



2021/22 Draft Annual Report and Accounts

Agenda Item 7

National Park Authority Board Meeting

26 September 2022

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1. Purpose

- 1.1. This paper presents the draft Annual Report and Accounts (Appendix 1).
- 1.2. This paper also highlights the governance responsibilities of the Board, Audit & Risk Committee and Chief Executive (section 5) and the process to finalise the Annual Report and Accounts (section 7) for signing and then laying before Parliament.
- 1.3. The paper is marked “for information”. The Annual Report and Accounts are for noting, as the responsibility for signing the Annual Report and Accounts lies with the Chief Executive in his role as Accountable Officer. Members are encouraged to provide feedback on any points on the Annual Report and Accounts prior to these documents being finalised.

2. Recommendation(s)

- 2.1. The Board are invited to:
 - 2.1.1. Note the draft Annual Report and Accounts for 2021/22 (subject to finalisation of external audit procedures and consideration by Audit & Risk Committee);
 - 2.1.2. Consider and reaffirm the anticipated Audit & Risk Committee recommendation (at the meeting on 6th September 2022) that the Annual

Report and Accounts are signed by the Chief Executive following External Audit clearance and resolution of outstanding matters;

2.1.3. Members will be advised upon completion of the audit and receipt of the external audit report. Any significant changes would be highlighted to Members.

3. Contribution to National Park Partnership Plan and/or Our 5-year Plan

3.1. There is a statutory duty to prepare an Annual Report and Accounts. Compliance supports the proper delivery of the organisational processes that underpin all Outcomes and Priorities of the National Park Partnership Plan 2018-23 and Our 5-Year Plan.

4. Background

4.1. The Annual Report and Accounts are required to be prepared on the basis of International Financial Reporting Standards (IFRS) and compliance with the Government Financial Reporting Manual (FRoM).

4.2. The Annual Report and Accounts remain draft pending Audit & Risk Committee review, final approval and completion of the independent external audit process by Grant Thornton LLP, the Authority's External Auditors, and sign off by the Accountable Officer and Grant Thornton LLP.

4.3. Previously the Authority prepared two documents, with a separate Annual Report being produced in addition to the Annual Report and Accounts. For 2021/22 we did not feel the need to continue to produce two documents. The Annual Report and Accounts provide the opportunity to report on our performance in a single document and therefore we have not produced a separate Annual Report this year. Instead, we have expanded the Performance Report in the Annual Report and Accounts to provide more comprehensive corporate performance reporting against the Annual Operating Plan themes, the Corporate Plan priorities and Annual Operating Plan activities and deliverables.

5. National Park Authority Governance Arrangements

5.1. In presenting the draft Annual Report and Accounts, it is worthwhile to set the context of the governance arrangements for the National Park Authority particularly with respect to responsibility for financial management and authorisation of accounts.

5.2. The governance and management arrangements for the National Park Authority are set out in the Management Statement and Financial Memorandum (MSFM) agreed with the Scottish Government. The MSFM sets out the key responsibilities of the Chief Executive, Board, Audit Committee and Scottish Ministers as regards final accounts.

5.3. The **Chief Executive** is designated as the Authority's Accountable Officer and is personally responsible for safeguarding all funds within the stewardship of the Non-

Departmental Public Body (NDPB) for which he is charged. In terms of accounting for the Authority's activities, the personal responsibilities of the Chief Executive in this role of Accountable Officer include responsibilities to:

- sign the Annual Report and Accounts and be responsible for ensuring that proper records are kept relating to the Annual Report and Accounts and that the Annual Report and Accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers;
- sign the Accountability Report, for inclusion in the Annual Report and Accounts;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by the Authority.

5.4. The Chief Executive may delegate the day-to-day administration of his Accountable Officer responsibilities to other employees in the National Park Authority. However, he shall not assign absolutely to any other person any of the responsibilities set out in the MSFM.

