



# Annual Audit Report for National Records of Scotland

For the year ended 31 March 2025

11 September 2025





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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect National Records of Scotland or all weaknesses in your internal controls.

This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Audit Practice 2021). We do not accept any responsibility for any loss occasioned to any third part acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# 1 Headlines

Summary of the key findings and other matters arising from the external audit of National Records of Scotland and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Audit and Risk Committee) and the Auditor General for Scotland.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and Audit Scotland's Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- National Records of Scotland's financial statements give a true and fair view of the financial position of the organisation at the 31 March 2025 and of the net expenditure of the organisation for the year then ended;
- National Records of Scotland's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (FReM);
- National Records of Scotland's financial statements and the audited parts of the Remuneration Report and Staff Report have been prepared in accordance with the requirements of the 2024/25 Financial Reporting Manual (FReM) and directions made thereunder by the Scottish Ministers;

We are required to report whether other information published together with the audited financial statements in the Annual Report and Accounts is materially consistent with the financial statements or our knowledge obtained in the audit, has been prepared in accordance with the requirements or otherwise appears to be materially misstated.

We are required to express an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

We received the first draft of the financial statements with working papers on 13 June 2025 which were presented on time. The quality of the Annual Report and Accounts and supporting working papers provided to audit were of a good standard.

Our findings are summarised on pages 6-32. We have not identified any adjustments to the primary financial statements above our reporting threshold. We have identified several disclosure amendments. These amendments are detailed at page 29. We have also raised two recommendations for management as a result of our audit work. These are set out in [Appendix B](#). There were two recommendations from 2023/24 and two recommendations from the 2022/23 audit which remained outstanding and we have followed up on as part of the 2024/25 audit. Three recommendations have been closed and one remains ongoing. Our follow up of recommendations from the prior year's audit are detailed in [Appendix C](#).

Our work is concluded on the financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

**We issued an unmodified audit opinion on 11 September 2025.**

# Headlines

Summary of the key findings and other matters arising from the external audit of National Records of Scotland and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Audit and Risk Committee) and the Auditor General for Scotland.

## Wider scope and best value arrangements

Under the Audit Scotland Code of Audit Practice (‘the Code’), the scope of public audit extends beyond the audit of the financial statements. The Code requires auditors to consider National Records of Scotland’s arrangements in respect of financial management, financial sustainability, vision, leadership and governance and use of resources to improve outcomes.

In our External Audit Plan for the year ended 31 March 2025, we documented our assessment of the wider scope risks and planned audit work. At the planning stage, we identified one significant risks:

- **Financial sustainability** – future financial plans for 2025/26 and beyond.

Furthermore, central government bodies in Scotland have a legal duty to deliver “Best Value” in their services. This means they must make arrangements to ensure continuous improvement in their performance, while maintaining a balance between quality and cost, and consider economy, efficiency, effectiveness, equal opportunities and sustainable development. The Code of Audit Practice requires auditors to consider the arrangements put in place by Accountable Officers to meet their best value obligations.

Within this Report, we outline our work undertaken in response to each of the four wider scope areas including the arrangements in place within National Records of Scotland and conclude on the effectiveness and appropriateness of these arrangements based on the work carried out.

Further details of the work undertaken are outlined on pages 33 to 50.

National Records of Scotland have arrangements in place to secure best value and we have considered these arrangements as part of our regular wider scope work. We have noted that the organisation has no mechanism for formally reviewing and reporting on the arrangements to secure best value and raised this as a recommendation for management. This is set out in [Appendix B](#).

We have followed up the wider scope recommendations made during our previous audits. There was two recommendations outstanding from the 2022/23 audit, one of these has been closed and one remains ongoing. This is set out in [Appendix C](#).

There remains a significant risk in respect of financial sustainability given the financial challenges National Records of Scotland faces over the longer term and continued receipt of one-year funding settlements provided by the Scottish Government.

## **2 Our approach to materiality**



# Our approach to materiality (1)

As communicated in our Audit Plan dated 26 February 2025, we determined materiality at the planning stage as £0.833m based on 2.5% of prior year gross operating expenditure. On receipt of draft financial statements, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements.

Our approach to determining materiality is set out here.

Materiality area	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£915,000	This is equivalent to approximately 2.5% of the gross expenditure for the period ended 31 March 2025. Our materiality has been updated to reflect the 2024/25 figures in the draft financial statements although there has been no change to the % outlined within our audit plan. In 2023/24, materiality was £706,000, which represented 2.0% of gross expenditure.
Performance materiality for the financial statements	£640,500	Performance materiality has been set at 70% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In 2023/24, performance materiality was £529,500 which represented 75% of our calculated materiality.

# Our approach to materiality (2)

Materiality area	Amount (£)	Qualitative factors considered
Reporting threshold	£45,800	This balance is set at 5% of materiality. In 2023/24, our trivial threshold was £35,300 and this was set at 5% of materiality.
<p>Auditable elements of the Remuneration and Staff Report:</p> <ul style="list-style-type: none"> <li>• Single total figure of remuneration for each minister and director</li> <li>• Pension cash equivalent transfer value (CETV) disclosures for each minister and director</li> <li>• Payments to past directors</li> <li>• Payments for loss of office</li> <li>• Fair pay disclosures</li> <li>• Exit packages</li> </ul> <p>The analysis of staff numbers and costs note will be audited at headline materiality.</p>	£25,000	<p>Due to the public interest in the specified remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for the specified remuneration disclosures.</p> <p>We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.</p> <p>This approach is a change from our audit plan, which noted that only the salary and pension (CETV) disclosures for senior management and board members would be audited at this lower materiality.</p>



# **3 Overview of significant risks identified**

# Overview of significant risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs. A significant risk can be a significant risk due to error or due to fraud. For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

As part of our consideration of risks relating to fraudulent financial reporting, we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage income and expenditure in order to influence National Records of Scotland's year-end performance.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Findings
Risk 1 Management override of controls	Significant	↔	✓	Medium	●
Risk 2 Valuation of land and buildings	Significant	↔	✗	High	●
Risk 3 Fraud in expenditure recognition	Significant	↔	✓	Medium	●
Risk 4 Fraud in revenue recognition	Significant	↔	✓	Medium	●
Risk 5 Data migration to the new finance system is not accurate or complete	Significant	↔	✗	Low	●

## Key:

↑ Assessed risk increase since Audit Plan

↔ Assessed risk consistent with Audit Plan

↓ Assessed risk decrease since Audit Plan



No adjustment or change in disclosure required



Non-material adjustment or change in disclosure required



Material adjustment or change in disclosure required

# Overview of significant risks identified – financial statements (1)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Management override of controls</b></p> <p>In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls.</p> <p>Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>documented an understanding of and evaluated the design effectiveness of management controls over journals (we completed this understanding for both SEAS and Oracle);</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals and tested these journals identified (note, we tested a sample of journal on both the old and new systems);</li> <li>challenged management's key judgements and estimates and considering whether these judgements and estimates are individually or cumulatively indicative of management bias;</li> <li>tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and</li> <li>identified a change to the revaluations accounting policy as a result of the implementation of the new financial system. In 2024/25, National Records of Scotland have opted to use the 'gross-up' method, as opposed to writing back depreciation, in line with IAS 16. As this change only occurs from 2024/25 due to the impracticality of restating prior year disclosures, amended narrative disclosures was added to the financial statements to explain this change, ensuring comparable information was available to the user and to explicitly state that the accumulated depreciation balance, has only begun accumulating from the 1 April 2025.</li> </ul>	<p>Our audit work has not identified any issues in respect of management override of controls.</p> <p>We are satisfied from our work performed that there has been no identified instances of management override of controls that would result in a material misstatement of the financial statements.</p> <p>Each journal has sufficient supporting documentation to support its business rationale and is appropriately reviewed and authorised.</p> <p>There has been a change to revaluations accounting policy in year, with National Records of Scotland opting to use the 'gross-up' method, as opposed to writing back depreciation, in line with IAS 16. This has been recorded as a disclosure misstatement in Section 6 of our report.</p>

# Overview of significant risks identified – financial statements (2)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Valuation of land and buildings</b></p> <p>In accordance with the HM Treasury Financial Reporting Manual (FRoM), subsequent to initial recognition, National Records of Scotland is required to hold property, plant and equipment on a valuation basis. The valuation basis used will depend on the nature and use of the assets. Specialised land, buildings, equipment, installations and fittings are held at depreciated replacement costs, as a proxy for fair value. Non-specialised land and buildings, such as offices, are held at fair value.</p> <p>National Records of Scotland appoint the District Valuer Services (a division of the Valuation Office Agency) to undertake a rolling programme of valuations across their asset base, professionally valuing land and buildings at least once every five years with supplementary interim desktop valuations. As at 31 March 2024, National Records of Scotland held property, plant and equipment of £17.225 million including land of £2.265 million and buildings and leasehold improvements of £10.525 million. As at 31 March 2025, National Records of Scotland held property, plant and equipment of £19.702 million including land of £2.265 million and buildings and leasehold improvements of £10.624 million.</p> <p>Given the significant value of the land and buildings held by National Records of Scotland, and the level of complexity and judgement involved in their estimation process, there is an inherent risk of material misstatement in the year end valuation of some of these assets.</p> <p>We will therefore focus our audit attention on assets that have large and unusual changes in valuations compared to last year and/or unusual approaches to their valuations, as a significant risk requiring special audit consideration.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and controls for the calculation of the valuation estimates, the instructions issued to their valuer and the scope of their work;</li> <li>evaluated the competence, capabilities and objectivity of management's valuation expert;</li> <li>wrote to the valuer to confirm the basis on which valuations were carried out and challenged the valuer of the rates used;</li> <li>challenged the key data and assumptions used by management's experts in the valuation process for these assets</li> <li>evaluated the valuer's report to identify assets that had large and unusual changes and/or approaches to the valuation and tested these valuations substantively for reasonableness;</li> <li>tested a sample of other asset revaluations made during the year to ensure they have been input accurately into the body's asset register and associated entries in the financial statements;</li> <li>gained an understanding of assets not formally revalued in year, although none were identified; and</li> <li>reviewed your impairment assessment as to whether there are indicators of impairment.</li> </ul>	<p>Our audit work has not identified any issues in relation to the valuation of land and buildings.</p> <p>As noted on the previous slide, we identified a change in accounting policy relating to revaluations as a result of the implementation of the new financial system.</p>



