

National Records of Scotland

2019/20 Annual Audit Report



 AUDIT SCOTLAND

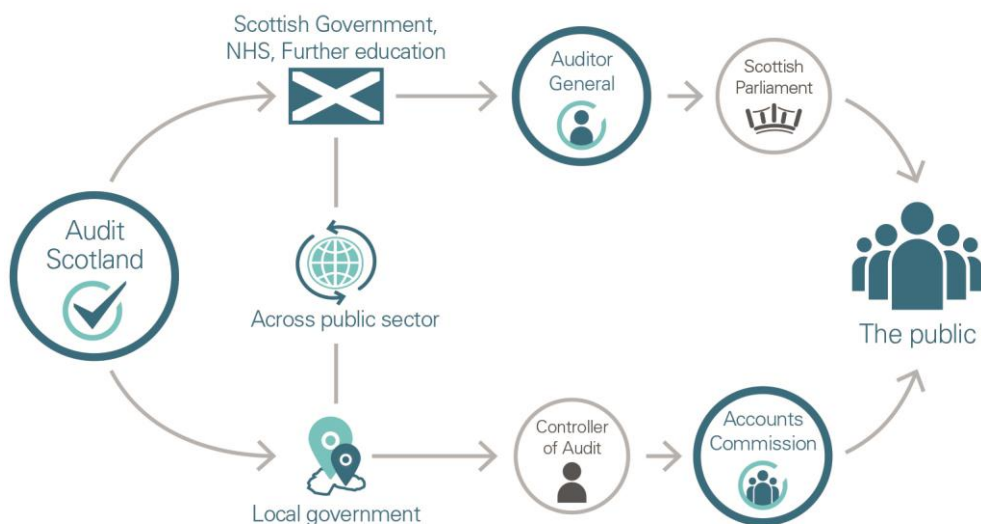
Prepared for National Records of Scotland and the Auditor General for Scotland

3 September 2020

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

2019/20 Annual Report and Accounts

- 1 The financial statements of National Records of Scotland (NRS) give a true and fair view of the state of affairs of NRS as at 31 March 2020 and of its net expenditure for the year then ended.
- 2 The impact of Covid-19 has delayed the planned Census delivery from March 2021 to March 2022. Significant revisions in the Annual Report and Accounts were required to disclose the latest position.
- 3 An 'Emphasis of Matter' paragraph is included in the independent auditor's report to draw attention to the impact of Covid-19 on building valuations. The audit opinion is not modified in respect of this matter.

Financial management

- 4 NRS had adequate financial management arrangements in place for 2019/20, finishing the year with an underspend of £2.3 million against its Departmental Expenditure Limit (DEL). However, total spend on temporary staff remained high at £9.7 million (2018/19: £8.8 million). Management should continue to assess the value for money of their staffing arrangements.
- 5 Systems of internal control operated effectively in 2019/20.

Financial sustainability

- 6 NRS face substantial challenges ahead to manage its financial sustainability and the Census budget. Management will require to significantly re-evaluate their financial planning and budgets in 2020/21 and beyond, to establish the impact of Covid-19 and the decision to delay the Census.

Governance and transparency

- 7 NRS has adequate governance arrangements in place. Governance and working arrangements had to be adapted significantly as a result of Covid-19. We consider the changes to be appropriate.

Value for money

- 8 NRS has developed its performance management framework this year. Reporting against Key Performance Indicators should be enhanced further in 2020/21.
- 9 NRS has made progress with its equality duties in recent months but has scope to embed equality considerations further in its governance arrangements and core activities.

Introduction

1. This report summarises the findings from our 2019/20 audit of National Records of Scotland (NRS).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 5 March 2020 meeting of the Audit & Risk Committee. This report comprises the findings from:

- an audit of National Records of Scotland's Annual Report and Accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) – financial sustainability, financial management, governance and transparency, and value for money.

3. The main elements of our audit work in 2019/20 have been:

- an audit of NRS' 2019/20 Annual Report and Accounts including the issue of an independent auditor's report setting out my opinions
- a review of NRS' key financial systems
- consideration of the four audit dimensions.

4. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, NRS has had to respond to the global coronavirus pandemic. This impacted on the final two weeks of 2019/20 and will continue to have significant impact into financial year 2020/21. This has had significant implications on the services NRS delivers, working arrangements for staff and the planning and delivery of its projects such as the Census programme. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit.

Adding value through the audit

5. We add value to the body through the audit by:

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

Responsibilities and reporting

6. 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 the Scottish Ministers.

7. NRS is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable the board to successfully deliver its objectives.

8. 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. As public sector auditors we give independent opinions on the Annual Report and Accounts. Additionally, we conclude on the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

9. This report raises matters from our audit. 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.

10. Our Annual Audit Report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers and dates for implementation. It also includes any outstanding actions from last year and progress against these.

Auditor Independence

11. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £66,530 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

13. This report is addressed to both NRS and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

14. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 Annual Report and Accounts



Main judgements

The financial statements of NRS give a true and fair view of the state of affairs of the NRS as at 31 March 2020 and of the net expenditure for the year then ended.

The impact of Covid-19 has delayed the planned Census delivery from March 2021 to March 2022. Significant revisions in the Annual Report and Accounts were required to disclose the latest position.

An 'Emphasis of Matter' paragraph is included in the independent auditor's report to draw attention to the impact of Covid-19 on land and building valuations. The audit opinion is not modified in respect of this matter.

The Annual Report and Accounts are the principal means of accounting for the stewardship of resources and performance.

Our audit opinions on the Annual Report and Accounts are unmodified

15. The Annual Report and Accounts for the year ended 31 March 2020 are due to be approved by the Audit & Risk Committee on 3 September 2020. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework; expenditure and income were 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 prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The accounting framework was changed due to Covid-19

16. NRS' financial statements comply with the Government Financial Reporting Manual (FReM). An addendum to the 2019/20 FReM was published in May 2020 to allow central government bodies to reduce narrative sections of their Annual Report and Accounts if needed. On discussion with management, NRS decided to produce a full Annual Report as in prior years.

Submission of Annual Report and Accounts for audit

17. The unaudited Annual Report and Accounts were received in line with our agreed audit timetable on 29 June 2020. This included a full set of financial statements. Some narrative sections of the Annual Report were incomplete at this stage, but were subsequently received in July 2020 including updates for the Census programme discussed later in this report.

18. We are pleased to note there was no delays to the audit as a result of Covid-19. All working papers were provided electronically and the audit team were able to complete the audit remotely. The working papers provided with the unaudited financial statements were of a high standard and finance staff provided good support to the audit team which was critical in helping ensure the audit process ran smoothly.

Whole of Government Accounts (WGA)

19. In accordance with the WGA guidance we plan to complete the required assurance statement and submit to the National Audit Office (NAO) by the 28 September 2020 deadline.

Overall materiality is £550,000

20. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and the nature of a misstatement in the financial statements.

21. On receipt of the unaudited Annual Report and Accounts we reviewed our materiality calculations and concluded that our methodology remained appropriate. Materiality levels were updated to change the calculations slightly, to base these on 2019/20 outturn figures (previously budgeted figures were used).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£550,000
Performance materiality	£412,500
Reporting threshold	£16,500

Risks of material misstatement and our audit work to address these

22. [Appendix 2](#) provides our assessment of risks of material misstatement in the Annual Report and Accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the audit team were directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work.



23. We have no issues to report from our work on the risks of material misstatement which related to the financial statements. However, we have provided updates on the wider dimension risks we identified as there have been various developments in these areas.

