



# 2020/21 Draft Annual Report and Accounts

## Agenda Item 5

### National Park Authority Board Meeting

13<sup>th</sup> September 2021

Paper for information / decision

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#### 1. Purpose

- 1.1. This paper presents the 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 5) and the process to finalise the accounts (section 6) for signing and then laying before Parliament in Autumn.
- 1.3. The paper is marked “for information/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 in his role as Accountable Officer. Members are encouraged to provide feedback on any points on the Annual Report or Annual Accounts prior to these documents being finalised.

#### 2. Recommendation(s)

- 2.1. The Board are invited to:
  - 2.1.1. Approve the Annual Report;
  - 2.1.2. Note the draft Annual Accounts for 2020/21 (subject to final External Audit clearance and consideration by Audit & Risk Committee);

2.1.3. Consider and reaffirm the anticipated Audit & Risk Committee recommendation (at the meeting on 7<sup>th</sup> September 2021) that the Annual Accounts are signed by the Chief Executive following External Audit clearance and resolution of outstanding matters;

2.1.4. Note that the Board will be informed of any material changes to the Annual Accounts, following final clearance by External Audit, by correspondence for information.

### **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 two documents that can be read separately or together.

4.2. The Annual Report in **Appendix 1** 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 (FReM).

4.4. The 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.

### **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 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 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;
- 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 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. Next steps

- 6.1. As detailed at the June Board, the timetable for the signing of the Annual Accounts is in line with last year, with the accounts planned for signing in September. Although external audit fieldwork is conducted primarily in June, the auditors required Pension Fund assurance to complete the audit, which is not available until August.
- 6.2. The Audit & Risk Committee precedes the Board and the draft Accounts are presented to the Audit & Risk Committee on 7<sup>th</sup> September 2021, for recommendation that the Board recommends the Chief Executive to sign the Accounts in his role as Accountable Officer, following external audit clearance
- 6.3. The Audit & Risk Committee review the External Auditor's report on the 2020/21 external audit. The Audit & Risk Committee also consider and advise on the Governance Statement included within the Accounts.
- 6.4. The draft 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.
- 6.5. Once the 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 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. The annual accounts in **Appendix 2** are in draft format. The audit process is substantially complete.
  - 7.1. The following items remain outstanding at the time of writing:
    - Completion of final external audit procedures
    - Finalisation of disclosures on ongoing legal matters
    - Final review of the accounts for cross-referencing, casting, formatting and page references.
  - 7.2. 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 – Annual Report 2020/21

8.2. Appendix 2- Draft Annual Accounts 2020/21

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