5.5. The **Board of a NDPB** such as the NPA has a corporate responsibility for ensuring that the Authority fulfils the aims and objectives set by the Scottish Ministers, and for promoting the efficient and effective use of staff and other resources by the National Park Authority in accordance with the principles of Best Value. To this end, a responsibility of the Board is to ensure that any statutory or administrative requirements for the use of public funds (i.e. all funds falling within the stewardship of the Authority) are complied with.

5.6. The Board is also expected to demonstrate high standards of corporate governance at all times, including setting up and using an independent Audit Committee - in accordance with the guidance on Audit Committees in the Scottish Public Finance Manual (SPFM) - to help the Board to address the key financial and other risks facing the NPA.

5.7. The **Audit & Risk Committee's** role and responsibilities are also set out in the SPFM. The Audit & Risk Committee is put in place to provide assurance on risk management, governance and internal control and to act as a source of independent advice on these matters to the Accountable Officer and Board.

5.8. The Audit & Risk Committee's role as regards the Annual Report and Accounts is to support the Accountable Officer with regard to their personal responsibilities for issues of risk, control and governance through a process of constructive challenge. The operation of the Committee also has a role providing the assurance required to underpin the Governance Statement provided by the Chief Executive.

5.9. **Scottish Ministers** are ultimately accountable to the Scottish Parliament for the activities and performance of the National Park Authority and laying of the Annual Report and Accounts before the Parliament.

6. Status of Annual Report and Accounts

6.1. The Annual Report and Accounts in **Appendix 1** are in draft format.

6.2. The following items remain outstanding at the time of writing:

- Finalisation of external audit procedures and Director review, including conclusion of audit testing and assurances from the pension fund auditors
- Review of the letter of representation by External Audit
- Final review of the Annual Report and Accounts for cross-referencing, casting, formatting and page references.

7. Next steps

7.1. The Audit & Risk Committee precedes the Board and the draft Annual Report and Accounts were presented to the Audit & Risk Committee on 6th September 2022, for recommendation that the Board recommends the Chief Executive to sign the Annual Report and Accounts in his role as Accountable Officer, following external audit clearance.

7.2. The Audit & Risk Committee review the External Auditor's report on the 2021/22 external audit. The Audit & Risk Committee also consider and advise on the Governance Statement included within the Annual Report and Accounts.

7.3. The draft Annual Report and Accounts are presented to the Board to allow members to discharge their responsibility for ensuring statutory and administrative requirements – in this case the preparation of a set of annual accounts – are being complied with.

7.4. Although the external audit fieldwork was conducted in June 2022, Grant Thornton have advised that their testing has extended beyond their original scheduling and they do not have the resources to complete the work in line with the originally agreed timetable. We had expected that the outstanding points in 6.2 would be finalised prior to this Board meeting and signing was originally scheduled for 20th September 2022.

7.5. The draft External Audit report was presented to the Audit & Risk Committee on 6th September 2022 and no significant issues have been raised by the External Auditors. We have consistently provided all information to the external audit team in line with the originally agreed timetable. Although we expect no significant changes to the draft Annual Report and Accounts in Appendix 1, this cannot be confirmed until the audit procedures are complete and Grant Thornton clearance is provided.

7.6. It is proposed that if there are any material changes in the Annual Report and Accounts following External Audit finalisation, these will be circulated to the Audit & Risk Committee Members and Board, prior to signing of the Annual Report and Accounts.

7.7. Once the Annual Report and Accounts have been signed by the Chief Executive in his role as Accountable Officer, the External Auditor will complete and sign their Independent Auditor's Report (included in the Annual Report and Accounts). This will then be submitted to the Auditor General's office for review and released to Scottish Government officers to allow the Annual Report and Accounts to be laid before Scottish Parliament. Audit Scotland recommend that the Annual Report and Accounts are laid before Parliament before 31 October, however the statutory deadline is 31 December. We have expressed our dissatisfaction around the delay in conclusion of the external audit work and resultant delay in the signing of the statutory accounts and the laying in Parliament.

8. Appendices

8.1. Appendix 1- Draft Annual Report and Accounts 2021/22

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