Significant findings from the audit in accordance with ISA 260

24. 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 NRS' accounting practices. The significant findings from our audit are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Impact of Covid-19 on the Census programme</p> <p>The Scottish Ministers, in consultation with NRS, announced on 17 July 2020 that the Census will be delayed from March 2021 to March 2022. This will have significant implications on NRS' finances and budget planning, agreement of supplier contracts, staffing arrangements and governance of the programme.</p> <p>This was considered a significant event after the reporting period as set out in International Accounting Standard (IAS) 10. Therefore the draft Annual Report and Accounts had to be significantly revised to disclose these events. The Census delay was considered a 'non-adjusting event' i.e. this did not impact amounts in the 2019/20 financial statements, only the narrative disclosures.</p>	<p>NRS updated its Annual Report and Accounts to reflect the latest position on the Census. This included revised disclosures in the Performance Report and Governance Statement, highlighting the high level of risk and significant revisions required to the programme.</p> <p>We recommend NRS fully assess the financial impact of the Census delay and on its wider activities as a result of Covid-19. Financial forecasts and budgets should be revised accordingly in consultation with the Scottish Government and key suppliers.</p> <p> Recommendation 1 (refer Appendix 1, action plan)</p>
<p>2. Material uncertainty in the valuation of NRS buildings</p> <p>NRS' buildings were revalued by District Valuer Services (DVS), an independent property specialist, as at 31 March 2020. This concerns assets valued at £13 million in the Statement of Financial Position. This revaluation was completed as part of a five-year rolling programme in line with NRS' accounting policies. In common with many other bodies, the DVS report contains a 'material valuation uncertainty' clause regarding the impact of Covid-19. It points out that less certainty should be attached to the valuations than would normally be the case, due to uncertainty in the market.</p>	<p>NRS updated its accounting policies in the Annual Report and Accounts to disclose this material valuation uncertainty.</p> <p>We have included an 'Emphasis of Matter' paragraph in our independent auditor's report to highlight this matter. Emphasis of Matter paragraphs are added to auditors' reports where the auditor considers it necessary to draw users' attention to matters which are fundamental to the understanding of the accounts. The audit opinion is not modified in respect of this matter.</p> <p>No further action required.</p>
<p>3. Assurance certificates to support the governance statement</p> <p>The governance statement in the Annual Report and Accounts is supported by assurance statements completed each year by the Executive Directors. These typically provide assurances to the Accountable Officer over the effectiveness of the systems of internal control for their department.</p> <p>However, the NRS assurance statements completed in 2019/20 did not provide these positive assurances as required by the Scottish Public Finance Manual (SPFM). Instead, the statements listed exceptional items only to bring to the attention of the Accountable Officer.</p>	<p>Management were able to provide supporting internal control checklists for each department confirming assurances were provided to the Accountable Officer. However, we would recommend management review the SPFM guidance and template statements to ensure clear assurances are provided to the Accountable Officer each year.</p> <p> Recommendation 2 (refer Appendix 1, action plan)</p>

There are no misstatements to report

25. There were no misstatements above our reporting thresholds identified from our audit. Our work identified a number of matters arising relating to the disclosures in the draft Annual Report and Accounts. These were discussed with management and appropriate updates were subsequently processed in the final version of the accounts.

Reasonable progress was made on prior year recommendations

26. NRS has made reasonable progress in implementing our prior year audit recommendations. Overall, 3 out of 6 recommendations were completed, with 2 in progress and one superseded by recent events related to the Census. For the 2 actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management



Main judgements

NRS had adequate financial management arrangements in place for 2019/20, finishing the year with an underspend of £2.3 million against its Departmental Expenditure Limit (DEL). However, total spend on temporary staff remained high at £9.7 million (2018/19: £8.8 million). Management should continue to assess the value for money of their staffing arrangements.

Systems of internal control operated effectively in 2019/20.

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

NRS operated within budget in 2019/20

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

28. NRS has reported a net resource outturn of £37.071 million remaining within its overall budget for 2019/20 with an underspend of £2.401 million. The financial performance against Departmental Expenditure Limits (DEL) is shown in [Exhibit 3](#).

Exhibit 3 Performance against DEL in 2019/20

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource DEL	34.413	39.472	37.071	(2.401)
Capital DEL	3.000	4.400	4.461	0.061
Total DEL	37.413	43.872	41.532	(2.340)

Source: 2019/20 NRS Annual Report and Accounts

The budget process was satisfactory but some variances noted

29. NRS has historically underspent against its budget in recent years. The reasons for variances this year were largely attributable to an underspend of £1.198 million on the Census programme. This was due to savings made on

staffing budgets and as a result of changing the timescales for awarding supplier contracts. Budget transfers also took place in the year to support capital expenditure. Furthermore, funding in NRS' capital budget was reprioritised to advance £842,000 of spend on the programme to relieve pressure in future years.

