

National Museums Scotland

2024/25 Annual Audit Report



Prepared for National Museums Scotland and the Auditor General for Scotland
September 2025

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Key messages

Audit of the Annual Report and Accounts

- 1 All audit opinions stated that the Annual Report and Accounts were free from material misstatement.
- 2 The identified audit adjustments required to correct the financial statements were processed by management.

Wider scope and Best Value audit

- 3 NMS has effective and appropriate arrangements in place:
 - for Financial Management; Vision, Leadership and Governance; Use of Resources to Improve Outcomes; and for securing Best Value.
 - 4 Planning for the medium-term remains challenging but the Board of Trustees have approved a balanced budget for the 2025/26 financial year. However, further work is required to develop a strategic workforce plan that is aligned with the draft financial strategy and the organisation's strategic priorities.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of National Museums Scotland (NMS) Annual Report and Accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to NMS and the Auditor General for Scotland and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Andrew Kerr, of Audit Scotland, has been appointed as external auditor of MMS for the period from 2022/23 until 2026/27. As reported in the [Annual Audit Plan](#), Andrew Kerr and the audit team are independent of NMS in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from NMS, including no provision of non-audit services. Following Andrew's departure from Audit Scotland in July 2025, the Auditor General appointed Kerry Tonner (Audit Scotland - Senior Audit Manager) as the appointed external auditor of NMS. Kerry has assumed responsibility for the 2024/25 audit of NMS.

Acknowledgements

4. We would like to thank NMS and its staff, particularly those involved in preparation of the Annual Report and Accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the Annual Report and Accounts, namely the Trustees' Annual Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Conclusions on NMS's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on NMS's arrangements for securing Best Value.
- Providing assurance on the Whole of Government Accounts return and summary financial statements.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the auditor and NMS. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the Annual Report and Accounts and concluding on NMS's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve NMS from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

NMS's responsibilities

10. NMS has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an Annual Report and Accounts, comprising financial statements for NMS and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

11. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Audit and Risk Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should Trustees have any such knowledge or concerns relating to the risk of fraud within NMS, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Report and Accounts being certified.

Audit of the Annual Report and Accounts

Main judgements

All audit opinions stated that the Annual Report and Accounts were free from material misstatement.

All audit adjustments required to correct the financial statements were processed by management.

Audit opinions on the Annual Report and Accounts

12. The Board of Trustees approved the Annual Report and Accounts for NMS and its group for the year ended 31 March 2025 on 24 September 2025. The Independent Auditor's Report is included in the Annual Report and Accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Audit timetable

13. The unaudited Annual Report and Accounts were received in line with our agreed audit timetable on 9 June 2025. The Annual Report and Accounts submitted for audit were of a high standard as were the supporting working papers. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £35,320. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the Annual Report and Accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the Annual Report and Accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of NMS and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited Annual Report and Accounts. No changes were required to the materiality levels, which are outlined in [exhibit 1](#).

Exhibit 1
2024/25 materiality levels for NMS and its group

Materiality	NMS only	Group
Materiality: set at 1.5% of 2024/25 net assets.	£2.935 million	£2.945 million
Performance materiality: set at 65% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£1.910 million	£1.915 million
Reporting threshold: level of error that we will consider reporting to Trustees.'	£0.060 million	£0.060 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for NMS is the Audit and Risk Committee.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement ([exhibit 4](#)).
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. The significant finding to report is detailed in [exhibit 2](#). This also outlines the audit adjustments identified from our work on Annual Report and Accounts. Management processed the requested changes. As a result, there are no uncorrected misstatements to report.

Exhibit 2
Significant finding

Significant finding	Outcome
Revaluation of land and buildings Land and buildings included in the financial statements are valued every five years by an external valuer, with values updated in intervening years by applying indices. For 2024/25 revaluations were based on indices. As part of our audit work, we identified that indices from Building Cost Information Services (BCIS), which are usually applied to assets valued under depreciated replacement cost, had incorrectly been added to other asset types (land and buildings valued under existing use value). This resulted in gross errors of £1.082 million but only resulted in a net decrease in the tangible assets balance of £0.071 million.	Management made the adjustments to the Annual Report and Accounts. These adjustments decreased the tangible assets balance by £0.071 million.