# Overview of significant risks identified – financial statements (3)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Fraud in Expenditure Recognition</b></p> <p>As set out in practice note 10 (Revised 2020) ‘The Audit of Public sector Financial Statements’, issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition.</p> <p>National Records of Scotland’s expenditure includes both payroll and non-payroll costs. We consider payroll costs to be well forecast and are able to agree these costs to underlying payroll systems. Depreciation, amortisation and impairment is well forecast and as such, we believe there is less opportunity for a material misstatement as a result of fraud to occur in these area.</p> <p>We therefore focus our risk on the following non-payroll expenditure streams: other operating expenditure. Our testing will include a specific focus on year-end cut-off arrangements, including consideration of the existence of accruals and provisions, in relation to non-payroll expenditure.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with FReM;</li> <li>performed detail testing of expenditure transactions at and around year-end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period;</li> <li>reviewed the judgements and estimates made by management when recognising accruals and provisions at year end within the financial statements and where appropriate challenged management accordingly.</li> </ul>	<p>Our audit work has not identified any significant issues in respect of expenditure recognition.</p> <p>During our year-end testing of expenditure, we identified several invoices which had not been appropriately accrued for in the 24/25 financial year due to the timing of invoices being received post year-end. The transactions in totality were below trivial and required no further reporting.</p> <p>However, National Records of Scotland are required to reflect new information or circumstances that existed at the reporting date which became known later therefore, we recommend that National Records of Scotland implement a year-end procedure to ensure that all invoices associated with the financial year are appropriately accrued and where material variances arise, subsequent adjustments are made to the financial statements. Please refer to <b>Appendix B</b>.</p>

# Overview of significant risks identified – financial statements (4)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Fraud in Revenue Recognition</b></p> <p>As set out in ISA (UK) 240 (Revised May 2021) there is a presumed risk that revenue may be misstated due to improper recognition of revenue in all entities.</p> <p>The risk of management manipulation and fraud is deemed to be low in relation to revenue received direct from the Scottish Government. Similarly, property rental income is not material, is well forecast and can be agreed to underlying agreements. We have therefore rebutted the risk of fraud in revenue in relation to these income streams.</p> <p>However, National Records of Scotland continues to face external pressure to deliver planned budgets and continue to achieve a balanced budget. National Records of Scotland's budget indicates that it will recognise fees and charges for records and services in 2024/25, which we deem to be material to the financial statements. We have therefore identified the risk of fraud in revenue in relation to this income stream. Our testing will include a specific focus on the occurrence of income throughout the year.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated your accounting policy for recognition for appropriateness and compliance with the FREM;</li> <li>performed substantive testing of transactions at and around year end to verify the accounting period the transactions relate to and confirm that transactions have been recognised in the correct accounting period;</li> <li>reviewed post year end receipts and verify the accounting period these transactions relate to and confirm they have been accounted for in the correct accounting period; and</li> <li>reviewed the judgements and estimates made by management when recognising accrued and deferred income at year end within the financial statements and where appropriate challenge management accordingly.</li> </ul>	<p>Our audit work has not identified any significant issues in respect of revenue recognition.</p> <p>During our year-end testing of revenue, we identified several invoices which had not been appropriately accrued for in the 24/25 financial year due to the timing of invoices being received post year-end. The transactions in totality were below trivial and required no further reporting.</p> <p>However, National Records of Scotland are required to reflect new information or circumstances that existed at the reporting date which became known later therefore, we recommend that National Records of Scotland implement a year-end procedure to ensure that all invoices associated with the financial year are appropriately accrued and where material variances arise, subsequent adjustments are made to the financial statements. Please refer to <b>Appendix B</b>.</p>

# Overview of significant risks identified – financial statements (5)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Data migration to the new finance system is not accurate and complete.</b></p> <p>As part of its corporate transformation, the Scottish Government Shared Services Programme (SSP) delivered a new HR and Finance system (Oracle Cloud), which replaced the decades-old legacy systems.</p> <p>This has provided shared services to the Scottish Government core and over 30 other public bodies including National Records of Scotland.</p> <p>The go-live date for the project was 1 October 2024 however, the organisation alongside other Scottish Government core bodies have faced teething issues since its introduction, which are still being resolved.</p> <p>The changes to the general ledger system represents a significant change to the accounting systems and process in place for 2024/25. There is an inherent risk that data migration to the new system is not accurate or complete, therefore, we have identified there to be a significant risk of material misstatement arising.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• reviewed the implementation process for the new ledger;</li> <li>• obtained an understanding of the new system including the IT general controls in place and controls in relation to journals including processing and authorisation;</li> <li>• reviewed the organisation's process for ensuring the data migration was complete and accurate; and</li> <li>• completed a reconciliation of the closing balances in SEAS to the opening balances in Oracle Cloud to ensure the transfer of balances at the date of implementation was accurate and complete.</li> </ul>	<p>Our audit work has not identified any issues in relation to the accuracy and completeness of data to the new financial system.</p>

# 4 Other findings



# Other findings – key judgements and estimates (1)

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p><b>Land and building valuations</b></p> <p>Revaluations Cost – <b>£1.178 million</b></p> <p>Revaluation Acc. Depreciation – <b>£0.338 million</b></p>	<p>National Records of Scotland's has engaged the District Valuer Services (DVS) which is the specialist property arm of the Valuation Office Agency (VOA) to complete the valuation of properties as at 31 March 2025.</p> <p>Freehold land and buildings are shown at fair value less subsequent depreciation using a rolling programme of professional valuations covering each building every five years, supplemented with interim desktop valuations. For 2024/25, valuations were completed as a desktop exercise with the exception of General Register House where a physical evaluation was carried out.</p> <p>Other non-current assets are shown at historic cost net of depreciation as a proxy for fair value.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used;</li> <li>discussed management's determination of accounting estimates with those charged with governance, for example, qualitative considerations, the development and validation of models, data integrity and the selection of inputs;</li> <li>considered the competence, capabilities and objectivity of the valuation expert used by National Records of Scotland. We have not identified any concerns;</li> <li>considered the data and assumptions used by management to derive the accounting estimate. We have not noted any issues with the completeness and accuracy of this underlying information;</li> </ul> <p><i>Continued overleaf</i></p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (2)

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p><b>Land and building valuations</b></p> <p>Revaluations Cost – <b>£1.178 million</b></p> <p>Revaluation Acc. Depreciation – <b>£0.338 million</b></p>		<ul style="list-style-type: none"> <li>• we have considered the movements in the valuations of individual assets and their consistency with indices. This work has not raised any issues with the 2024/25 valuations;</li> <li>• confirmed that there have been no changes to the valuation method this year; and</li> <li>• assessed the reasonableness of the disclosures related to accounting estimates.</li> </ul> <p><b>Conclusion</b></p> <p>Our work is concluded in this area and we have no issues to report in this area.</p>	<p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (3)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p><b>Depreciation</b></p> <p>Property, Plant and Equipment: depreciation including useful economic lives (UELs). – <b>£1.402 million</b></p> <p>Heritage Assets: depreciation including useful economic lives (UELs). – <b>£0.132 million</b></p>	<p>National Records of Scotland's approach to depreciation is set out in accounting policies:</p> <p><b>Note 1.3 – Property, plant and equipment and heritage assets - depreciation</b></p> <p>Depreciation is provided on property, plant and equipment on a straight-line basis at rates sufficient to write down their cost or re-valued amounts to their residual values over their estimated useful lives.</p> <p>National Records of Scotland have performed a review of the UEL of their assets in Oracle, and the actual life spans of those assets still in use and compared this to their estimation within the Annual Report &amp; Accounts as well as other sources (e.g. Scottish Government's UEL estimation).</p> <p>From this, National Records of Scotland amended their UEL estimations, after seeking approval from the relevant Committee. The disclosure within the Annual Report and Accounts has been updated to reflect the change in estimation of UEL and to aligns with the data in Oracle.</p>	<p>Our testing of both property, plant and equipment and heritage assets included reviewing the useful lives. Additionally, we have tested how management have made the accounting estimate whilst also developing an auditor's point estimate/range and comparing to the actual depreciation charged in year.</p> <p><b>Conclusion</b></p> <p>From our audit work, we have not identified any issues.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (4)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Employee Benefits</b> <b>– £1.219 million</b>	<p>National Records of Scotland's approach to payables is set out in accounting policies:</p> <p><b>Note 1.8 – Trade Payables</b></p> <p>Trade payables are recognised at fair value and calculated on an accruals basis. All operations of NRS are deemed to be continuing operations.</p> <p>At year-end, National Records of Scotland are provided with the annual leave and flexi balances directly from the payroll department within the Scottish Government.</p>	<p>We have completed testing over the employee benefits balance including review of the appropriateness of management's calculations. The email obtaining annual leave and flexi balances from the Scottish Government was obtained and for a sample of individuals, we have reperformed the year-end calculation.</p> <p><b>Conclusion</b></p> <p>From our audit work, we have not identified any issues.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>



