

National Records of Scotland

2018/19 Annual Audit Report



 AUDIT SCOTLAND

Prepared for National Records of Scotland and the Auditor General for Scotland

5 September 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2018/19 annual report and accounts

- 1 National Records of Scotland's (NRS) financial statements give a true and fair view and were properly prepared. We therefore propose to issue an unqualified audit opinion.

Financial management

- 2 NRS operated within its overall budget in 2018/19, but has scope to improve its budget monitoring controls for the Census 2021 programme.
- 3 NRS has seen a significant rise in temporary staff costs this year, rising to over £8.8 million (2017/18: £4.6 million). These high cost contractors are required to fill specialist, highly skilled positions for ICT projects and the Census. Management should assess the value for money of using these staff.
- 4 Systems of internal control operated effectively in 2018/19.

Financial sustainability

- 5 NRS face challenges in 2019/20 to ensure the key elements of the Census rehearsal are delivered within the revised timescales and budget of £18.6 million.
- 6 It will be a challenge for NRS to meet its financial targets in 2019/20, with rising staff costs and resourcing issues to manage.

Governance and transparency

- 7 NRS has adequate governance arrangements in place that support the scrutiny of decisions.
- 8 NRS is generally open and transparent but with scope for improvement, as their register of interests for senior officers is not made publicly available.

Value for money

- 9 There was a lack of clear performance indicators or targets in place. NRS is developing a new performance management framework, with new performance indicators to improve reporting of activities to Board members. This should be prioritised in 2019/20.

Introduction

1. This report summarises the findings from our 2018/19 audit of National Records of Scotland (referred to as 'NRS' throughout).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 28 February 2019 meeting of the Audit & Risk Committee. This report comprises the findings from our:

- audit of the National Records of Scotland's annual report and accounts
- consideration of the wider audit dimensions for NRS; including financial management, financial sustainability, governance and transparency and value for money.

Adding value through the audit

3. We add value to NRS through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

4. In so doing, we aim to help NRS promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

5. NRS has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the accounts direction from Scottish Ministers. NRS is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

6. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#) and supplementary guidance and International Standards on Auditing in the UK.

7. As public sector auditors we give independent opinions on the annual report and accounts and conclude on securing financial sustainability and appropriateness of the governance statement disclosures. In doing this, we aim to support improvement and accountability.

8. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

9. This report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

10. We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £65,230 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

11. 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 in due course.

12. We would like to thank the management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual report and accounts



Main judgements

NRS's financial statements give a true and fair view and were properly prepared.

Expenditure and income was incurred in accordance with applicable enactments and guidance.

The audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Audit opinions on the annual report and accounts

13. The annual report and accounts for the year ended 31 March 2019 are due to be approved by the Audit & Risk Committee on 5 September 2019 (to be confirmed). We reported, within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- expenditure and income are regular and in accordance with applicable enactments and guidance
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly in accordance with the relevant legislation and directions made by Scottish Ministers
- we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records and the information and explanations we received.

Submission of annual report and accounts for audit

14. We received the unaudited annual report and accounts on 28 June 2019 in line with our agreed audit timetable.

15. The unaudited annual report and accounts provided for audit were largely complete and of a good standard. Finance staff provided good quality working papers and support to the audit team which helped ensure the audit process ran smoothly.

Whole of Government Accounts (WGA)

16. In accordance with the WGA guidance we will be required to complete the required assurance statement and submit it to the National Audit Office (NAO) by the 30 September 2019 deadline. NRS are not within the boundary which HM Treasury set for bodies which require a full WGA return for 2018/19. This reduces our required audit work in this area.

Risks of material misstatement

17. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the annual report and accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

18. We have followed up on the risks we highlighted in our 2018/19 Annual Audit Plan. One of the risks identified related to the Census and funding of this programme, with an updated recommendation included in the action plan at [Appendix 1](#). Overall, we have not reported significant findings from the financial statements risks we originally identified, but we report on issues relating to the financial management and governance of the Census programme.

Materiality

19. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. When deciding on what is material we consider both the amount and nature of the misstatement.

20. Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and was based on budgeted expenditure for 2018/19. With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

21. On receipt of the 2018/19 unaudited annual report and accounts we reviewed our materiality calculations and concluded that the methodology applied remained appropriate, but we have amended the levels slightly to base these on revised, actual expenditure (see [Exhibit 1](#)).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£475,000
Performance materiality	£355,000
Reporting threshold	£14,000

Source: Audit Scotland

Significant findings from the audit (ISA 260)

22. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

23. The significant findings are summarised in [Exhibit 2](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.


Qualitative aspects of the audit



24. We have reported in prior years that the Performance Report included in the annual report and accounts would benefit from reviewing NRS' activities against clear performance indicators. There were still no clear performance indicators in place in 2018/19. However, management advise they are developing a new performance management framework. This will include key performance indicators (KPIs) against customer satisfaction, information processing and service resilience themes, as well as KPIs on financial performance, freedom of information and ministerial correspondence.

25. Audit Scotland published a good practice note in February 2019 titled, *'Improving the quality of central government annual report and accounts - performance reports'* which we would advise management to consider next year alongside their new arrangements. We will monitor the development of the performance management framework in 2019/20, which should improve this section in next year's annual report and accounts. See [Appendix 1, recommendation 6](#).

Exhibit 2

Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Annual leave accrual</p> <p>NRS have recorded an accrual of £710,000 for staff's untaken annual leave and flexi time at year-end, which they are entitled to take in 2019/20. The annual leave policy allows staff to carry forward a maximum of 10 days holiday each year.</p> <p>On review of this calculation, there were over 100 staff (around 20% of the staff establishment) with untaken leave above the 10 day threshold. There were two cases where employees had accumulated in excess of 150 days untaken annual leave. Management were aware of these cases, noting action was being taken and also confirmed these employees still had a valid claim to take their full entitlement.</p> <p>The annual leave policy is clearly not being enforced by line managers. Untaken holidays may have a detrimental impact on staff wellbeing. In addition, the inclusion of employee's untaken annual leave well in excess of the 10 day limit also significantly increases the accrual recognised.</p>	<p>We are satisfied that the accrual is materially correct and reflects NRS' liability to provide staff their full annual leave entitlement.</p> <p>However we advise management to revise their accrual methodology for reasonableness, and also to issue a reminder to staff and line managers to apply the annual leave policy more rigorously.</p> <p> Recommendation 1 (refer appendix 1, action plan)</p>

Finding	Resolution
<p>2. Accounting for non-current assets</p> <p>We recommended last year that NRS clearly document impairment reviews carried out for its assets each year, to ensure the valuation of assets recorded in the financial statements was appropriate. We are pleased to note improvements in documenting this process in 2018/19. However, we would advise further guidance is provided to staff when carrying out these impairment reviews, to ensure all indicators which could affect the valuation of an asset are considered.</p> <p>We would also recommend that the material Census assets (which will become operational in 2019/20) are carefully reviewed to ensure their useful lives and associated depreciation are correctly calculated, once they are transferred from assets under construction.</p>	<p>We are satisfied that non-current assets are appropriately accounted for and consider the current valuation and depreciation approaches to be reasonable.</p> <p>We recommend NRS continue to improve the management of their asset base, by further developing the impairment and useful life reviews of the assets.</p> <p> Recommendation 2 (refer appendix 1, action plan)</p>
<p>3. Register of interests</p> <p>NRS do not disclose a register of interests for its Board members and senior officers in the annual report and accounts or on their website. We first reported this issue in 2016/17.</p>	<p>We are satisfied that Board members and senior staff have no conflicts of interest, from review of related party returns completed by officers.</p> <p>We recommend that a register of interests is published on the NRS website, with a link provided to this register in the 2019/20 annual report and accounts, to improve transparency.</p> <p> Recommendation 3 (refer appendix 1, action plan)</p>

Source: Audit Scotland

How we evaluate misstatements

26. There were no material adjustments to the unaudited annual report and accounts arising from our audit which have affected the overall outturn reported. We did identify a total of £421,000 for 'accrued expenditure' which required to be re-classified as 'capital accruals' to better reflect the substance of these entries. These amendments were subsequently made to the audited financial statements and did not affect the overall expenditure or accruals reported.

27. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. There were no further adjustments proposed to management.

Follow up of prior year recommendations

28. NRS has made progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management



Main judgements

NRS operated within its overall budget for 2018/19, but has scope to improve its budget monitoring controls for the Census 2021 programme.

NRS has seen a significant rise in temporary staff costs this year, rising to over £8.8 million. These high cost contractors are required to fill specialist, highly skilled positions for ICT projects and the Census. Management should assess the value for money of using these staff.

Systems of internal control operated effectively in 2018/19.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Financial performance in 2018/19

29. The main financial objective for NRS is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

30. NRS has reported a net resource outturn of £30.449 million (including depreciation) remaining within its overall budget for 2018/19, with an underspend of £1.470 million. The financial performance against Departmental Expenditure Limits (DEL) is shown in [Exhibit 3](#).

Exhibit 3 Performance against DEL in 2018/19

Performance	Initial budget £m	Final budget £m	Outturn £m	Over (under) spend £m
Resource DEL	34.293	31.919	30.448	(1.471)
Capital DEL	2.900	3.770	3.694	(0.076)
Total DEL outturn	37.193	35.689	34.142	(1.547)

Source: 2018/19 NRS Annual Report and Accounts

Statement of Financial Position

31. The Statement of Financial Position summarises what is owned and owed by NRS. This shows taxpayers' equity – an accounting measurement of the amount invested that has continuing public benefit. It shows how much of this has arisen from the application of revenues and that which has resulted through changes over time in the value of physical assets.

32. The financial statements show that NRS:

- has total assets of £30.357 million; an increase of £1.984 million largely attributable to an increase in intangible assets this year for the development of Census systems
- this increase in assets is somewhat offset by an increase in total liabilities of £972,000. This is due to 2 factors: trade payables due at year-end have increased as a result of increased expenditure on the Census programme, and NRS also now recognise full pay accruals in their financial statements, as they have assumed responsibility of managing their own payroll costs from the Scottish Government.

Temporary staff costs

33. Temporary staff costs increased significantly in 2018/19 to £8.859 million (2017/18: £4.630 million). These costs make up 36% of overall staff costs. The increase is mainly attributable to high-cost contractors working on IT projects and the Census. Based on the total number of temporary staff (average WTE of 85 staff in 2018/19), the average annual cost is over £100,000 per person. Management have advised these contractors are required to fill vacancies for specialist and highly-skilled positions. Nevertheless, budget holders should ensure that value for money is being considered when recruiting these staff. We have also been advised that NRS are in the process of training their permanent staff in areas such as IT in attempt to reduce their reliance on temporary staff.

Budgetary processes

34. NRS received an increase of £5.850 million to its total DEL budget in 2018/19 compared to prior year. This was due to the rise in expenditure required for the Census 2021 programme, where NRS have progressed with building its IT systems.

35. The underspend reported of £1.547 million is a result of several factors:

- income received from the ScotlandsPeople website continued to exceed expectations
- depreciation costs in-year was below the estimated level set out in the DEL budget
- these income and depreciation variances were partly offset by an overspend of £937,000 on the Census 2021 programme, as a result of changes and re-profiling of the Census budget across financial years.

36. We reviewed NRS's budget setting and monitoring arrangements. We reported in our interim management letter weaknesses regarding the budget monitoring on the Census programme, which effectively resulted in the overspend noted above. From discussions with management, we noted that budget monitoring and reporting had not been operating effectively in this area i.e. budget holders have not identified risks and costs pressures quickly and acted on them promptly.

37. This control issue is also reported in the governance statement in the NRS annual report and accounts. Management have advised a number of actions are in progress to address this issue. These include the appointment of a Census Finance Manager, the creation of a task-and-finish group to examine financial controls on the programme and develop improvements, and an internal audit review has also been commissioned.

38. From our review of budget monitoring reports, review of committee papers and attendance at Audit & Risk Committees we confirmed that senior management and members receive regular, timely and up to date financial information on the financial position. However, management are aware that improvements are required to address the budget monitoring controls relating to the Census programme.

39. We concluded that NRS has scope to improve its budgetary processes that allow Non-Executive Directors and officers to carry out effective scrutiny of its finances.

Systems of internal control

40. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that NRS has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

41. Our findings were included in the management letter we presented to the Audit & Risk Committee on 28 May 2019. We concluded that appropriate and effective internal controls were in place overall for those key financial systems we have reviewed. Our audit testing identified some areas of improvements to NRS' control environment which we set out in an action plan in our management letter. This included our findings on Census budget controls, as described in paragraph 36 above.

42. NRS also use a number of Scottish Government (SG) financial systems, such as the Scottish Executive Accounting System (SEAS) and payroll functions. Some controls are therefore managed centrally by the SG. Our SG external audit team have reviewed the key financial controls in these systems. They concluded that, other than Payroll, SG's main systems of internal control operate effectively covering SEAS (General ledger); Payables; Receivables and Banking. Their testing identified a number of cases where controls did not operate as expected, including several within the payroll system. Therefore NRS should remain vigilant with their own payroll controls and liaise with SG if they encounter any deficiencies in the payroll information provided.

Internal audit

43. The internal audit function is carried out by the Scottish Government Directorate for Internal Audit and Assurance. Each year we consider internal audit work to minimise duplication of effort. We carry out an assessment of the internal audit function to ensure that it is sufficient in terms of documentation standards, reporting procedures, quality, and is performed in accordance with Public Sector Internal Audit Standards (PSIAS). Our SG external audit team have completed a central review of the Scottish Government's Internal Audit function.

44. We are pleased to note Audit Scotland's review this year noted clear improvements in the standard of internal audit work undertaken compared with 2017/18. No areas of significant non-compliance with the PSIAS were found. Some areas for improvement were noted and these are set out in a Management Report issued to the Scottish Government in June 2019.

45. We also reviewed the local NRS internal audit arrangements in accordance with International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors). We concluded that there are no specific internal audit reviews this year which relate directly to our work on the financial statements. However, we have considered internal audit reports as part of our wider dimension audit work.

Standards of conduct for prevention and detection of fraud and error

46. NRS are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

47. Our audit work covered a review of the organisation's Whistleblowing Policy (which follows Scottish Government protocol) and review of their Fraud Response Plan. We concluded that NRS is proactive in promoting fraud awareness and had appropriate and adequate arrangements in place for fraud detection and prevention during.

48. We have also reviewed the arrangements in place to maintain standards of conduct. NRS adhere to the Scottish Government Code of Conduct which is available for staff to reference on the Scottish Government intranet site. Board members also adhere to the Model Code of Conduct issued by the Scottish Government, to promote high standards of behaviour for members to observe in a public sector context.

49. We have concluded that NRS has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

Dependency on key suppliers

50. The impact of a failure or collapse of a key supplier can be significant to an organisation and can result in either delays or non-completion of major contracts or, disruptions in the continued provision of vital services. This has brought into focus the risk of key supplier failure and the risk of underperformance in suppliers that are experiencing difficult trading conditions.

51. We note NRS have a dependency on a number of key suppliers which will deliver the Census 2021 programme. The programme has been subject to SG's Technical Assurance Framework, which has involved a number of gateway reviews and pre-procurement checks.

52. NRS have arrangements in place to review the programme on an ongoing basis, including oversight carried out by the Census Programme Board, and regular reporting to both the Strategic Board and the Audit & Risk Committee. However, management have advised the programme faces significant challenges with regards to the Census rehearsal plans and budgeting. This has resulted in a Census Recovery Plan being developed in summer 2019. A full update on the Census is provided in the Part 3 of this report.

Part 3

Financial sustainability



Main judgements

NRS face challenges in 2019/20 to ensure the key elements of the Census rehearsal are delivered within the revised timescales and budget of £18.6 million.

It will be a challenge for NRS to meet its financial targets in 2019/20, with rising staff costs and resourcing issues to manage.

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

Financial planning

53. The NRS budget for 2019/20 was proposed in the Scottish Budget 2019-20, published by the Scottish Government in December 2018. This set out NRS' draft resource allocation for 2019/20 of £37.4 million, which is £200,000 more than the initial 2018/19 budget allocation.

54. The organisation's priority for 2019/20 will continue to focus on preparations for the Census 2021. NRS will also continue providing statistical information on Scotland's demographics, progress with their strategy for the future of NRS archive functions, as well as continuing to develop their ScotlandsPeople online family history service. NRS will also continue to play a leading role in progressing Scotland's Data Linkage Framework.¹

55. In summary, the 2019/20 budget is split as follows:

- £40.2 million is for operational costs. As well as covering operational expenditure, staff costs and depreciation, this also includes support for the Census programme.
- £3.0 million is for capital expenditure
- £5.8 million is then deducted from this expenditure to reach the net budget allocation. This relates to forecast retained income (income generated by NRS in addition to Scottish Government funding). This will mainly consist of income from services from the ScotlandsPeople website, charges for access to records, and income from the NHS Central Register contract.

56. NRS' main source of funding is from Scottish Government, which typically accounts for around 80% of total income.

¹ *Scottish Budget: 2019-20, published by Scottish Government, December 2018*

57. Since this draft budget was published, some revisions have been agreed in recent months. The Executive Management Board approved a proposed budget for 2019/20 at its meeting on 14 May 2019. This approved budget has revised gross operating costs to £39.130 million². The following budget pressures are expected in 2019/20:

- **Staff and pension cost increases:** NRS will continue to face increases in salary costs due to the annual public sector pay award. Furthermore, employer's pension contributions for members of the Civil Service Pension Scheme have increased in 2019/20. Scottish Government have recently confirmed NRS will receive an additional allocation of £574,000 in relation to this increase. This will cover a proportion of the increased pension costs expected, but not all.
- **Census pressures:** A funding pressure of £5.9 million had previously been reported by management for 2019/20 Census-related costs. This will be factored into in-year budget revisions in 2019/20 as this additional funding has been agreed with Scottish Ministers. However, the allocation of the Census budget is still to be finalised as the Programme has been reviewing their plans, particularly with regards to the timing and nature of the Census rehearsal.

58. NRS plan to invest their £3 million capital budget on a number of Estates works and IT projects, as well as assigning £500,000 to the Census programme. Estates work will include the committed spend for stonework repairs required at West Register House. In a changed approach for 2019/20 to utilise capital funds effectively, an unallocated amount of capital funding of approximately £1.3 million is being set-aside. Capital will only be allocated to business areas for defined projects which have been approved by the relevant governance board.

Census 2021 update

Census rehearsal

59. The Census programme continues to be a main area of focus. NRS previously aimed to carry out an end-to-end rehearsal of the Census collection operation in autumn 2019. However, the later than anticipated agreement of key suppliers and resulting timelines for delivery of key components indicated that the original approach to rehearsal was not achievable. As a result of this enforced change, the Programme declared a 'red' status in March 2019 and identified the need for a Recovery Plan. This was predominantly to agree a revised approach to rehearsal which was deliverable, affordable, and would add value as a means of learning lessons and de-risking the delivery of the Census in 2021, without escalating an unacceptable level of risk into subsequent years.

60. The Census Recovery Plan was approved in May 2019, and the Census Programme Board gave approval to re-schedule the timing and approach away from a 'big-bang' approach in October 2019, to a rehearsal period comprising a number of releases:

- Release 1: test of the online and paper questionnaires (public-facing);
- Release 2: introduce additional functionality to capture and code paper questionnaires (internal).

61. Revised timescales for the procurement of remaining suppliers (related to the provision of field force services, tools to support field force, and contact centre) has required the Programme to consider alternative ways to prove these services will operate as intended, without the option of running a further public-facing rehearsal

² NRS finance paper, presented at the Audit & Risk Committee on 28 May 2019

for these components. This is currently a key focus of the Census programme as it moves into next year.

Census budgeting

62. A revised Census budget submission to Scottish Government's Cabinet Secretaries was completed in January 2019. The forecast lifetime cost of the programme is currently circa £108 million. The financial forecast for the remainder of the Census programme is summarised in [Exhibit 4](#).

Exhibit 4

Profiled Census costs

Forecast	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total remaining costs £m
Resource costs	18.2	34.0	20.7	4.5	3.6	2.5	83.5
Capital costs	0.4	0.8	0	0	0	0	1.2
Total funding required	18.6	34.8	20.7	4.5	3.6	2.5	84.7

Source: Briefing on the Cost Estimates for Scotland's Census 2021, NRS, January 2019

63. For 2019/20, the revised plans are forecast to be deliverable within the budget of £18.6 million. As noted above a funding pressure of £5.9 million had previously been reported by management for 2019/20 Census-related costs. This has now been factored into the 2019/20 budget as this additional funding has been agreed with Scottish Ministers. However, the allocation of the Census budget is still to be finalised as the Programme has been reviewing their plans, particularly with regards to the timing and nature of the Census rehearsal as noted above. Access to key resources continues to be a major issue for the programme.

Recommendation 4

Management must ensure they carefully monitor key contract milestones for the Census programme and provide the Executive Management Board with timely information on budget variances and slippage of work. Management should continue to ensure they have the required resources and expertise available.

Changing landscape for public financial management and medium to long term financial planning

64. Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for some social security benefits. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater uncertainty and complexity

65. A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year

Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

66. NRS' most recent multi-year financial projection is based on their internal spending review carried out in summer 2018. The finance team have recently commissioned this year's spending review exercise for completion by local budget holders, to update their projections. These forecasts focus on the main budget approved for 2019/20, and initial estimated budgets forecast by the finance team for the years 2020/21 to 2022/23. Management have advised the area most subject to change will be the Census programme. This exercise will feed into the Scottish Government multi-year spending review.