Source: Audit Scotland

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of NMS’s accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by NMS was assessed as part of the audit. These were considered to be appropriate to the circumstances of NMS, and there were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

Accounting estimates

24. Accounting estimates are used in number of areas in NMS’s financial statements, including the valuation of land and buildings. Audit work considered the process management has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate. We also reviewed the Trustees’ Annual Report, the Governance Statement, and the audited section of the Remuneration and Staff Report and found these to be consistent with the financial statements and compliant with relevant guidance.

Group audit

26. NMS is part of a group and prepares group financial statements. The group is made up of two components, including NMS which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on each of the group’s components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components’ audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group’s components is summarised in [exhibit 3](#).

Exhibit 3
Summary of audit work on the group’s components

Group component	Auditor and audit work required	Summary of audit work performed
National Museums Scotland	Audit Scotland Fully scope audit of NMS’s Annual Report and Accounts.	The outcome of audit work performed is reported within this report, with details of the significant finding reported in exhibit 2 .
National Museums Scotland Enterprises (NMSE)	Whitelaw Wells Specific audit procedures on income and expenditure.	The specific audit procedures required on income and expenditure were performed by the component auditor, and these were evaluated and reviewed by the audit team. No issues were identified with these transactions. The audit procedures performed by the component auditor were appropriate.

Source: Audit Scotland

Significant risk of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risk of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [exhibit 4](#).

Exhibit 4 Significant risk of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management’s ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate, and consider the reasonableness, of any significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. Conclusion: We found no evidence of fraud caused by management override of controls.

Whole of Government Accounts (WGA) return

28. NMS is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. NMS is below this threshold and therefore only limited audit procedures are required, and submission of an assurance statement to the National Audit Office (NAO).

Prior year recommendations

29. NMS has made good progress in implementing the agreed prior year audit recommendation ([appendix 1](#)).

Wider scope and Best Value audit

Conclusion

NMS has effective and appropriate arrangements in place for Financial Management; Vision, Leadership and Governance; Use of Resources to Improve Outcomes; and for securing Best Value.

Planning for the medium-term remains challenging but the Board of Trustees have approved a balanced budget for the 2025/26 financial year. However, further work is required to develop a strategic workforce plan that is aligned with draft financial strategy and the organisation's strategic priorities.

Audit approach to wider scope and Best Value

Wider scope

30. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

31. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements NMS has in place for each of these is reported in this chapter.

Duty of Best Value

32. The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

33. Consideration of the arrangements NMS has in place to secure Best Value has been carried out alongside the wider scope audit.

34. As reported in the Annual Audit Plan, specific work covering the 'fairness and equality' Best Value characteristic will be carried out later in the audit appointment.

Conclusions on wider scope audit

Financial Management

- 35.** The audit work performed on the arrangements NMS has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by our review of the following key area.
- NMS operated within budget in 2024/25**
- 36.** The main financial objective for NMS is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers. NMS also must self-generate income and manage costs over the long-term to ensure its financial sustainability.
- 37.** As a charitable Non-Departmental Public Body, NMS is primarily funded by the Scottish Government (SG) by way of Grant-In-Aid. For 2024/25, the single entity accounts for NMS show that it was due to receive £30.151 million from the SG. This included a resource grant of £27.451 million, along with capital and acquisitions funding of £2.700 million.
- 38.** NMS has reported an overspend of £0.008 million against its final resource and capital grant budgets for 2024/25. This small overspend was in relation to *Maths Weeks Scotland 2024* events supported by NMS. This overspend was met from previously deferred programme funding. The financial performance against fiscal resources is shown in [exhibit 5](#).