# Other findings – information technology (1)

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Related significant risks / other risks
SEAS (to 30 September 2024)	ITGC design and implementation effectiveness only.	Fraud in expenditure recognition Fraud in revenue recognition Management override of control
PECOS (to 30 September 2024)	ITGC design and implementation effectiveness only.	Fraud in expenditure recognition
Asset 4000 (to 30 September 2024)	ITGC design and implementation effectiveness only.	Valuation of land and buildings
Oracle Cloud (from 1 October 2024)	ITGC design and implementation effectiveness only.	Fraud in expenditure recognition Fraud in revenue recognition Management override of control Data migration to the new finance system is not accurate and complete.

# Other findings – information technology (2)

## Service auditors reports

National Records of Scotland utilise a number of shared IT systems, IT applications and processes with the Scottish Government. Management reports are prepared by the external auditors of the Scottish Government covering the national systems/arrangements. During 2024/25, the relevant audit reports were:

- Audit Scotland management report with regards to Scottish Government systems. This covers work on the SEAS and Oracle systems covering the general ledger which incorporates receivables, payables, banking and payroll.

**We adopt a fully substantive audit approach and therefore have considered the findings from the auditor reports and the impact on our audit procedures, however, we do not place reliance on their work.**

From consideration of the report, there is an action plan produced with eleven recommendations for Scottish Government. A number of control weaknesses were identified from the review of the key controls within Oracle Fusion across all main areas except for payables.

It was noted that there were improved authorisation procedures for journals within Oracle, compared to SEAS, due to the authorisation hierarchy. The control recommendations made in the management report from 2023/24 were not implemented as SEAS was replaced on 1 October 2024, so the focus was on the new system.

We are satisfied that sufficient controls are in place at the entity level (National Records of Scotland) and we have raised no specific recommendations for National Records of Scotland to action.

# **5 Communication requirements and other responsibilities**

# Communication requirements (1)

Issue	Commentary
<b>Matters in relation to fraud and irregularity</b>	<p>It is National Records of Scotland's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from officers and those charged with governance regarding National Records of Scotland's assessment of fraud risk, including internal control, fraud risk and any known or suspected frauds in year. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</p>
<b>Matters in relation to related parties</b>	<p>We are not aware of any related parties or related party transactions which have not been disclosed in the Annual Report and Accounts. Our prior year Annual Audit Report included a recommendation around the register of interest, and a follow up on progress against this action has been documented within <a href="#">Appendix C</a>. We have also identified opportunities for National Records of Scotland to enhance their related party disclosure, and this has been included at our disclosure adjustments at section 6 of this report.</p>
<b>Matters in relation to laws and regulations</b>	<p>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</p> <p>An ongoing risk identified in late 2024 by National Records of Scotland, and likely to impact the organisation in the short and medium term, is the First Tier Tribunal outcome (for the appeal by Ancestry Ireland Unlimited and Affiliates), requiring National Records of Scotland to make information available under Re-Use Regulation. If the judgement is found in favour of Ancestry, this could impact on the income the organisation generates annually used to support statutory service delivery, a need to change the National Records of Scotland operating model and significant work to comply with the judgement. At the time of our Annual Audit Report, the Tribunal has yet to rule although National Records of Scotland are only a third-party in the Tribunal.</p> <p>We have not identified any cases of money laundering or fraud at National Records of Scotland.</p>
<b>Written representations</b>	<p>A letter of representation has been requested from the National Records of Scotland as required by auditing standards. This can be found as a separate item to this report. We request specific representation around significant judgements. The final letter of representation for signing will include specific representations around intangible asset lives and leases and both of these areas were included in the prior year Letter of Representation.</p>



# Communication requirements (2)

Issue	Commentary
<b>Accounting practices</b>	We have evaluated the appropriateness of National Records of Scotland's accounting policies, accounting estimates and financial statement disclosures. A number of minor amendments were made to the accounting policies to enhance the transparency of the disclosures within the Accounts, which are documented within section 6 of this report.
<b>National Fraud Initiative</b>	The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. Participating bodies, receive matches for investigation. National Records of Scotland were not involved in the previous matching exercise.
<b>Other returns to Audit Scotland</b>	In accordance with the Audit Scotland Planning Guidance, as appointed auditors, we have prepared and submitted Fraud Returns and have contributed to shared intelligence for sector meetings and Technical Guidance Notes. There is nothing we need to bring to your attention in this respect.

# Other responsibilities (1)

## Issue

## Commentary

### Going concern

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities.
- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of National Records of Scotland's financial sustainability is addressed by our wider scope work, which is covered elsewhere in this report.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by National Records of Scotland meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of National Records of Scotland and the environment in which it operates
- National Records of Scotland's financial reporting framework
- National Records of Scotland's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management's assessment of the appropriateness of the going concern basis of accounting and on the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:

- a material uncertainty related to going concern has not been identified; and
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

# Other responsibilities (2)

Issue	Commentary
<b>Other information</b>	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Minor amendments have been made to the Annual Report and we are satisfied that there are no unadjusted material inconsistencies to report.</p>
<b>Auditable elements of Remuneration Report and Staff Report</b>	<p>We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Financial Reporting Manual (FReM) 2024/25, and directions there under.</p> <p>We have audited the elements of the Remuneration Report and Staff Report, including the Fair Pay Multiple Disclosures, as required by the FReM. Due to delays across the public sector, the draft accounts did not include details of the executive pension disclosures due to a hold up in the calculation of CETV. This information was finally received in September 2025 and has been included within the financial statements.</p>
<b>Governance Statement</b>	<p>We are required to report on whether the information given in the Governance Statement is consistent with the financial statements and prepared in accordance with the requirements of the Financial Reporting Manual (FReM) 2024/25.</p> <p>No inconsistencies have been identified and we plan to issue an unqualified opinion in this respect.</p>
<b>Matters on which we report by exception</b>	<p>We are required by the Auditor General for Scotland to report on a number of matters by exception if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept;</li> <li>• the financial statements and the audit part of the Remuneration and Staff Report are not in agreement with the accounting records;</li> <li>• we have not received all the information and explanations we require for our audit; or</li> <li>• there has been a failure to achieve a prescribed financial objective.</li> </ul> <p>We have nothing to report on these matters.</p>

# Other responsibilities (3)

Issue	Commentary
Regularity	<p>The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance Accountability (Scotland) Act 2000.</p> <p>In our opinion in all material aspects, the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.</p>

# **6 Audit adjustments**



# Audit adjustments (1)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

No audit adjustments have been identified during the audit.

There were no unadjusted misstatements in the prior year which would have an impact on current year opening reserves.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Review of Annual Report and Accounts (General)	We identified minor casting errors, figures which had not yet been included and formatting issues as part of our review of the Annual Report and Accounts. These were raised and processed by management where necessary.	✓
Other Information	We have identified minor amendments required to be made to the annual report to ensure it is consistent with the financial statements. These have been amended by management.	✓
Governance Statement	We identified that the governance statement should include a reference that the controls in place are to the point of the date of the authorisation of the accounts.	✓
Remuneration and staff report	<p>We identified the following issues within the Remuneration and Staff Report:</p> <p><b>Pension Benefits:</b></p> <p>The draft accounts did not include details of the executive pension disclosures due to a hold up in the calculation of CETV across the public sector. These figures were received on 3 September 2025 and subjected to audit thereafter.</p> <p>We identified that the ‘accrued pension at pension age’ figure for the Director of Information and Records Services was disclosed in a £10,000 band, as opposed to a £5,000 band as required by the FReM. This was amended by management.</p>	✓