67. Efficiency savings also require to be forecast for 2019/20 and beyond. In prior years, NRS have typically made savings on staff costs through turnover of employees and vacancies. For 2019/20, management have estimated that savings in the region of £150,000-200,000 can be generated through delays in filling posts. Additional savings will be required to balance the budget.

68. We conclude that NRS is making progress with its medium term financial planning, but has scope to develop its savings targets and promote efficiencies further with local business areas.

Recommendation 5

NRS should develop clear efficiency savings targets as part of its medium term financial planning, to ensure budget pressures are addressed.

EU Withdrawal

69. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas of workforce, funding and regulation.

70. NRS have been engaging closely with Scottish Government on this matter. This has included:

- attendance at the Directorate for Culture, Tourism and Major Events Brexit Reference Group meetings. This covers Scottish Government updates on EU exit state of play, specifically on SG engagement with UK Government on culture, tourism and EU exit issues, and an overview of forthcoming EU exit analysis, reports and events in government and wider sectors.
- completion of a 'Brexit Readiness Communications Template' which NRS have submitted to SG. The purpose of this was to provide details of plans to equip and support their key stakeholders to mitigate as far as possible the impacts of Brexit.
- engagement in SG planning regarding staffing and priorities for delivery.

71. From review of NRS' preparations for EU withdrawal and discussions with management, the area considered to be most significantly affected is their workforce. This concerns existing staff, especially non-UK EU nationals or their family members, their wellbeing and retention. There will also be a potentially reduced recruitment market which could have implications on the Census rehearsal in 2019 and Census in 2021, when significant recruitment of temporary fieldwork staff in the region of 3,700 staff is planned.

72. We conclude that NRS have been actively preparing for EU withdrawal and engaging closely with Scottish Government. However, management will need to carefully consider the impact of EU withdrawal for their resourcing strategies, and for the Census programme in particular.

Part 4

Governance and transparency



Main judgements

NRS has adequate governance arrangements in place that support the scrutiny of decisions.

NRS is generally open and transparent but with scope for improvement, as their register of interests for senior officers is not made publicly available.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Governance arrangements

73. NRS is a Non-Ministerial Department within the Scottish Administration. NRS' purpose is to collect, preserve and produce information about Scotland's people and history and make it available to inform current and future generations. The Chief Executive fulfils two non-ministerial positions as Registrar General for Scotland and the Keeper of Records of Scotland. The Chief Executive reports to the Scottish Government's Director of Culture, Tourism and Major Events and Scottish Ministers.

74. The Chief Executive is supported in their role by a number of boards and committees. The groups and remits are summarised in [Exhibit 5](#).

Exhibit 5 NRS governance structure

Board/ committee	Remit
Strategic Board (Advisory Board)	Provides overarching governance and is responsible for ensuring NRS meets its purpose and vision through a balanced portfolio. Advises the Chief Executive on the strategic direction of NRS.
Executive Management Board	Overarching executive board setting the strategic direction and organisation of NRS, with management and strategic oversight of NRS key assets – money, people, information and property. The Board will also direct the management of business operations and oversee change activity to achieve the desired design of the organisation and achieve its vision.
Audit & Risk Committee	Support the Accountable Officer and Strategic Board ensuring NRS is managing budget and risk appetite to achieve its vision.

Board/ committee	Remit
Customer & Operations Board	Responsible for running the business and overseeing core operations, for annual financial planning and resourcing decisions, within agreed tolerance, and for planned activity to deliver annual and corporate plan targets.
Digital and Strategy Board	Oversees delivery of the 3-5 year corporate plan horizon, designing, commissioning and monitoring programmes and projects to deliver strategic operational change and new service design.

Source: 2018/19 NRS Annual Report and Accounts

75. From our attendance at the Audit & Risk Committee, we conclude that committee papers were prepared in sufficient time in advance of meetings for review and committee members were well-prepared and asked appropriate questions. We conclude that adequate governance arrangements are in place to support the scrutiny of decisions.

Management changes

76. We note there have been some further changes to senior management this year, summarised as follows:

- a new Chief Executive (who also holds the positions of Registrar General and the Keeper of the Records of Scotland) started in December 2018
- the Director of Strategy and Business Services was appointed Accountable Officer in November 2018
- the Director of IT Services recently left their post in June 2019, with an interim director appointed until a permanent replacement is recruited.

77. Effective leadership of the organisation remains crucial during this important time for NRS as the new business structure continues to be embedded and for managing the lead up to the Census 2021.

Transparent reporting and scrutiny of finances and performance

78. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the public have 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.

79. The NRS Strategic Board and Executive Management Board both hold its meetings in private. Board minutes and Audit & Risk Committee (ARC) minutes are all published on the NRS website which promotes transparency of its activities. However, management have decided not to publish agendas and papers of these meetings as papers contain sensitive information. As previously noted, NRS could improve its transparency by publishing a register of interests for Board members and senior staff.

80. A finance report is presented by the Chief Finance Officer regularly to both the Executive Management Board and ARC. From our review of ARC and Board papers and attendance at ARC meetings, we confirm that these papers are discussed and scrutinised by members.

81. The finance reports provide information on the financial performance against budget to date and forecasts outturn. Reports are transparent, timely and clear,

and support effective scrutiny of the financial management process. We are satisfied these reports provide sufficient information and that figures reported are consistent with the year-end position.

82. NRS are looking to appoint new Non-Executive Directors to the ARC in autumn 2019, to strengthen their capacity in programme delivery as well as public finance expertise. We would also advise current Non-Executive Directors to consider their training and development needs to ensure they continue to provide effective scrutiny.

83. We welcome the plans to strengthen their Non-Executive team and conclude that NRS generally conducts its business in an open and transparent manner, but should publish its register of interests on their website.

Cyber security

84. The Scottish Government issued a Public Sector Action Plan on Cyber Resilience in November 2017. This requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate.

85. The ICT team have been working to update a number of their 'Information Assurance Framework' ICT policies over the last year. This included updating policies for password protections, ICT security policies, their back up policy and their data handling policy.

86. This formed part of their work on cyber security and NRS achieved Cyber Essentials Plus (CE+) accreditation in October 2018. Further key areas of work to achieve CE+ included: ensuring all infrastructure is licensed and supported, ensuring patching of system updates and fixes are completed within 30 days of release, and maintaining anti-virus and malware protection to protect its systems against viruses. We acknowledge NRS have made good progress to enhance their cyber security and their CE+ status compares favourably against other public sector bodies.

Good practice

87. The [Code of Audit Practice 2016](#) encourages auditors to identify good practice which in their opinion is worth sharing more widely. From our attendance at Audit & Risk Committee meetings, we have identified the 'deep dives' which are regularly reported by management as an area of good practice. Deep dives have been presented for business areas and projects which are considered to be of higher risk over the last year, including the Census 2021 programme, NRS' Estate and a review of 'People' (staff engagement). This provides ARC members with a good insight into activities and risk assessment.

Part 5

Value for money



Main judgements

There was a lack of clear performance indicators or targets in place. NRS is developing a new performance management framework, with new performance indicators to improve reporting of activities to Board members. This should be prioritised in 2019/20.

Value for money is concerned with using resources effectively and continually improving services.

Best value

88. *Ministerial guidance to Accountable Officers* for public bodies and the *Scottish Public Finance Manual* (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value. The Auditor General may require that we consider whether accountable officers have put in place appropriate arrangements to satisfy their corresponding duty of Best Value. Where such requirements are not specified we may, in conjunction with NRS management, agree to undertake local work in this area.

89. NRS contributes to the Scottish Government's Culture, Europe and External Affairs portfolio which seeks to promote Scotland's interests at home and abroad and contributes to delivering Scotland's economic ambition by investing in Scotland's heritage, culture and events.

Performance management

90. NRS refreshed its strategy in 2018, updating their purpose and vision and the values which underpin their work. The overarching strategic vision is to, *'Increase our reach and impact and be recognised as an influential leader across our sectors. As a trusted expert and professional organisation, we will continuously improve our customer services and enhance our digital services'*.³

91. NRS manages performance and related risks of projects and programmes as part of their overall portfolio of activities focused towards delivering its corporate plan. In particular, the Executive Management Board (EMB) received regular reports on progress and risk across its main programmes and projects.

92. The EMB is kept informed of performance across all areas of activity and responsibility for detailed review and scrutiny of performance lies within this group which meets monthly. The Audit & Risk Committee is also responsible for ensuring NRS is managing its budget and risk appetite effectively. We regularly attend the Audit & Risk Committee and review papers to gain an insight into how well performance and relevant risks are scrutinised.

³ 2018/19 NRS Annual Report and Accounts

93. This year a new Head of Performance Management role was created to co-ordinate the development of a performance management framework for 2019/20. This framework will provide a detailed review of operational performance in delivering front line services to their customers and will enable management to identify priorities for improvement.

94. Management have identified a number of key performance indicators (KPIs) across their main services, including financial performance, customer satisfaction, information processing, and service resilience themes. This should be prioritised in 2019/20.

95. We conclude that NRS has made good progress implementing its new business structure and re-alignment of activities and budgets to sit within each new directorate. But we consider NRS still has scope for improvement (as noted in their plans above) to develop its performance management framework to track and scrutinise performance more effectively (see [Appendix 1, recommendation 6](#)).

Overview of service performance

96. NRS' 2018/19 performance management framework covered performance against their annual business plan. We reviewed the activities of NRS for the year and have summarised a selection of outcomes in [Exhibit 6](#).

Exhibit 6 Summary of 2018/19 activity

Business area	Performance in 2018/19
Registration	Registration of around 145,000 births, deaths and marriages.
Cataloguing and Accessions	<ul style="list-style-type: none"> - 20,903 public records were received from government departments. - 9,282 private records were catalogued. - 46,718 overall accessions were recorded.
Maps and Plans	<ul style="list-style-type: none"> - Almost 19,000 images viewed of a selection of plans from NRS' holdings, since this new feature was launched on the ScotlandsPeople website. - NRS added over 3,200 plans to its main catalogue.
Search Rooms & Scotlands People website	<ul style="list-style-type: none"> - NRS had 21,445 visitors to their ScotlandsPeople (SP) Centre and Historical Search Room this year, an increase of just under 3% in visitors from the previous year. - NRS added almost 200,000 birth, marriage and death records to the SP website, and their Index and Imaging team rescanned over 21,000 birth, marriage, death and census entries to improve the quality of digital images for customers.
Sustainability	NRS reduced their annual CO2 emissions by 13% from the previous year.

Source: 2018/19 NRS Annual Report and Accounts

National performance audit reports

97. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2018/19 several reports were published as outlined in [Appendix 3](#).

98. We have agreed with management that our local audit team will highlight any relevant reports to the Audit & Risk Committee as and when required. Most publications in 2018/19 focused on local government and the health sector. However, the following recent reports are relevant to NRS and we would advise management to consider recommendations raised in both:

- [Enabling digital government](#) published in June 2019. The report noted the Scottish Government needs to show greater strategic leadership across the public sector to achieve its digital ambitions.
- [Fraud and irregularity report](#) published in July 2019. This provides a summary of the cases of fraud and other irregularities at public bodies reported by external auditors for the financial year 2018/19.

Appendix 1

Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Annual leave accrual</p> <p>NRS have recorded an accrual of £710,000 for staff's untaken annual leave and flexi time. NRS' annual leave policy allows staff to carry forward a maximum of 10 days holiday each year. This policy is clearly not being enforced by local managers. Untaken holidays may have a detrimental impact on staff wellbeing. In addition, the inclusion of employee's untaken annual leave well in excess of the 10 day limit also significantly increases the accrual recognised.</p>	<p>We recommend that NRS review their methodology for this accrual, and ensure that line managers and staff enforce the annual leave policy more robustly.</p> <p>Reference: Exhibit 2</p>	<p>Management response:</p> <p>Consideration will be given over the accounting for leave balances in excess of policy and whether they constitute a liability at year end as part of the 2019-20 accounts preparation process. NRS were content at the 2018-19 year end the amount accrued was a liability.</p> <p>Management information on leave balances is reported to the Executive Management Board. Following a discussion on the topic on 13th August 2019, the board agreed to internal communications should be used to highlight line managers' responsibilities in ensuring that leave is used appropriately.</p> <p>NRS HR have also asked SG HR for a list of all staff carrying over 10 days and will be liaising with line managers to find out why and to action as necessary.</p> <p>Responsible officers:</p> <p>Chief Finance Officer and Director of Corporate Services</p> <p>Agreed date: March 2020</p>
2	<p>Accounting for non-current assets</p> <p>There is scope for improvement in carrying out effective impairment reviews, to ensure their assets are valued appropriately.</p>	<p>We recommend NRS continue to improve the management of their asset base, by further developing the impairment reviews and useful life reviews of their assets, with clear guidance provided to staff.</p> <p>Reference: Exhibit 2</p>	<p>Management response:</p> <p>Impairment guidance will be presented at the next BCLO forum and guidance will be issued with the asset verification exercise.</p> <p>AUC assets will be tested in the training environment of the</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>We also recommend that the material Census assets are carefully reviewed to ensure their useful lives and depreciation are correctly calculated, once they are transferred from assets under construction to fully operational assets.</p>		<p>NCAR to ensure assets are recorded correctly when assets become operational.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: March 2020</p>
3	<p>Register of interests</p> <p>NRS do not disclose a register of interests for its Board members and senior officers in the annual report and accounts or on their website.</p> <p>We have reported this issue in 2016/17 and 2017/18.</p>	<p>We recommend that a register of interests is published on the NRS website, with a link provided to this register in the 2019/20 annual report and accounts, to improve transparency.</p> <p>Reference: Exhibit 2</p>	<p>Management response:</p> <p>A Register of Interest is being developed and will be published on the NRS website for Non-Executive Directors. Internal NRS Directors are employed by the Scottish Government and as such maintain a record of their interests on the SG HR system.</p> <p>Non-Executive Directors are also requested to make a declaration of interests at the start of each occurrence of the NRS Audit and Risk Committee meeting which are then recorded in the meeting minutes.</p> <p>Responsible officer: Director of Corporate Services</p> <p>Agreed date: March 2020</p>
4	<p>Census budget monitoring & rehearsal timescales</p> <p>Management must ensure they carefully monitor key contract milestones for the Census 2021 programme and provide the Executive Management Board with timely information on budget variances and slippage of work.</p> <p>There is a risk that the Census rehearsal will not provide meaningful outcomes if the programme does not run to the revised timescales and budget in 2019/20.</p>	<p>We recommend management set up clear reporting lines and accountable budget holders that report regularly to the finance team.</p> <p>A resourcing strategy should be developed timeously to forecast the full staffing requirements for the Census.</p> <p>Reference: paragraph 63</p>	<p>Management response:</p> <p>A financial management action plan has been developed in response to a recent Internal Audit review and the Census Finance Task & Finish group. The actions included will address the current risks within Census budget monitoring.</p> <p>Director responsibilities in Census 2021 have been reviewed, with cost centre and budgetary responsibility being aligned to these.</p> <p>New financial reporting processes and tools are being designed to facilitate accurate</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
5	<p>Efficiency savings</p> <p>NRS have yet to develop clear efficiency savings targets as part of its medium term financial planning, to ensure budget pressures are addressed.</p>	<p>We recommend the finance team, with support from local budget holders, develop savings targets for future years. Regular reporting against these targets could then be provided to the Executive Management Board.</p> <p>Reference: paragraph 68</p>	<p>reporting at both programme and director level.</p> <p>Financial reporting cycles now align with NRS wide processes ensuring an aligned financial position being reported to programme and NRS senior management. Key financial risks and opportunities now also form part of the normal financial reporting mechanisms.</p> <p>Resourcing forms part of the Programme Recovery Plan to ensure that there is a clear understanding of programme resource requirements. There are plans to develop a forward look for resourcing requirements to ensure the programme has the necessary skills in place to deliver what is required for Census 2021.</p> <p>Responsible officer: Chief Executive</p> <p>Agreed date: March 2020</p> <hr/> <p>Management response:</p> <p>NRS has not established savings targets beyond the current year, given the absence of budgets from Scottish Government beyond the short term.</p> <p>However, the Spending Review process currently underway has potential to give NRS a clearer indication of future financial requirements. With this clarity, NRS will be able to plan future year savings as part of the next iteration of its forward financial plan.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: March 2020</p>



No. **Issue/risk**

Recommendation

Agreed management action/timing

Follow up of 2016/17 and 2017/18 recommendations

6 Performance indicators

NRS do not formally use key performance indicators (KPIs) to monitor performance.

This impacts on the quality of the Performance Report in the annual report and accounts, where performance and activities for the year are set out, but it is unclear how to gauge this performance with the absence of benchmarks or set targets. As such, the Performance Report does not fully comply with FReM requirements.

We advise management to implement clear performance indicators to enhance NRS' performance framework.

The Performance Report in the annual report and accounts could be revised next year to ensure full compliance with FReM requirements.

We would advise management to refer to the relevant Audit Scotland good practice note.

Reference: paragraph 25

Revised management response:

Our Performance Management paper was approved at the last Customer Operations Board and now will move forward for a decision to be made at EMB on 17th September 2019. This paper presents the proposed method for governing business performance in NRS including how it is delivered, measured and reported at Operational, Strategic and overall levels. A draft Performance Framework will be presented as part of this meeting including draft KPIs. If the overall method for governing business performance in NRS is approved at this meeting, then work can be undertaken to approve the suite of KPIs across service areas. However, it is expected that these will be reviewed on an ongoing yearly basis. NRS is committed to implement clear performance indicators to enhance NRS' performance framework prior to the revised date of March 2020.

Responsible officer:

Director of Corporate Services

Revised date: March 2020

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates and accounting policies.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluated significant transactions that are outside the normal course of business.</p>	<p>No issues to report.</p>
<p>2 Risk of fraud over income and expenditure</p> <p>National Records of Scotland receives income from several sources, in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud which requires an audit response. The Code of Audit Practice expands the ISA assumption to advise there is also a risk of fraud over aspects of expenditure for public sector bodies, which tend to have an overall net expenditure outturn.</p>	<p>Analytical procedures on income and expenditure streams.</p> <p>Detailed substantive testing of income and expenditure transactions focusing on the areas of greatest risk.</p>	<p>No issues to report.</p>
<p>3 Estimation and judgements</p> <p>There is a degree of subjectivity in the measurement and valuation of the NRS account areas of non-current assets and accruals. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>Focused substantive testing during the financial statements audit of key judgemental areas.</p> <p>Reviewed accounting policies to ensure these are reasonable and comply with the Financial Reporting Manual (FRoM).</p>	<p>See Appendix 1 for recommendations relating to the holiday pay accrual and accounting for non-current assets.</p> <p>No further issues to report.</p>

Audit risk	Assurance procedure	Results and conclusions
	Reviewed material asset classifications for accuracy and ensure valuations recommended by the external expert are reasonable.	
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>4 Census and funding</p> <p>The current approved budget for the remainder of the Census programme is £88 million. NRS management have advised that the estimated cost is higher than the approved funding from the Scottish Government (SG), with particular pressures in 2019/20 and 2020/21. NRS management have advised the funding allocation announced in the SG's Budget 2019/20 does not fully support NRS' plans for the Census programme, with an estimated shortfall of £5.9 million in 2019/20. There is therefore a risk that NRS will not deliver the Census 2021 within budget.</p> <p>There is a further risk for NRS that they will not be able to produce a meaningful rehearsal in Autumn 2019 due to the financial pressures noted above, challenges recruiting key staff and due to the delay in procuring an IT application (a Workload Manager) which will now not feature in the rehearsal.</p>	<p>Reviewed the Census budget and financial forecasts for the programme.</p> <p>Reviewed NRS' engagement with the Technical Assurance Framework and level of support received from the Scottish Government Digital Directorate.</p>	<p>See recommendation 4 in Appendix 1 which supersedes this point.</p>
<p>5 NRS strategy and policies</p> <p>NRS have made progress implementing their new organisational structure. This includes setting up new boards and committees (with terms of reference for each) and developing new budget arrangements and delegated limits of authority to reflect the new operational structure. However, some key documentation require updating to reflect these changes:</p> <ul style="list-style-type: none"> • The NRS Business Strategy 2018/19 to 2022/23 has been in draft since June 2018. • Financial regulations (including budget setting guidance) require updating to reflect the new structure and budget arrangements. • The Corporate Resilience and Business Continuity is in draft and soon to be finalised. ICT disaster recovery plans require updating. <p>There is risk that decision making and actions will not be aligned with NRS' objectives, while the NRS strategy and key policies continue to be works in progress.</p>	<p>Reviewed update of key governance documents.</p> <p>Ensured new governance arrangements reflect Scottish Government guidance, such as the Scottish Public Finance Manual.</p>	<ul style="list-style-type: none"> • The Business Strategy remains in development. NRS have agreed objectives for 2019/20. • Financial regulations continue to be updated, with the Financial Delegation policy and Spending Review guidance revised as priorities. • A new Organisational Resilience strategy was developed in March 2019. The Business Continuity Coordination Group has been meeting regularly, taking forward the detailed business continuity planning that sits beneath this strategy.

Appendix 3

Summary of national performance reports 2018/19



2018/19 Reports

Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

National Records of Scotland

2018/19 Annual Audit Report

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