

# National Park Authority Board Meeting

Agenda Item 5

## 2018/19 Draft Annual Report and Annual Accounts

---



### *Paper for noting/decision*

#### 1. Purpose

- 1.1. This paper presents the draft Annual Report (Appendix 1) and separately the draft Annual Accounts (Appendix 2).
- 1.2. This paper also highlights the governance responsibilities of the Board, Audit & Risk Committee and Chief Executive (section 4) and the process to finalise the accounts (section 5) so that they are signed in June 2019 and laid before Parliament.
- 1.3. The paper is marked “for noting/decision”. The Annual Report is for decision and the Annual Accounts are for noting as the responsibility for signing the Annual Accounts lies with the Chief Executive. Members are encouraged to provide feedback on the governance arrangements raised in the paper or any points on the Draft Annual Report or Draft Accounts to be addressed prior to these documents being finalised.

#### 2. Recommendation

The Board are invited to:

- 2.1. Approve the Annual Report;
- 2.2. Note the draft Annual Accounts for 2018/19 (subject to final External Audit clearance);
- 2.3. Note that we anticipate the Audit & Risk Committee to recommend the accounts are signed by the Chief Executive following consideration of the final draft by the Audit & Risk Committee on 27<sup>th</sup> June 2019; and
- 2.4. Note that the Board will be informed of any material changes to the accounts following final clearance by External Audit.

#### 3. Contribution to National Park Partnership 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.
- 3.2. Whilst there are many highlights included within the Annual Report that show progress on achievement of the first year of delivery of the National Park

# National Park Authority Board Meeting

Agenda Item 5

## 2018/19 Draft Annual Report and Annual Accounts

---

Partnership Plan, a specific Year 1 progress report will be presented to the Board in the Autumn.

### 4. Introduction

- 4.1. In line with last year we have produced the Annual Report and Accounts as two documents that can be read separately or together.
- 4.2. Following previous feedback from our Sponsor Hub it is not the intention to produce a designed Annual Report. The Annual Report follows last year's format, style and level of detail. The report provides highlights of the National Park Authority's performance during the year.
- 4.3. Whereas the required format and content of the Annual Report is not explicitly defined, the Annual Accounts are required to be prepared on the basis of International Financial Reporting Standards (IFRS) and compliance with the Government Financial Reporting Manual (FRoM).
- 4.4. The Accounts remain draft pending final approval and completion of the independent external audit process by Grant Thornton.

### 5. National Park Authority Governance Arrangements

- 5.1. In presenting the draft 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 following 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:
  - 5.3.1. sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers;

# National Park Authority Board Meeting

Agenda Item 5

## 2018/19 Draft Annual Report and Annual Accounts

---

- 5.3.2. sign the Accountability Report, for inclusion in the annual report and accounts;
    - 5.3.3. 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 this document.
  - 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 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. Process to Finalise Accounts
  - 6.1. The draft accounts are presented to the Board at this time 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.

# National Park Authority Board Meeting

Agenda Item 5

## 2018/19 Draft Annual Report and Annual Accounts

---

- 6.2. The Audit & Risk Committee will meet on 27<sup>th</sup> June to consider the final accounts prior being signed by the Chief Executive. In line with its responsibilities, the Audit & Risk Committee will review the external auditor's report on the 2018/19 external audit. The Committee will also consider and advise on the Governance Statement included within the accounts.
- 6.3. Once the accounts have been signed, the external auditor will complete and sign their Independent Auditor's Report to be included in the accounts. This will then be submitted to the Auditor General's office for review, and released to Scottish Government officers to allow the accounts to be laid before Scottish Parliament.

### 7. Status of Annual Accounts

- 7.1. As noted above, the annual accounts in Appendix 5.2 are in draft format. External Audit were on site from 20<sup>th</sup> May 2019 for two weeks, with the close meeting taking place on 30<sup>th</sup> May 2019.
- 7.2. The wording in of the Financial Instruments accounting policy note (page 37) and related disclosure (page 48) has still to be finalised, as has the Changes in Accounting Standards accounting policy note (page 39). These updates will change neither the substance nor the figures in our annual accounts. In addition, the wording of the External Audit opinion (pages 26 to 28) and the Internal Audit opinion on the effectiveness of arrangements in relation to the systems of governance, risk management and internal control are outstanding.
- 7.3. It is expected that these points will be finalised and External Audit clearance received prior to the Audit & Risk Committee on 27<sup>th</sup> June 2019, where the annual accounts will be signed.

### 8. Conclusion

- 8.1. Following the Board's review of the Annual Report and Accounts 2018/19, we expect to receive final External Audit clearance in time for the finalised report to be presented to the Audit & Risk Committee on 27<sup>th</sup> June 2019 for consideration prior to the Chief Executive approving and signing the accounts. The accounts will then be released to Scottish Government officers to allow the accounts to be laid before Scottish Parliament.

**Author:** Eilidh McKerry, Finance Manager  
**Executive Sponsors:** Gordon Watson, CEO