# Audit adjustments (2)

Disclosure	Misclassification or change identified	Adjusted?
Note 1.1 Key Estimates and Judgements	<p>International Financial Reporting standards prescribe the required disclosures in relation to critical judgements. It also requires separate consideration of accounting estimates.</p> <p>Significant estimates relate to assumptions and estimate at 31 March that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.</p> <p>We have identified that there is an opportunity to enhance the disclosure to focus on those key areas of estimation that may have a significant risk of material misstatement in the next 12 months. This should focus on those key areas of assumptions, include a sensitivity analysis and detail of what the carrying balance of the area is subject to the uncertainty.</p>	X
Note 1.13 Leases	The narrative on this disclosure was updated as it included reference to asset values being unchanged on transition, which was outdated narrative.	✓
Note 1.14 IFRS updates issued but not yet effective	<p>We identified that opportunities to enhance the IFRS updates issued but not yet effective note:</p> <ul style="list-style-type: none"> <li>IFRS 17: National Records of Scotland do not currently explain the expected impact of IFRS 17 on the financial statements within its accounting policies.</li> <li>2025/26 FReM Changes: National Records of Scotland have not explained the changes to non-investment asset valuations or the guidance on accounting for social benefits within its accounting policies.</li> </ul>	X
Note 6 Non-Current Assets – Property, Plant and Equipment	<p>Due to the implementation of Oracle during 2024/25, a new category of ‘Leasehold Improvements’ was created for 2024/25, and in line with IAS 1, the prior year disclosure was updated to ensure comparable information was available to the user of the financial statements.</p> <p>Additionally, due to the change in system, there was a change adopted by National Records of Scotland with regards to their revaluations accounting policy, to use the ‘gross-up’ method, as opposed to writing back depreciation, in line with IAS 16. As this change only occurs from 2024/25 due to the impracticality of restating prior year disclosures, amended narrative disclosures was added to the financial statements to explain this change, ensuring comparable information was available to the user and to explicitly state that the accumulated depreciation balance, has only begun accumulating from the 1 April 2025.</p>	✓

# Audit adjustments (2)

Disclosure	Misclassification or change identified	Adjusted?
Note 7 – Trade and Other Receivables	Within the counterparty split within Note 7, the receivables from other central government bodies is overstated by £0.005 million and bodies external to government is understated by £0.005 million.	X
Note 9 – Trade and Other Payables	<p>Within the counterparty split within Note 9, the payables from other central government bodies is understated by £0.121 million, payables to local authorities is understated by £0.003 million, payables to NHS bodies is understated by £0.005 million and bodies external to government is overstated by £0.129 million.</p> <p>Management agreed to amend the disclosure in respect of ‘other central government bodies’ of £0.121m.</p>	✓
Note 13 – Related Parties	Within Note 13, the main entities within government that the entity has had dealing with are not detailed due to the nature, volume and sensitivities of the transactions.	X
Note 15 – Financial Instruments	<p>The financial instruments note incorrectly included the following which are receivables/payables by statute or provides a contractual right to receive/provides goods/services and therefore, should not be classified as a financial instrument:</p> <ul style="list-style-type: none"> <li>Financial Assets: VAT of £0.103 million and prepayments of £0.927 million;</li> <li>Financial Liabilities: Employee Benefits of £1.219 million, income tax, social security and pensions of £0.945 million, accrued expenditure (pay accruals) of £0.012 million and deferred income of £0.894 million; and</li> <li>Omission from Trade Payables of retentions of £0.040 million.</li> </ul> <p>As the 2023/24 did not include a FReM compliant financial instruments note (which was raised in our prior year annual audit report), National Records of Scotland have included an updated 2023/24 disclosure to provide comparative information in line with IAS 1. The above amendments were also reflected to the comparators for 2023/24.</p>	✓
Task Force on Climate Related Financial Disclosures	We have identified opportunities for National Records of Scotland to enhance their climate related disclosures in line with the Task Force on Climate Related Financial Disclosures (TCFD)'s recommended disclosures which became effective for the 2024/25 reporting period. We have raised a recommendation at <b>Appendix B</b> for management to review during 2025/26.	X

# **7 Wider scope and best value arrangements**

# Wider scope and best value arrangements

Our responsibilities under the Code extend beyond the audit of the financial statements. The Code sets out four audit areas that frame wider scope into specified reporting criteria. These are as set out below:



## Financial management

Has the body got sound budgetary process, financial capacity and the control environment and internal controls are operating effectively.



## Financial Sustainability

How the body looks forward to the medium and longer term to consider whether the body is planning effectively to deliver its services or the way in which they should be delivered.



## Vision, Leadership and Governance

How effective are the body's scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



## Use of Resources to Improve Outcomes

How the body makes best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources and reporting performance against outcomes.

The Code also requires that auditors assess and report on audited bodies' performance in meeting their Best Value and community planning duties, as part of their annual audit. For central government bodies, we are required to consider the arrangements put in place by Accountable Officers to meet their Best Value obligations as part of our risk-based wider-scope audit work.

# Wider scope and best value conclusions (1)

This section of our report documents our conclusions from audit work on the wider scope areas set out in the Code. We take a risk-based audit approach to wider scope work. Within our audit plan we identified one significant wider scope risk in relation to financial sustainability.

As part of our ongoing audit work during the year, we have not identified any additional wider scope audit risks. We have followed up our prior recommendations at Appendix C.

Area	Risk Consideration and Focus	Risk Identified	2024/25 Conclusion
Financial Management	The arrangements in place at National Records of Scotland to ensure sound financial management, accountability and the arrangements to prevent and detect fraud, error and other irregularities	No	National Records of Scotland are required to deliver a balanced budget position by the Scottish Government. In 2024/25, National Records of Scotland delivered a small underspend against its final budget of £0.114 million.
Financial Sustainability	The projected financial position of National Records of Scotland in the medium to longer term and the relevance and appropriateness of assumptions applied to financial plans that will allow the body to effectively deliver services in the future.	Yes	National Records of Scotland do not prepare any longer-term financial plans, which makes it difficult to assess the financial sustainability of the organisation over the longer term. Whilst we appreciate longer-term financial planning is challenging due to the Scottish Government decision to set one-year budgets, this should not prevent National Records of Scotland developing a medium-term financial strategy supported by shorter term detailed financial plans.
Vision, Leadership and Governance	The effectiveness of National Records of Scotland's governance arrangements and the arrangements in place to deliver the vision, strategy and priorities set by the body.	No	The governance arrangements at National Records of Scotland are effective, and we have assessed that there is a good level of challenge and scrutiny at Audit & Risk Committee (ARC) meetings. National Records of Scotland appointed a new Chief Executive in September 2024 who took up post from October 2024.
Use of Resources to Improve Outcomes	How National Records of Scotland demonstrates economy, efficiency and effectiveness through its use of financial and other resources.	No	National Records of Scotland have met all key delivery targets for the release of the 2021 Census data and have commenced consultations with the public in relation to the 2031 Census to seek to understand users' changing requirements. During 2024/25, National Records of Scotland completed the return of thousands of documents that were stolen from its archives whilst demonstrating a commitment to transparency by adopting an open and thorough approach throughout the process with key stakeholders.

- G** Appropriate arrangements are in place, minor improvement recommendation made.
- A** Appropriate arrangements are in place, but improvement recommendation made.
- R** Significant risk identified and key recommendations made.



# Wider scope – Financial management (1)

Financial management is concerned with having sound budgetary processes and an understanding of the financial environment and whether internal controls are operating effectively.

Audit plan risk	Wider scope audit response	Conclusion																												
No significant risk identified at planning.	<p><u>2024/25 Financial Performance:</u></p> <p>The main financial objective of National Records of Scotland is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.</p> <p>National Records of Scotland delivered an underspend against budget in 2024/25, with the financial outturn underspend being 1% of the overall resource budget for the year. National Records of Scotland reported an outturn of £29.779 million against an overall resource budget of £29.873 million, given an underspend of £0.084 million and an underspend of £0.030 million was reported on National Records of Scotland’s capital budget. Key details are outlined below:</p> <table><tr><th></th><th>Final Budget 2024/25 (£’000)</th><th>Actual Outturn 2024/25 (£’000)</th><th>Variance (£’000)</th></tr><tr><td>Operational Costs (exc. Depreciation)</td><td>33,163</td><td>34,207</td><td>1,044</td></tr><tr><td>Retained Income</td><td>(5,800)</td><td>(6,859)</td><td>(1,059)</td></tr><tr><td>Depreciation</td><td>2,500</td><td>2,431</td><td>(0.069)</td></tr><tr><td><b>Net Resource</b></td><td><b>29,863</b></td><td><b>29,779</b></td><td><b>(0.084)</b></td></tr><tr><td>Capital DEL</td><td>3,500</td><td>3,470</td><td>(0.030)</td></tr><tr><td><b>Total</b></td><td><b>33,363</b></td><td><b>33,249</b></td><td><b>(0.114)</b></td></tr></table> <p>Financial performance is reported to the Executive Management Board on a quarterly basis and this is an integral part of the budget monitoring process. Senior management and the Audit and Risk Committee receive regular and accurate financial information on the financial position throughout the year via the CFO’s finance report. Any variances from arising from the budget are clearly explained within these reports, with actions identified for any adverse variances.</p>		Final Budget 2024/25 (£’000)	Actual Outturn 2024/25 (£’000)	Variance (£’000)	Operational Costs (exc. Depreciation)	33,163	34,207	1,044	Retained Income	(5,800)	(6,859)	(1,059)	Depreciation	2,500	2,431	(0.069)	<b>Net Resource</b>	<b>29,863</b>	<b>29,779</b>	<b>(0.084)</b>	Capital DEL	3,500	3,470	(0.030)	<b>Total</b>	<b>33,363</b>	<b>33,249</b>	<b>(0.114)</b>	<p>In 2024/25, National Records of Scotland achieved a net underspend of £0.114 million against their final budget of £33.363 million, which represents an underspend less than 1%.</p> <p>Senior management and the Audit and Risk Committee receive regular and accurate financial information on National Records of Scotland’ financial position providing members the opportunity to scrutinise and challenge.</p>
	Final Budget 2024/25 (£’000)	Actual Outturn 2024/25 (£’000)	Variance (£’000)																											
Operational Costs (exc. Depreciation)	33,163	34,207	1,044																											
Retained Income	(5,800)	(6,859)	(1,059)																											
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<b>Total</b>	<b>33,363</b>	<b>33,249</b>	<b>(0.114)</b>																											

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# Wider scope – Financial management (2)

Audit plan risk	Wider scope audit response	Conclusion
<p>No significant risk identified at planning.</p>	<p><u>Financial control arrangements:</u></p> <p>We have performed a review of the design and implementation of the system of internal control as relevant to our audit approach (including those relating to IT general controls); we did not identify any internal control weaknesses which could affect National Records of Scotland’s ability to record, process, summaries and report financial and other relevant information resulting in a material misstatement in the financial statements.</p> <p>Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption. Furthermore, the body is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.</p> <p>We have reviewed National Records of Scotland’ arrangements, including its Fraud Response Plan and Whistleblowing Policy. There are established procedures with the aim of preventing and detecting fraud and corruption; and preventing breaches in standards of conduct.</p> <p><u>Finance team:</u></p> <p>National Records of Scotland continue to strengthen the support within the finance team, but with any small organisation if any staff shortages of sickness arise the organisation could face significant capacity issues. Due to the size of National Records of Scotland, there are only a small number of officers who are involved in the financial statements preparation process albeit there are effective quality control procedures in place to ensure the Annual Report and Accounts are prepared in compliance with relevant guidance. The Chief Finance Officer has left the organisation at the end of July 2025 and is currently being actively recruited.</p>	<p>National Records of Scotland have a suitable internal control framework to support the material accuracy of the financial statements.</p> <p>We have concluded that National Records of Scotland has appropriate arrangements for the prevention and detection of fraud error and irregularities.</p>

# Wider scope – Financial sustainability (1)

Financial sustainability is concerned with being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

This slide references the risk identified within our audit plan and audit procedures performed are outlined in response to our identification of a significant risk at the planning stage.

Risk identified in our Audit Plan	Audit procedures performed	Conclusion
We have identified a significant risk in relation to National Records of Scotland’s financial sustainability from our initial planning work in relation to future financial plans for 2025/26 and beyond.	<ul style="list-style-type: none"><li>• Sought to understand the future financial forecasts and plans for National Records of Scotland for 2025/26 and beyond, including key assumptions used, scenario planning, sensitivity analysis, risk analysis and the extent of any budget pressures and impact upon reserves.</li><li>• Considered the action National Records of Scotland is taking to address identified funding gaps and associated plans.</li></ul> <p>National Records of Scotland do not have formalised medium to long-term financial plans. Consecutive one-year funding settlements and the fluidity of changing priorities across the Scottish Government create challenges in the organisation’s ability to plan for the medium to longer term.</p> <p>Without forward looking plans, the financial sustainability of the organisation is difficult to forecast and the use of key assumptions, scenario planning, sensitivity analysis and risk analysis is more difficult to evidence.</p>	<div></div> <p>National Records of Scotland are subject to one-year budgets from Scottish Government. With increasing costs, the organisation are faced with difficult decisions and challenges, which fundamentally, require longer term financial planning. As such, a risk remains for financial sustainability.</p> <p>National Records of Scotland do not prepare any longer-term financial plans which makes it difficult to assess the financial sustainability of the organisation over the longer term.</p> <p>National Records of Scotland should develop a medium-term financial strategy supported by shorter-term detailed financial plans. This recommendation was raised as part of the prior year audit and remains open for consideration and action by management. Please refer to <b>Appendix C</b> for further details.</p>

# Wider scope – Financial sustainability (2)

Audit plan risk	Wider scope audit response	Conclusion										
We have identified a significant risk from our initial planning work, as set out in the description on page 38.	<p><u>Budgeting</u></p> <p>The National Records of Scotland budget for 2025/26 was included within the budget published by the Scottish Government. This budget was laid before the Parliament in December 2024 and indicated that the budget for National Records of Scotland would be £34.4 million. National Records of Scotland subsequently set their 2025/26 budget in March 2025, high-level details are as follows:</p> <table><tr><th></th><th>Final Budget 2025/26 (£'000)</th></tr><tr><td>Operational Costs</td><td>36,200</td></tr><tr><td>Retained Income</td><td>(5,800)</td></tr><tr><td>Capital</td><td>4,000</td></tr><tr><td><b>Total</b></td><td><b>34,400</b></td></tr></table>		Final Budget 2025/26 (£'000)	Operational Costs	36,200	Retained Income	(5,800)	Capital	4,000	<b>Total</b>	<b>34,400</b>	<p>The Scottish Government require National Records of Scotland to set a balanced budget each year as a Non-Ministerial Department.</p> <p>National Records of Scotland have set a balanced budget for 2025/26 and early projections outline that they anticipate a balanced budget for the financial year.</p> <p>National Records of Scotland have commenced an Income Programme to help ensure full cost recovery, boost income generation, and make the organisation self-sustainable.</p>
		Final Budget 2025/26 (£'000)										
	Operational Costs	36,200										
Retained Income	(5,800)											
Capital	4,000											
<b>Total</b>	<b>34,400</b>											
	<p>National Records of Scotland’ main source of funding is from Scottish Government, which typically accounts for around 80% - 90% of total income. The 2025/26 allocation assumes operating costs will be offset by £5.8 million of income. This income relates to forecast retained income (income generated by National Records of Scotland in addition to Scottish Government funding). This will mainly consist of income from services from the Scotland’s People website, charges for access to records and income from the NHS Central Register contract. In October 2024, a Fees and Charge Income Programme commenced with key objectives to achieve full cost recovery for all products and services, increase income generation and ensure National Records of Scotland were a self-sustainable organisation. The discovery and planning stage has been completed and approval has been received to move into the delivery stage, with additional income anticipated from 2025/26 as project life cycles are completed.</p>											

# Wider scope – Financial sustainability (3)

Audit plan risk	Wider scope audit response	Conclusion
We have identified a significant risk from our initial planning work, as set out in the description on page 38.	<p><u>Medium-term financial planning</u></p> <p>National Records of Scotland does not have a medium-term financial strategy (MTFS). Longer term financial planning remains in development and no formalised plans have been agreed.</p> <p>Long-term financial strategies covering a five to ten-year period help set the context for annual budgets. They also help clarify the financial sustainability of an organisation over an extended period and can help identify problems with affordability at an early stage. Although funding allocations from Scottish Government cover a one-year period, this should not prevent National Records of Scotland assessing their spending needs and options over a longer period. National Records of Scotland have, at a high level, forecast income, other operating costs, staff costs and Census 2031 programme costs to 2029/30.</p> <p>National Records of Scotland should endeavour to produce a financial strategy covering at least the next 5-year period, including projected levels of income and how spending will be funded. To enable National Records of Scotland to implement this strategy, detailed financial and savings plans that outline spending commitments and required savings over the short (one year) and medium term (two to five years) should be developed.</p> <p>An ongoing risk identified in late 2024 by National Records of Scotland, and likely to impact the organisation in the short and medium term, is the First Tier Tribunal outcome (for the appeal by Ancestry Ireland Unlimited and Affiliates), requiring National Records of Scotland to make information available under Re-Use Regulation. If the judgement is found in favour of Ancestry, this could impact on the income the organisation generates annually used to support statutory service delivery, a need to change the National Records of Scotland operating model and significant work to comply with the judgement. At the time of our Annual Audit Report, the Tribunal has yet to rule.</p>	<p>National Records of Scotland are fully on their capital budget and require to monitor and track spend against budget across the year to ensure capital budget is met.</p> <p>National Records of Scotland should develop a medium-term financial strategy supported by shorter term detailed financial and savings plans. This was a recommendation raised in our prior year audit and remains ongoing – see <b>Appendix C</b>.</p>

# Wider scope – Financial sustainability (4)

Audit plan risk	Wider scope audit response	Conclusion
<p>We have identified a significant risk from our initial planning work, as set out in the description on page 38.</p>	<p><u>Workforce Planning</u></p> <p>National Records of Scotland have produced a Workforce Plan in order to identify the required staffing cohort for 2024/25 and beyond. The affordability and the business needs/criticality of each role is reviewed by the Workforce Planning Group periodically and reported to the Executive Management Board (EMB). This work helps support and identity key workforce trends and requirements across the organisation.</p> <p>During 2024/25, internal audit raised a recommendation around duplication of Directorate Finance Manager roles for National Records of Scotland to consider where the roles and responsibility for analysing and monitoring of spend lies to reduce unnecessary time and effort and the EMB are in discussion around commissioning a workforce review to be undertaken incorporating this recommendation.</p> <p>In early 2025, National Records of Scotland established a People Board, to act as a focal point across to discuss the issues affecting the workforce and provide suitable responses to further promote National Records of Scotland as a great place to work. The People Board will encourage and enable staff an opportunity to propose change, regardless of scope, of a ‘people’ centric nature, not currently captured in existing governance boards.</p> <p>Additionally, in June 2025, a Delivery Partner took up post and their role will include helping with the delivery plans, five-year strategy and workforce planning.</p> <p>The Accountable Officer presents a Governance Report at each meeting of the Audit and Risk Committee, which includes a sub-section on ‘Human Resources and Workforce Planning’ providing updates to members and the opportunity for scrutiny.</p>	<p>National Records of Scotland has demonstrated that it has appropriate plans and processes in place to effectively manage its workforce needs and proactive initiatives are being implemented to strengthen these including the introduction of a newly established People Board to act as a focal point to discuss issues affecting the workforce.</p>

# Wider scope – Vision, Leadership and Governance (1)

Vision, leadership and governance is concerned with whether National Records of Scotland have a clear vision and strategy, and set priorities for improvement within this vision and strategy, and whether National Records of Scotland work together with partners and communities to improve outcomes and foster a culture of innovation.