Exhibit 5 Performance against fiscal resource in 2024/25

Performance	Final budget £'million	Outturn £'million	Variance (under)/over £'million
Resource	27.451	27.459	0.008*
Capital	2.700	2.700	0
Total	30.151	30.159	0.008

*Overspend met from deferred programme funding.
Source: National Museums Scotland Audited 2024/25 Annual Report and Accounts

- 39.** NMS also recognise other income of £5.854 million (2023/24: £7.319 million) in the single entity Statement of Financial Activities (SofA). This consists of donations, income from charitable activities and income from other trading activities. This position is improved when NMS's subsidiary, National Museums Scotland Enterprises Ltd (NMSE), is consolidated, with the group SoFA benefiting from £4.566 million (2023/24: £4.395 million) of trading income from NMSE.
- 40.** A large element of NMS's expenditure (55%) consists of staff costs, which for the charity amounted to £21.644 million in 2024/25. NMS undertook a voluntary

severance scheme (VSS) in 2024/25. The scheme was not aimed at department restructuring but was implemented to achieve financial savings to support longer-term financial sustainability. The financial aspect of running a VSS must be balanced against the loss of experienced staff, particularly if they are working in specialist areas within NMS, and the overall impact on the organisation's strategic priorities. The scheme has cost £0.398 million to administer and will generate annual savings of approximately £0.225 million. We tested a sample of departures. We found there was appropriate governance and oversight over the scheme and that each departure was supported by a business case to evidence its value for money.

41. Overall, NMS remains in satisfactory financial health. The charity balance sheet shows what is owned and owed by NMS as at 31 March 2025. This shows net assets of £195.460 million.

42. Our judgement in this area is further evidenced by the:

- well-established budget monitoring and reporting processes in place that includes effective scrutiny and challenge to management's reporting by the Audit and Risk Committee
- appropriate financial control arrangements that are in place
- internal audit annual report which concluded that NMS had reasonable risk management, control, and governance arrangements in place during 2024/25
- appropriate standards of conduct and arrangements for the prevention and detection of fraud and error such as NMS's ongoing participation in the National Fraud Initiative (NFI).

Financial Sustainability

43. The audit work performed on the arrangements NMS has in place for securing financial sustainability found that these were appropriate, but national funding pressures make planning for the medium-term challenging. Further work is required to develop a strategic workforce plan that is aligned with its draft financial strategy and strategic priorities. This judgement is evidenced by our review of the following key areas.

The Board of Trustees approved a balanced budget for the 2025/26 financial year

44. The Board of Trustees approved a balanced budget for the 2025/26 financial year in March 2025.

45. There is an overall resource budget of £34.213 million for 2025/26. Grant-In-Aid (GIA) accounts for £28.716 million (86%) of this (plus £1.500 million in capital budget). The GIA allocation has increased by 5% when compared to the 2024/25 figure. Staff costs for 2025/26 (£23.277 million) have increased by 5% from the prior year and account for 81% of the GIA funding. Staff costs continue to represent a significant challenge to NMS.

46. The narrative accompanying the budget presents a transparent view of NMS's financial position for the coming year. There is a good level of detail on the assumptions used to prepare the budget. These are reasonable and based on the

latest and best available information to management. Management also undertook sensitivity analysis as part of the budget setting. This focussed on income streams given the largely fixed nature of NMS expenditure.

47. NMS has good financial management arrangements in place and has a history of operating within its budget. We are satisfied from a review of the 2025/26 budget, consideration of the actual position in 2024/25, and the assumption of continued provision of services set out in the FReM and Practice Note 10, that it is appropriate to prepare the Financial Statements on a going concern basis, and that no material uncertainty on going concern exists. Management have made appropriate disclosures relating to going concern in the Annual Report and Financial Statements.

Planning for the medium-term remains challenging

48. Audit Scotland's [Fiscal sustainability and reform in Scotland](#) report published in November 2024 highlights that the SG continues to face significant fiscal challenges. There is a widening gap between projected funding and expenditure, forecast to reach £1.9 billion by 2027/28 if no corrective action is taken. Although steps have been taken to balance the budgets in the short-term, there remains a lack of detailed, long-term reform plans to achieve fiscal sustainability. This has created uncertainty for all public bodies, including the national collections, which must continue to deliver their statutory and cultural objectives with increasingly constrained financial resources.

