Draft Accounts for the Financial Year ended 31 March 2026

Agenda Item 6

National Park Authority Audit & Risk Committee

Tuesday 1 September 2026

Paper for approval

Contents

1. Purpose

1.1 To present the draft Annual Accounts for the year ended 31 March 2026.

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 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 14 September 2026 that the Accounts are signed by the Chief

Executive in his capacity as Accountable Officer, subject to finalisation of external audit testing and procedures and clearance by External Audit (refer to section 7.2).

2.2 It is proposed that if there any significant changes to the draft Accounts following completion of the external audit work, these will be circulated to Members by correspondence.

3. Contribution to National Park Partnership Plan and/or Our Corporate 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 Corporate 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 (FReM) 25/26.

4.2 The Accounts remain draft pending final approval and completion of the independent external audit process by our external auditors, Forvis Mazars 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 National Park Authority's Framework Agreement agreed with the Scottish Government. The Framework Agreement 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 2025/26 external audit (refer to Agenda Item 5).

The Committee is also responsible for advising on the Governance Statement included within the Accounts[1].

6.3 The Board will meet on 14 September 2026 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.

7.2 The final audit took place in June and early July. During this period staff in two key roles of the Finance Team were absent due to sickness. Whilst the Finance Manager prioritised the Annual Report and Accounts process this significant reduction in capacity had some inevitable impact in our response times to audit queries.

7.3 In addition to the items we would normally expect to be outstanding at this stage of the process (outlined in 7.4) work on a subset of our properties continues. This is as a result of changes made by HM Treasury to the required frequency and methodology of property valuations which are effective for the first time for this financial year.

7.3.1. Work continues on one element of the new property valuation requirements, as they relate to the valuation of properties valued on

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[1] Draft Governance Statement presented at June 2026 Audit & Risk Committee. Updated statement post external audit review and included in Appendix 1 Draft Annual Accounts.

a fair value basis. The changes have introduced a requirement to apply recognised indices to this category of property, which has resulted in a challenge when it comes to our portfolios of assets which contain land and buildings situated in more rural locations or which are less representative of assets which regularly transact on the open market - as there are no recognised indices to apply. As such, we have instructed a desktop re-valuation exercise by our surveyors which is underway.

7.3.2. It is likely that the additional requirements will extend our timelines for signing the Annual Report and Accounts into October. Due to the nature of the properties in this category and past trends in valuation we do not anticipate a material change to the current valuation as a result of this exercise.

7.4. The audit work is largely complete subject to the following items which remain outstanding at the time of writing:

7.4.1. Residual follow up queries on several areas of testing

7.4.2. Receipt of assurances from the appointed auditor of Strathclyde Pension Fund and final engagement leader review and associated quality and compliance checks (as detailed in Agenda Item 5 – Draft External Audit Report to Members)

7.4.3. Completion of desktop valuations for Fair Value assets by Ryden. Following receipt of the valuation report, the assets will be subject to testing and sample verification to provide assurance over the valuations.

7.4.4. Final review of the accounts for cross-referencing, casting, formatting and page references.

7.5. External audit fieldwork was conducted on-site in June 2026. The draft Annual Report and Accounts was provided to the auditors in advance of the commencement of final audit on Thursday 28 May. This draft was not complete – the main sections outstanding were the Sustainability Reporting, Pensions disclosures and the Segmental Analysis. The Authority provided substantially all other information required in line with the agreed audit timetable.

7.6. A copy of the draft Annual Report and Accounts were provided to the Scottish Government sponsor team on 2 July 2026. The team responded on 6 August, and all observations have been addressed and any changes reflected in the version circulated.

7.7. Although it is recommended that the Accounts are laid before Parliament by 31 October 2026, the statutory deadline is 31 December 2026.

7.8. Although the Authority expects no significant changes to the draft Accounts, this cannot be confirmed until the property valuation has been completed and audit procedures and reviews are completed.

7.9. It is proposed that if there are any significant changes in the Annual Accounts following external audit finalisation, these are circulated to the Members prior to signing.

8. Appendices

8.1 Appendix 1 - Draft Annual Accounts for the Year Ended 31 March 2026.

Author: Michael Ward, Finance Manager
Executive Sponsor: Jane Kemp, Head of Governance and Performance