

2025/26 Draft Annual Report and Accounts

Agenda Item 6

National Park Authority Board Meeting

14 September 2026

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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 and to support the recommendation by the Audit & Risk Committee (at the meeting on 14th September 2026) that the Annual Report and Accounts are signed by the Chief Executive.

2. Recommendation(s)

2.1. The Board are invited to:

- Note the draft Annual Report and Accounts for 2025/26 (subject to finalisation of external audit procedures);
- Consider and reaffirm Audit & Risk Committee view that it is sufficiently assured to recommend that the Annual Report and Accounts are signed by the Chief Executive following receipt of an updated version of the Annual Audit Report, External Audit clearance and resolution of outstanding matters;
- Members will be advised upon completion of the audit and receipt of the external audit report. Any significant changes would be highlighted to Members before final sign off.

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

4.2. The Annual Report and Accounts were reviewed by the Audit & Risk Committee during the meeting held on Tuesday 1 September 2026.

4.3. They remain draft pending:

- The completion of work to address new requirements for valuing a subset of our property portfolio (see section 6 for more details).
- Final approval and completion of the independent external audit process by Forvis Mazars LLP, the Authority's External Auditors.
- Sign off by the Accountable Officer and Forvis Mazars LLP.

4.4. The Annual Report and Accounts provide the opportunity to report on our performance in a single document. The Performance Report provides 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 National Park Authority's Framework Agreement agreed with the Scottish Government. The Framework Agreement 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 Framework Agreement.

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 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.

6.3. In addition to the items we would normally expect to be outstanding at this stage of the process (outlined in 6.4) 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.

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

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

- 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.
- Outstanding information requests from the appointed auditor of Strathclyde Pension Fund and final engagement leader review and associated quality and compliance checks
- 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. Approval process and 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 1 September 2026, 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. Following the circulation of the Annual Report and Accounts for the Audit and Risk Committee we have identified a material adjustment which has been reflected in the version published for the Board meeting. Based on information received, we believe our initial estimate of the probable costs in relation to the final account of one of our place programme contracts will be higher than initially assessed. As such we have made a provision for £280k - which represents our assessment of the maximum potential outflow noting that negotiations are ongoing and there is a level of commercial sensitivity to providing further details. We will continue to pursue the outcome which achieves the best use of resources for the National Park Authority. The Audit and Risk Committee received a verbal update of this adjustment during the meeting on 1 September 2026.

7.3. The Audit & Risk Committee have reviewed the External Auditor's report on the 2025/26 external audit. The Audit & Risk Committee have also considered and advised on the Governance Statement included within the Annual Report and Accounts.

7.4. 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.

7.5. The external audit fieldwork was conducted between June and July 2026.

7.6. The draft External Audit report was presented to the Audit & Risk Committee on 1 September 2026. The Committee requested an updated version to be sent to Members for consideration and approval by the Chair following the completion of the property valuation work and the resolution of the outstanding items noted in the draft report. Although we expect no significant changes to the draft Annual Report and Accounts in Appendix 1, this cannot be confirmed until Mazars LLP clearance is provided.

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

7.8. 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.

8. Appendices

8.1. Appendix 1- Draft Annual Report and Accounts 2025/2026

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