49. The SG reform agenda, which NMS is participating in as a member of the Culture cluster group, has yet to deliver meaningful change for the sector. In August 2024, the finance leads across the three cultural collection bodies submitted draft proposals to the SG on several potential fiscal levers. This included setting out proposals for greater flexibility in the holding and utilisation of reserves. A meeting with the Scottish Government to discuss these proposals took place in January 2025. However, aside from the proposal to review and align the Framework Agreements of the three cultural bodies, progress has been limited. The SG announced its [Public Service Reform Strategy](#) in June 2025. This aims to support organisational change through three key priorities: prevention, joined-up services, and efficiency. We will monitor any impact on NMS from the actions set out by the strategy.

50. The financial pressures facing the SG, and the wider public sector, have intensified as tougher economic conditions such as increased pay awards and high inflation continue. Despite this, planning for the medium-term term, while difficult, is necessary for NMS. The development of these forecasts brings into focus the identified challenges together with opportunities to address them.

51. NMS has developed a draft Finance Strategy 2024-29. The draft includes scenario planning and different options available depending on the level of funding available. The draft was first presented to the Finance Committee in May 2024, with an update provided to the Board in November 2024. This remains under development but is due to be considered further by Trustee's later in 2025.

52. The production of a five-year financial strategy should help inform strategic discussions including any future actions required to ensure financial sustainability over the medium-term.

NMS is yet to develop a strategic workforce plan

53. Effective workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trade unions.

54. Staff costs represent the largest portion of NMS's annual expenditure (55% of total expenditure in 2024/25). This should dictate that NMS adopts a strategic approach to workforce and succession planning.

55. NMS has procedures in place to scrutinise recruitment. Essential frontline roles are replaced on a like-for-like basis following a reduction in headcount in 2023/24 to a level that does not impact on service delivery. All other vacancies are assessed by the Executive Team against strategic and organisational priorities before approval.

56. In 23/24 a Voluntary Exit scheme was undertaken, with requests assessed against strategic priorities and workforce needs. The process underscored the constraints of workforce planning reliant on natural turnover.

57. The need for a strategic workforce plan has been included in several annual operational plans. It is again included in the 2025/26 plan. The lack of an agile strategic workforce plan could lead to reactive workforce decisions, which increases the risk of resource gaps, critical skill shortages, and inefficiencies in the delivery of operations.

Recommendation 1

NMS should develop a strategic workforce plan that sets out what its future workforce will look like with this aligned to its new financial strategy, operating model, and strategic priorities.

Vision, Leadership and Governance

58. The audit work performed on the arrangements NMS has place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by our review of the following key area.

NMS has a clear vision and strategy

59. The National Heritage Act (Scotland) 1985 confirms that NMS's Board of Trustees have responsibility to:

- Care for, preserve and add to the objects in their collections.
- Secure that the objects are exhibited to and interpreted for the public.
- Secure that the objects are available to persons seeking to inspect them in connection with study or research.
- Generally, promote the public's awareness, appreciation and understanding of matters agricultural, archaeological, architectural, artistic, cultural, environmental, historical, industrial, military, scientific and social, both by

means of the collections and by such other means, including collaboration with other institutions, as appropriate.

- Provide education, instruction and advice and carry out research.

60. To support the Board in achieving these responsibilities, NMS has established a clear strategic vision as set out in its Strategic Plan 2022-27. The specific strategic aims over this period are:

- Our audiences will be more diverse, and more people will connect with our collections and their stories.
- We will be recognised as the world leader and preferred national partner for the interpretation of and engagement with Scotland's material heritage.
- We will be well advanced on the path to a carbon neutral footprint and a respected resource for understanding climate and biodiversity challenges.
- The unique potential of our collections, expertise and programmes will be shared and valued internationally.
- We will be financially secure, supported by diverse income streams and confident in continuing to invest in our people, places, and collection.

61. The plan also identifies a number of risks to the successful achievement of these priorities, with Grant-in-Aid and capital funding highlighted. These are key areas of focus within NMS's financial planning evidencing a joined-up approach that ensures NMS's resource is prioritised to meet its strategic aims.

