



# Draft Accounts for the Financial Year ended 31 March 2021

## Agenda Item 6

**National Park Authority Audit & Risk Committee**  
Tuesday 7<sup>th</sup> September 2021

Paper for approval

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### 1. Purpose

- 1.1. To present the draft Annual Accounts for the year ended 31 March 2021.
- 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 accounts (section 6) so that they are signed in September 2021 and laid before Parliament.
- 1.3. The responsibility for signing the Annual Accounts lies with the Chief Executive as Accountable Officer.

### 2. Recommendation

- 2.1. Members are asked to recommend to the National Park Authority Board on 13<sup>th</sup> September 2021 that the Accounts are signed by the Chief Executive in his capacity as Accountable Officer subject to finalisation of external audit procedures, clearance by External Audit and resolution of outstanding matters (7.2).

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

3.1. The draft Letter of Representation supports the statutory duty to prepare annual accounts. Compliance with our statutory duties supports the organisational processes and controls which underpin the outcomes and priorities in Our 5-Year Plan.

### 4. Introduction

4.1. 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 (FRM) 20/21.

4.2. The Accounts remain draft pending final approval and completion of the independent external audit process by our external auditors, Grant Thornton LLP.

### 5. National Park 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;
- 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. The Board are required 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.
- 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 Audit & Risk Committee for recommendation to the Board that the Accountable Officer should sign the accounts following External Audit clearance.
- 6.2. The Audit & Risk Committee are required to review the External Auditor's report on the 2020/21 external audit (Agenda Item 5). The Committee is also

responsible for advising on the Governance Statement included within the Accounts<sup>1</sup>.

6.3. The Board will meet on 13<sup>th</sup> September 2021 to consider the final Accounts prior to being signed by the Chief Executive. 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 and Key Issues**

7.1. The annual accounts in **Appendix 1** are in draft format. The audit process is substantially complete.

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

- Finalisation of external audit procedures (as detailed in Agenda Item 5 – Draft External Audit Report to Members)
- Finalisation of disclosures on ongoing legal matters.
- Final review of the accounts for cross-referencing, casting, formatting and page references.

7.3. It is expected that these points will be finalised and External Audit clearance received prior to the Board on 13<sup>th</sup> September 2021.

## **8. Appendices**

8.1. Appendix 1 – Draft Annual Accounts for the Year Ended 31 March 2021.

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<sup>1</sup> Draft Governance Statement presented at June 2021 Audit & Risk Committee. Updated statement post external audit review and included in Appendix 1 Draft Annual Accounts pages 17-23.