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Governance arrangements:</u></p> <p>National Records of Scotland is headed by Alison Byrne, Chief Executive Officer, who fulfils the roles of two non-ministerial office holders – the Registrar General for Scotland and the Keeper of the Records of Scotland. The CEO was appointed in September 2024 and took up post from October 2024.</p> <p>The CEO chairs the Executive Management Board (EMB) which is the overarching executive board setting the strategic direction of National Records of Scotland, with management and oversight of National Records of Scotland key assets. The CEO receives advice from the Strategic Board (SB) which provides support and constructive challenge on the operations of National Records of Scotland. At 31 March 2025, four directors were appointed on an interim basis. Since year-end, the Interim Director of Operations and Customer Service has been appointed on a permanent basis from 1 July 2025. Plans are in place to continue with the recruitment for the other positions from October with the expectation of posts being filled by March 2026.</p> <p>The Audit and Risk Committee (ARC) supports the CEO and the Accountable Officer in their responsibilities for issues of risk, control and governance and associated assurance by providing constructive challenge. The Committee is also attended by National Records of Scotland’ Chief Financial Officer and Scottish Government Internal Audit Division and External Audit colleagues who have an independent advisory role.</p> <p>All significant projects and programmes are overseen by a Project or Programme Board whose role is to oversee delivery and manage the associated risks. The 2031 Census is overseen by the Census Programme Board (CPB) chaired by the CEO.</p> <p>Meeting minutes are published on National Records of Scotland’s website for all EMB, SB and ARC meetings ensuring the public’s access to understandable, relevant and timely information about how the board is taking decisions and how it is using resources such as money, people and assets. A register of interests for the non-executive directors is available on the website. There has been engagement with service users through meetings and customer surveys to gather feedback, particularly with regards to the Census 2031 Programme.</p>	<p>National Records of Scotland have a suitable internal control framework to support the material accuracy of the Annual Report and Accounts.</p> <p>National Records of Scotland operates in an open and transparent manner, publishing non-executive register of interests on the website and having regularly liaison with service users. Meeting minutes are available on the website.</p> <p>National Records of Scotland have three interim Directors, and recruitment is underway to appoint on a permanent basis, with the expectation that a new leadership team will be in place by March 2026.</p>



# Wider scope – Vision, Leadership and Governance (2)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Governance Statement</u></p> <p>National Records of Scotland’s governance arrangements has been set out in the Governance Statement within the Annual Report and Accounts, which provides details on the composition and governance structure of National Records of Scotland and how that supports the achievement of the organisation's priority themes. Linda Sinclair holds the role of Accountable Officer and signs off the Governance Statement.</p> <p>Within the Governance Statement, National Records of Scotland have highlighted that, in their opinion, ‘during 2024, the Scottish Government migrated their HR, Finance and purchasing systems to a new Oracle system. This was implemented on an adopt not adapt basis. National Records of Scotland worked closely with Scottish Government and other public bodies to implement this system and minimise operational and financial risk. While Scottish Government have now provided reasonable audit assurance for the new system, it has been noted that the system is not fit to meet National Records of Scotland business and reporting requirements and requires manual workarounds to mitigate the risk of material misstatement for National Records of Scotland in the Annual Report and Accounts’.</p> <p>From our audit procedures performed, we have not identified any material misstatements within the Annual Report and Accounts.</p>	National Records of Scotland have a suitable internal control framework to support the material accuracy of the Annual Report and Accounts.

# Wider scope – Vision, Leadership and Governance (3)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Risk Management</u></p> <p>National Records of Scotland maintains a strategic risk register which is derived from the high-level risks of the organisation, along with corporate risks. Risks are evaluated by considering their probability of occurring along with their potential to impact on the outcomes expected of National Records of Scotland, the organisation’s operations and its stakeholders. This is summarised into a Corporate Risk Dashboard.</p> <p>National Records of Scotland have created a Corporate Issues Log which provides an overview of the current issues facing the organisation, which are presented by their RAG status and provides members with detail on the issue and actions taken to date, alongside target date for implementation.</p> <p>The Corporate Risk Dashboard and Corporate Issues Log are reviewed and scrutinised by the Audit and Risk Committee at each meeting.</p> <p><u>Internal controls</u></p> <p>Internal audit activity is undertaken by the Scottish Government Directorate of Internal Audit and Assurance (SGDIAA). Internal audit undertook three internal audits reviews during the financial year, covering Corporate Governance (Reasonable Assurance), Storage of Assets (Limited Assurance) and Organisation &amp; Financial Sustainability (Reasonable Assurance). Internal audit also completed follow-up reviews on a number of previously audit areas. This resulted in an overall limited assurance opinion for the 2024/25 financial year with internal audit noting ‘there are weaknesses in the current risk, governance and/ or control procedures that either do, or could, affect the delivery of any related objectives. Exposure to the weakness identified is moderate and being mitigated’. This was informed by two factors. Firstly, some negative examples of the application of the organisation’s governance, risk and control arrangements and secondly, the limited assurance achieved by the storage of assets review, with the acknowledgement that National Records of Scotland cannot currently meet their archive services statutory/public task requirements, due to a lack of archival storage capacity.</p> <p>National Records of Scotland report progress against internal audit recommendations at Audit and Risk Committee meetings. The most recent report taken to the June meeting confirmed there were three outstanding internal audit recommendations that have yet to be fully implement by National Records of Scotland. National Records of Scotland should continue to report progress at the Audit and Risk Committee meetings and seek to implement each of the recommendations in a timely manner.</p>	<p>National Records of Scotland manages a strategic risk register and a Corporate Issues Log to monitor high-level and corporate risks, as well as current organisational issues. These are summarised in a Corporate Risk Dashboard and regularly reviewed by the Audit and Risk Committee to ensure effective oversight.</p> <p>Internal Audit reports produced during the year provided limited assurance over the adequacy of governance, risk management and internal control arrangements at National Records of Scotland. Internal Audit have recognised the work undertaken by the organisation with the appointment of the new CEO in applying the governance, risk and controls to their leadership and decision-making. Work has also progressed to develop a Strategic Outline Case to seek to secure funding to expand archive storage capacity.</p> <p>National Records of Scotland should continue to report progress on internal audit recommendations at the Audit and Risk Committee meetings and seek to implement recommendations in a timely manner.</p>

# Wider scope – Use of resources to improve outcomes (1)

Use of resources to improve outcomes is concerned with the need for National Records of Scotland to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>2022 Census:</u></p> <p>National Records of Scotland are responsible for delivering the census in Scotland every 10 years. The 2022 Census collection phase was followed by a Census Coverage Survey (CCS) which ran between 13 June and 22 August 2022.</p> <p>National Records of Scotland published the origin-destination data and workplace and daytime population data in relation to the 2022 Census on 17 June 2025, which concludes the main outputs from the 2022 Census. As such, the organisation are starting to plan for 2031.</p> <p>At the start of each census cycle, National Records of Scotland seek to understand users' changing requirements. These views inform the design of the census, the topics it covers and the methods used to collect the Census information. Once National Records of Scotland have analysed the responses to this consultation and engaged with topic experts and stakeholders, they will decide which topics to include in the next Census. Responses to this consultation are open to the 30 September 2025 and National Records of Scotland have provided an online form or paper form for completion to ensure maximised reach is achieved across stakeholders.</p> <p>In February 2025, a report to the Scottish Government Statistician was made with regards to developing a modern statistical system - a review of Scotland's Census 2022 in which National Records of Scotland was involved in with regards to sharing information with the Review Team. A number of recommendations were made however, in the conclusion, it was noted that the overall success of the 2022 Census in Scotland was due in large part to the statistical leadership in National Records of Scotland responding innovatively to challenges and developing a culture of collaboration to develop solutions to emerging problems. However, it was noted that the mitigations the organisation put in place to tackle emerging risks were not as strong as would be expected for a programme and consideration should be given as to how to develop resilient structures on future large scale statistical programmes, which is being considered by National Records of Scotland as they look towards the 2031 Census.</p>	<p>National Records of Scotland have met all key delivery targets for the release of Census data to date.</p> <p>National Records of Scotland have commenced consultations with the public in relation to the 2031 Census.</p>

# Wider scope – Use of resources to improve outcomes (2)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Corporate Planning:</u></p> <p>National Records of Scotland approved The National Records of Scotland Strategy 2024-2029 in February 2024. The strategy sets out the purpose and vision of National Records of Scotland, how they align this purpose to the national performance framework and outlines the priorities for future years. The strategy will be refreshed on an annual basis, rather than provide a separate annual business plan, and National Records of Scotland report the achievements against the key success measures in the annual report and accounts.</p> <p>This main priorities identified by National Records of Scotland are as follows:</p> <ul style="list-style-type: none"><li>• Scotland's people flourish through our data informing and improving all aspects of life and society for increased wellbeing, and sustainable and inclusive economic growth</li><li>• Scotland's people can access the information they need from National Records of Scotland quickly and digital first</li><li>• Celebrating and enjoying our culture to educate and inform</li><li>• Grow the nation’s archive and store digitally produced public records to preserve the past and inform the future</li><li>• Scotland's people flourish through a responsive civil registration service underpinning people's identify and enabling their contribution to society.’</li></ul> <p>The strategic objectives of National Records of Scotland over the life of the strategy are:</p> <ul style="list-style-type: none"><li>• to share insights about the people of Scotland</li><li>• to deliver and improve on service for customers</li><li>• to drive sustainable and affordable value through effective delivery, working collaboratively with others.</li></ul>	The refreshed National Records of Scotland Strategy 2024-29 is succinct and details the priorities and objectives that National Records of Scotland will work towards over the next five years.

# Wider scope – Use of resources to improve outcomes (3)

Audit plan risk	Wider scope audit response	Conclusion												
No significant risk identified at planning.	<p><u>Performance Reporting:</u></p> <p>National Records of Scotland operates within the National Performance Framework set by Scottish Ministers and a performance framework is in place. National Records of Scotland has adopted a number of Key Performance Indicators (KPIs), which are measurable values that demonstrate how effectively the organisation is achieving its objectives. Performance is reported against these KPIs within the Annual Report and Accounts.</p> <p>Performance against the indicators has been mixed for 2024/25 when compared with 2023/24, with eight KPIs improving, three KPIs have weakened (although two only marginally) and four remained the same. Additionally, in 2024/25, thirteen KPIs were reporting performance for the first time, so comparison will not be able to be undertaken until next year. The three worsening KPIs included:</p> <table><tr><th>Key Performance Indicator</th><th>2023/24</th><th>2024/25</th></tr><tr><td>To respond to 95% of all Historical and Legal search service enquiries within 20 working days</td><td>100%</td><td>99%</td></tr><tr><td>Cataloguing will commence for 90% of records within 24 months of accession</td><td>51%</td><td>46%</td></tr><tr><td>96% of standard FOI requests are responded to within 20 working days of receipt (was: 95% of FOI requests are responded to within 20 working days of receipt)</td><td>100%</td><td>99%</td></tr></table>	Key Performance Indicator	2023/24	2024/25	To respond to 95% of all Historical and Legal search service enquiries within 20 working days	100%	99%	Cataloguing will commence for 90% of records within 24 months of accession	51%	46%	96% of standard FOI requests are responded to within 20 working days of receipt (was: 95% of FOI requests are responded to within 20 working days of receipt)	100%	99%	National Records of Scotland has adopted a number of KPIs, which are measurable values that demonstrate how effectively the organisation is achieving its objectives. These are reporting annually within the Annual Audit Report.
Key Performance Indicator	2023/24	2024/25												
To respond to 95% of all Historical and Legal search service enquiries within 20 working days	100%	99%												
Cataloguing will commence for 90% of records within 24 months of accession	51%	46%												
96% of standard FOI requests are responded to within 20 working days of receipt (was: 95% of FOI requests are responded to within 20 working days of receipt)	100%	99%												
The KPIs are reported to the Strategic Board as part of the corporate overview report, allowing for decisions to be made on the basis of performance.														

# Wider scope – Use of resources to improve outcomes (4)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Collection Audit:</u></p> <p>During 2024/25 National Records of Scotland completed the return of thousands of documents that were stolen from its archives and from other UK institutions by a single individual between 1949 and 1980. The organisation recovered around 3,100 items in total, mainly family, estate and business correspondence, that its archivists believe were stolen by one individual.</p> <p>Most of these documents were found in Canada after the individuals death and the investigation, audit and return of the items to their original collections represents an unprecedented piece of work by National Records of Scotland.</p> <p>Of the 3,100 items returned, around 2,000 were stolen from the National Records of Scotland’s archives. These were owned by the organisation, deposited by their owners or held by National Records of Scotland on loan from another institution.</p> <p>Around 500 of the documents had been stolen directly from other institutions across the UK, around 500 items were found to belong to collections held by private owners and a further 100 items are as yet of unknown origin.</p> <p>National Records of Scotland has also been engaging with owners whose privately deposited collections were impacted by the theft.</p>	<p>National Records of Scotland has demonstrated a commitment to transparency by adopting an open and thorough approach to the collection audit conducted in response to the theft of archives.</p> <p>This approach underscores the organisation's dedication to accountability, safeguarding its assets, and fostering trust among stakeholders by ensuring all actions are clearly documented, communicated, and aligned with best practices for archive management and protection.</p>

# Best value arrangements (1)

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.

The duty of Best Value, as set out in the SPFM, is:

- to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance,
- to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

Guidance for Accountable Officers is structured around the nine characteristics for Best Value in the SPFM, grouping into five themes and two cross-cutting themes as follows:

Guidance for Accountable Officers	Scottish Public Finance Manual themes
Vision and Leadership	Commitment and leadership, responsiveness and consultation and sound governance at a strategic and operational level
Effective Partnerships	Joint working, responsiveness and consultation
Governance and Accountability	Responsiveness and consultation, commitment and leadership and accountability
Use of resources	Sound management of resources and use of review and options appraisal
Performance Management	Sound governance at a strategic and operational level, responsiveness and consultation
Equality	Equal opportunities arrangements
Sustainability	A contribution to sustainable development

The Code of Audit Practice requires that auditors assess and report on audited bodies’ performance in meeting their Best Value and community planning duties as part of the annual audit. For central government bodies, we are required to consider the arrangements put in place by Accountable Officers to meet their Best Value obligations as part of our risk-based wider scope audit work.



## Best value arrangements (2)

Central government bodies in Scotland have a legal duty to deliver “Best Value” in their services. This means they must make arrangements to ensure continuous improvement in their performance, while maintaining a balance between quality and cost, and consider economy, efficiency, effectiveness, equal opportunities and sustainable development. The Code of Audit Practice requires auditors to consider the arrangements put in place by Accountable Officers to meet their best value obligations.

### Conclusion:

National Records of Scotland have arrangements in place to secure best value, as demonstrated in the Performance Report and Accountability Report. We consider these arrangements as part of our regular wider scope work.

The Accountability Report contains National Records of Scotland’s own assessment of the arrangements in place to secure best value. However, we have noted that the organisation has no mechanism for formally reviewing and reporting on the arrangements to secure best value. We recommend that National Records of Scotland should undertake a formal review of the best value assurance framework and complete an assessment of the organisation’s arrangements to secure best value. The outcome of this assessment should be reported to the appropriate Committee at the end of each financial year. Please see recommendation raised within **Appendix B**.

# **8 Independence considerations**

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No breaches have been identified by the team.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and National Records of Scotland that may reasonably be thought to bear on our integrity, independence and objectivity.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the organisation as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and National Records of Scotland.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of National Records of Scotland's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services (1)

We confirm below our final fee charged for the audit and confirm there were no fees for the provision of non-audit services.

External Audit Fee	Planned Fees	Final Fees	Fees for other non-audit services	Final Fees
Auditor Remuneration	£75,560	£83,310*	We confirm that for 2024/25 we did not receive any fees for non-audit services	Nil
Pooled Costs	-£6,240	-£6,240		
Sectoral Cap Adjustments	£6,030	£6,030		
2024/25 Audit Fee	£75,350	£83,100		

This Annual Audit Report was considered by the Audit and Risk Committee on 28 August 2025 including agreement of audit fees. An additional Audit and Risk Committee meeting was held on 11 September 2025 now that the pensions CETV information is received to present our final Annual Audit Report.

\*Additional auditor remuneration is levied in total for £7,750. As detailed in our Audit Plan from February 2025, additional fees were to be levied for work related to the significant risk area of the data migration to the new financial ledger, although at planning, these could not be quantified until work was performed. An additional fee of £6,000 was incurred for work in relation to the new system. This included gaining an understanding of the system and conducting testing of the new platform. Additionally, an understanding of the journals control environment was obtained for both SEAS and Oracle and subsequently, journal testing was performed on both systems. At year-end, a technical accounting query on capital accounting arose due to a change in accounting policy because of the Oracle implementation which required additional work totalling £1,750.

The fees reconcile to the financial statements as follows:

- fees per financial statements £87,650
- 2023/24 additional fee levied (accounted for in 2024/25) £6,300
- 2024/25 additional fee levied (as above) £1,750
- total fees per above £83,100

This covers all services provided by us and our network to National Records of Scotland, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

# Fees and non-audit services (2)

## Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)). Alternatively, should you wish to raise your concerns further please contact Mark Stocks, Partner, 8 Finsbury Circus, London, EC2M 7EA.

If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to John Gilchrist, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [transparency-report-2024-.pdf](#)

# 9 Appendices

# A. Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmed no reliance on internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Annual Audit Report

This report is addressed to National Records of Scotland and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.



# A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Annual Audit Report
Views about the qualitative aspects of the organisation's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Annual Audit Report, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

# B. Action plan (1)

We set out here our recommendations for the organisation which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue	Recommendations
<div><div>●</div><div>Low</div></div>	<p><u>Year-End Cut-Off Arrangements:</u></p> <p>During our year-end testing of income and expenditure, we identified several invoices which had not been appropriately accrued for in the 24/25 financial year due to the timing of invoices being received post year-end. The transactions in totality were below trivial and required no further reporting.</p> <p>However, National Records of Scotland are required to reflect new information or circumstances that existed at the reporting date which became known later within the Annual Report and Accounts where material.</p>	<p>National Records of Scotland should implement a year-end procedure to ensure that all invoices associated with the financial year are appropriately accrued and where material variances arise between the estimation and actual, subsequent adjustments are made to the financial statements as required.</p> <p><b>Management response:</b></p> <p>In line with the issue raised, our accruals are materially accurate. Where we are aware of any material transactions relating to the period, there are appropriately accounted for. Where immaterial or trivial transaction are identified post the year-end cut-off, we do not determine accruals are required. We will continue to review our year-end timetable; cut-off point and materiality to ensure continued accuracy.</p> <p><b>Responsible officer:</b></p> <p>Chief Financial Officer</p> <p><b>Implementation date:</b></p> <p>31<sup>st</sup> March 2026</p>

Key

- High – Significant effect on control system and financial statements
- Medium – Effect on control system and financial statements
- Low – Best practice for control systems and financial statements

## B. Action plan (2)

Assessment	Issue	Recommendations
<p>●</p> <p>Low</p>	<p><u>Climate Related Financial Disclosures:</u></p> <p>The Task Force on Climate Related Financial Disclosures (TCFD) issued recommended disclosures which should be adopted by public sector bodies which became effective for the 2024/25 reporting period.</p> <p>In their 2024/25 Annual Report and Accounts, National Records of Scotland have not considered enhancing their climate disclosures in line with the TCFD's recommended disclosures.</p>	<p>National Records of Scotland should review the recommended disclosures issued by the Task Force on Climate Related Financial Disclosures (TCFD) and incorporate into the 2025/26 Annual Report and Accounts.</p> <p><b>Management response:</b></p> <p>We will review the related disclosure requirements for Annual Report and Accounts 2025/26 and disclose as necessary.</p> <p><b>Responsible officer:</b> NRS Climate Change and Sustainability Manager</p> <p><b>Implementation date:</b> 31<sup>st</sup> March 2026</p>
<p>●</p> <p>Low</p>	<p><u>Best value assessment arrangements:</u></p> <p>The Accountability Report contains National Records of Scotland's own assessment of the arrangements in place to secure best value. However, we noted that there is no mechanism for formal review and reporting of the arrangements to secure best value.</p>	<p>National Records of Scotland should undertake a formal review of the best value assurance framework and complete an assessment of the organisation's arrangements to secure best value. The outcome of the assessment should be reported to the relevant Committee.</p> <p><b>Management response:</b></p> <p>We will undertake a formal review of the best value assurance framework and NRS arrangements to secure best value.</p> <p><b>Responsible officer:</b> Accountable Officer</p> <p><b>Implementation date:</b> 31<sup>st</sup> March 2026</p>

# C. Follow up of previous recommendations (1)

We identified two issues in the audit of National Records of Scotland’s 2023/24 financial statements, which resulted in two recommendations being reported in our 2023/24 Annual Audit Report. We are pleased to report that management have implemented both of these recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div>✓ Complete</div>	<p><b>Journals:</b></p> <p>Within our journals walkthrough, we identified that individuals have the ability to prepare and post their own journal entries.</p> <p>This is a result of there being no IT automated control to enforce the review and approval prior to the journal being posted as the Scottish Government ledger has not been set up to allow this. This is out with the control of National Records of Scotland however, this does create a risk that inappropriate journals could be posted without being detected through review. The organisation does have other mitigating controls in place to reduce this risk including offline approvals and review of monthly financial outturns against budget which provides an opportunity to circumvent controls. This is operating as expected and no exceptions were noted from our journal testing undertaken. This is the same process in place as in the prior year, but given the new finance system, there are opportunities to ensure automated controls are in place.</p>	<p>Oracle was successfully implemented on 1st October 2024 and as a result the preparer and approver are different individuals, as dictated by the system.</p> <p>We are satisfied for our journal work completed as part of 2024/25 that this issue has been rectified.</p> <p>Audit Scotland, within their management letter provided to external auditors who audit bodies using the central Scottish Government systems, noted that that there were improved authorisation procedures for journals within Oracle, compared to SEAS, due to the authorisation hierarchy.</p> <p><b><i>From our audit work, we have not identified any additional issues and as such, satisfied this action has been completed.</i></b></p>

Assessment

✓ Action completed

X Not yet addressed

# C. Follow up of previous recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div> <div>✓</div> <div>Complete</div> </div>	<p><b>Useful Economic Lives (UEL):</b></p> <p>The average life of assets within the FAR for certain asset types (specialised shelving), do not match the useful economic lives per the accounting policies.</p>	<p>National Records of Scotland have performed a review of the UEL of their assets in Oracle, and the actual life spans of those assets still in use and compared this to their estimation within the Annual Report &amp; Accounts as well as other sources (e.g. Scottish Government's UEL estimation).</p> <p>From this, National Records of Scotland amended their UEL estimations, after seeking approval from the relevant Committee. The disclosure within the Annual Report and Accounts has been updated to reflect the change in estimation of UEL and to aligns with the data in Oracle.</p> <p><i><b>From our audit work, we have not identified any issues and as such, satisfied this action has been completed.</b></i></p>

# C. Follow up of previous recommendations (3)

We also identified four issues in the audit of National Records of Scotland’s 2022/23 financial statements, which were followed up as part of the 2023/24 audit but remained ongoing. We have performed additional work in year to obtain assurance whether the recommendations has been closed and resolved in the current year or whether the issue still exists and the recommendation remains open and/or in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div>✓</div> <div>Complete</div>	<p><b>Grouping of Intangible Assets</b></p> <p>The fixed asset register records intangible assets at a high level which results in difficulties arising in determining the nature of the asset for example, project staff costs rather than providing details of these costs including individual names.</p>	<p>Oracle was successfully implemented on 1st October 2024 and as a result, National Records of Scotland have undertaken a review of their asset register and added updated asset descriptions where appropriate.</p> <p><b><i>We are satisfied that management has responded to the recommendation and as such, satisfied this action has been completed.</i></b></p>
<div>X</div> <div>Ongoing</div>	<p><b>Related Parties Disclosure</b></p> <p>As part of our audit work, we completed a review over the completeness of the register of interest forms completed by members. From this review, we identified one related party which had not been disclosed within the signed forms, which are completed and updated on an annual basis.</p> <p>Additionally, the registers of interests published only include non-executive members and do not include executive members.</p>	<p>National Records of Scotland have confirmed that the Register of Interests was updated to rectify the missed disclosure and is kept up-to-date. New Non-Executive Directors have recently been recruited and the Business Management Unit are aware that the Registers of Interest will need to be updated for new members.</p> <p><b><i>From our audit procedures undertaken during 2024/25, it was noted that the most up to date available Register of Interests is dated January 2024. In accordance with good practice, this register should be reviewed and updated on an annual basis. This recommendation remains open and we will follow up as part of the 2025/26 audit.</i></b></p>

# C. Follow up of previous recommendations (4)

Wider scope and best value arrangements recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X Ongoing	<p><b>Financial Sustainability</b></p> <p>Long-term financial strategies covering a five to ten-year period help set the context for annual budgets. They also help clarify the financial sustainability of an organisation over an extended period and can help identify problems with affordability at an early stage. Although funding allocations from SG cover a one-year period, this should not prevent National Records of Scotland assessing their spending needs and options over a longer period.</p> <p>National Records of Scotland does not currently have a medium-term financial strategy or have a formal savings plan for the short or medium term.</p>	<p>National Records of Scotland continues to assess its spending needs on a short-medium term basis. The aspiration is to develop longer-term financial planning when staffing capacity allows.</p> <p><b>National Records of Scotland have yet to implement a medium-term financial strategy (MTFS). Longer term financial planning remains in development and no formalised plans have been agreed.</b></p>
✓ Complete	<p><b>Use of Resources to Improve Outcomes</b></p> <p>National Records of Scotland have released the first Census outputs in September 2023 with the second release of Census outputs expected to be in Spring 2024.</p> <p>An evaluation of Scotland’s Census 2022, with a focus on lessons learned for any future Census and other complex programmes will be prepared for ministers and provided to Parliament by the end of 2024.</p>	<p>A report to Scottish Ministers on Census 2022 was submitted in December 2024. This included recommendations on the future of population statistics.</p> <p>Ministers were also aware of the plans through the 2024/25 budget process. Budget was ultimately allocated for 2024/25 to fund the planned work on Census 2031.</p> <p>An Outline Business Case for Census 2031 was submitted to the Scottish Government Executive Team in early June 2025.</p> <p><b>We are satisfied that management has responded to the recommendation and as such, satisfied this action has been completed.</b></p>



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