62. In addition to setting out the strategic aims for NMS, the plan provides a commitment to the Scottish Government's National Performance Framework, setting out how NMS will contribute to this.

63. To help progress the priorities of the Strategic Plan, each year an operational plan is established that identifies key actions linked to each of the five priority areas. The 2024/25 year-end operational plan was considered by the Board in June 2025 and indicates a good level of progress with the action plan areas. For those targets that were missed, clear explanations were provided by management, and these actions are being considered for inclusion in the 2025/26 operational plan.

64. Our judgement in this area is further evidenced by the:

- effective governance and decision-making arrangements that were in place during 2024/25.
- business being conducted in an open and transparent manner.

Use of Resources to Improve Outcomes

65. The audit work performed on the arrangements NMS has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by our review of the following key area.

There is an effective performance management framework in place.
Performance levels improved during 2024/25

66. NMS’s performance is monitored by the Board against several performance targets which support the delivery of the priorities in its Strategic Plan 2022-27. The responsibility for the detailed review and scrutiny of operational and financial performance lies with the Board which meets quarterly.

67. At each meeting of the Board, the Director presents a report to the Trustees. Included within this report are the key performance indicators (KPIs) along with detailed information for each these.

68. NMS’s performance was comparable with its strong 2023/24 position and exceeded its planned targets for 2024/25 performance in most recorded areas, [exhibit 6](#). These KPIs are transparently reported within the Annual Report and Accounts.

69. NMS has a clear performance management framework in place aligned to its Strategic Plan. Its performance is strong and subject to regular review by Trustees.

Exhibit 6
Strategic Plan 2022-27 key performance indicators

Indicator	2023/24	2024/25 Target	2024/25 Results
Total number of on-site visitors	3.13 million	2.98 million	● 3.22 million
Online audiences	3.69 million	3.60 million	● 3.32 million
Total learning participation	270 thousand	186 thousand	● 206 thousand
Visitor satisfaction	85%	86 %	● 87%
Accumulated total number of collections records online	816 thousand	835 thousand	● 841 thousand
% of collections storage meeting appropriate standards	74%	75%	● 72%
Organisational carbon emissions	1,736 tCO ₂ e	1,795 tCO ₂ e	● 1,638 tCO ₂ e
Total value of revenue income	£4.08 million	£4.42 million	● £5.104 million
Total value of capital income	£0.295 million	£ nil	● £0.223 million

Source: National Museums Scotland Annual Report and Accounts 2024/25

Conclusions on duty of Best Value

70. The audit work performed on the arrangements NMS has in place for securing Best Value found these were effective and appropriate. This judgment is evidenced through:

- NMS having a clear strategy and performance reporting, including its framework for continuous improvement.
- NMS having established governance and decision-making arrangements.
- NMS recognising that strategic priorities must be delivered within the financial resources available.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer, and timing
1. Strategic workforce planning The need for a strategic workforce plan has been included in several annual operational plans but it has not been developed.	NMS needs to develop a new strategic workforce plan that sets out what its future workforce should look like with this aligned to its financial strategy, operating model, and strategic priorities. The plan should include: • An assessment of current workforce skills, demographics, and capacity. • Forecasting of future workforce needs based on organisational priorities. • Identification of critical roles and succession risks. • Strategies for recruitment, retention, training, and workforce modernisation. This approach would support informed decision-making and help ensure a skilled, adaptable, and sustainable workforce to meet future strategic demands.	Accepted Responsible officer – Keith Pentland Agreed date – 31 March 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Revaluation reserve The revaluation reserve is accounted for by category, not individual asset as required by International Accounting Standards 16 - Property, Plant and Equipment (IAS 16). Risk: Future loss on revaluation of an asset is not accounted for as expenditure in year through the SoFA resulting in a material misstatement.	The revaluation reserve should be split by individual asset to ensure accurate accounting records and compliance with applicable standards.	Completed NMS undertook an exercise in year to split the revaluation reserve on an asset by asset basis based on previous valuation movements.

National Museums Scotland

2024/25 Annual Audit Report



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot