at £2,865,000 was below budget.

	2007 Budget £'000	2007 Expenditure £'000	Variance £'000	Variance %
Net Operating Cost	2,735	2,865	130	5%
Capital expenditure	147	22	(125)	(85%)
Total expenditure	2,882	2,887	5	0%
Accruals adjustments:				
Non cash items	0	(117)	(117)	
Working capital (incl cash)	0	112	112	
Cash Funding from SPCB	2,882	2,882	0	0%

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3 Income

	2007	2006
	£'000	£'000
Income from all Sources		
Income from lease of parking spaces	9	12
Pension costs recovered	0	42
Insurance recovery	0	1
Travel expenses reimbursed	2	2
Licence fees	18	25
Bank interest	5	7
	34	89

4 Staff Numbers and Costs

4.1 Average Staff Employed (Full Time Equivalent)

The average number of full time equivalent (FTE) persons employed in the office of the SPSO during the period was as follows:

	2007	2006
	FTE	FTE
Ombudsman	1.0	1.0
Deputies	1.6	2.4
Staff	38	35.9
	40.6	39.3

4.2 Breakdown of Staff Costs

	Total	Ombudsman and Deputies	Staff
	£'000	£'000	£'000
Salaries / Wages	1,484	185	1,299
Social Security Costs	116	17	99
Pension Costs	289	43	246
	1,889	245	1,644

5 Pension Costs

For 2006-07 employer's contributions of £229,068 were payable to the PCSPS at one of four rates in the range 16.2% to 24.6% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. There were no outstanding or prepaid scheme contributions at 31 March 2007.

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

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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

	<u>2007</u> £'000	<u>2006</u> £'000
Property Costs	255	309
Professional Services	265	268
General Office Running Costs	202	193
Training	34	32
Travel and Expenses	25	32
Printing and Publications	5	2
Telephones and Postage	42	25
Outreach	65	52
Notional Cost of Capital	21	19
	914	932
	914	932

The above total includes £15,500 (2006, £18,900) for external auditor's remuneration. External audit received no fees in relation to non audit work. Included within Administration costs are £23,642 (2006, £17,316) of equipment rental costs in association with operating leases.

7 Fixed Assets

	Leasehold Improvements	Equipment	Furniture Fixtures and Fittings	IT Hardware and Systems	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2006	493	21	140	133	787
Additions	0	0	10	9	19
At 31 March 2007	493	21	150	142	806
Depreciation					
At 1 April 2006	58	9	57	70	194
Charge for Year	26	4	30	29	89
At 31 March 2007	84	13	87	99	283
Net Book Value at 31 March 2007	409	8	63	43	523
Net Book Value at 31 March 2006	435	12	83	63	593

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8 Intangible Assets

Cost	2007 £'000
At 1 April 2006	23
Additions	3
Disposals	0
At 31 March 2007	<u>26</u>
Depreciation	
At 1 April 2006	11
Charge for Year	7
Disposals	0
At 31 March 2007	<u>18</u>
Net Book Value at 31 March 2007	<u>8</u>
Net Book Value at 31 March 2006	<u>12</u>

9 Debtors

	2007 £'000	2006 £'000
Prepayments	49	55
Other Debtors	56	62
	<u>105</u>	<u>117</u>

10 Creditors: Amounts Falling Due Within One Year

	2007 £'000	2006 £'000
Trade Creditors	83	175
Accruals	75	65
	<u>158</u>	<u>240</u>

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11 General Fund

	2007	2006
	£'000	£'000
As at 1 April 2006	584	600
Net Expenditure for the Year	(2,865)	(2,523)
From the SPCB	2,882	2,488
Notional Cost of Capital	21	19
As at 31 March 2007	622	584

12 Operating Leases

	Office Equipment	Buildings	Totals
	£'000	£'000	£'000
Operating Lease Payment Commitments Expiring:			
Within One Year of the Balance Sheet Date	0	0	0
Within Two to Five Years of the Balance Sheet Date	21	0	21
Over Five Years of the Balance Sheet Date	0	150	150
Total	21	150	171

13 Capital Commitments

There were no contracted capital commitments as at 31 March 2007.

14 Related Party Transactions

The SPSO was constituted by the Scottish Parliament which provides funding for the Ombudsman. The Scottish Parliamentary Corporate Body is regarded as a related body.

Neither the Ombudsman or her staff has undertaken material transactions with the SPSO during the year.



NATIONAL ARCHIVES OF SCOTLAND

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 2006 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 net resource outturn, resources applied to objectives, 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. The direction given on 15 July 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006