30. The impact of Covid-19 is expected to have more of an effect in the 2020/21 financial year and possibly beyond. In the final weeks of the 2019/20 financial year, NRS closed its buildings to the public and experienced some late income fluctuations linked to Covid-19, but the underspend was broadly as forecast, as outlined by regular finance reports throughout the year.

31. We observed that senior management and non-executive directors receive regular and accurate financial information on the financial position. NRS has satisfactory budget setting and monitoring arrangements in place.

32. However, as noted in [Appendix 1](#) we have recommended NRS should revise its financial forecasts and budgets to assess the impact of Covid-19 and in particular, the effect on the Census programme. Further detail on the financial outlook is discussed in the next section of this report.

Significant expenditure incurred on temporary staff

33. Last year we reported temporary staff costs increased significantly in 2018/19 to £8.859 million (2017/18: £4.630 million). Expenditure increased to £9.735 million this year, making up 35% of overall staff costs. These costs are mainly attributable to high-cost contractors working on the Census and specialist IT projects. Based on the total number of temporary staff (average WTE of 71 staff in 2019/20), the average annual cost has risen to over £135,000 per person (2018/19: £100,000 average cost). Management have advised these contractors are required to fill vacancies for specialist and highly-skilled positions. Particularly high costs are evident in management positions in the Census Project Management Office (PMO), with Deloitte contractors on substantial daily rates.

34. We recommend budget holders continue to ensure that value for money is being considered when recruiting staff.

Reference: Recommendation 1, Appendix 1

Financial systems of internal control are operating effectively

35. 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.

36. Our management letter presented to the Audit & Risk Committee on 28 May 2020 included our findings from the review of systems of internal controls. We concluded that the controls tested were operating effectively. No significant internal control weaknesses were identified during the audit which could affect NRS' ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

Internal audit work was completed in accordance with the PSIAS

37. Internal audit is provided by the Scottish Government Directorate for Internal Audit and Assurance. As this Directorate are the internal auditors for a number of shared Central Government bodies with Audit Scotland, each year we complete a central review of the adequacy of their work and compliance with the Public Sector Internal Audit Standards (PSIAS). This review was delayed slightly due to Covid-19 and our Scottish Government external audit team are due to present their final

'Overview of Internal Audit' paper to the Scottish Government Audit and Assurance Committee (SGAAC) in late September 2020. Initial findings, subject to consideration by SGAAC, note internal audit have maintained improvements in their work noted last year to better reflect PSIAS requirements, with some areas of improvement also identified.

38. The PSIAS require the 'chief audit executive' to provide an annual internal audit opinion and report that can be used to inform the annual governance statement. The opinion provided by internal audit in 2019/20 is that of 'reasonable assurance' provided on risk management, control and governance arrangements, which is defined as '*some improvements are required to enhance the adequacy and effectiveness of procedures. There are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature*'¹.

39. We also consider internal audit reports and findings to provide assurance over the wider audit dimensions we comment on in this report. As our audit is focused on substantive testing, we have not used the work of internal audit to support our opinion on the financial statements.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

40. NRS is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities. Furthermore, management are responsible for ensuring that NRS' affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

41. We have reviewed NRS' arrangements in place, including its Fraud Response Plan and Whistleblowing Policy. There are established procedures for preventing and detecting fraud and corruption, and preventing breaches in standards of conduct. We have changed our audit approach slightly this year due to Covid-19 disruption, as we will review the risks of fraud and corruption in the procurement function in 2020/21 instead of this year as originally planned.

42. 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.

¹ NRS Annual Assurance Report 2019-20, Directorate of Internal Audit and Assurance, May 2020

Part 3

Financial sustainability



Main judgements

NRS face substantial challenges ahead to manage its financial sustainability and the Census budget. Management will require to significantly re-evaluate their financial planning and budgets in 2020/21 and beyond, to establish the impact of Covid-19 and the decision to delay the Census.

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

Financial plans will require revision

43. The NRS budget for 2020/21 was included in the Scottish Budget 2020-21, published by the Scottish Government in February 2020. This set out the NRS draft resource allocation for 2020/21 of £65.3 million², which is significantly higher than the initial 2019/20 budget allocation of £37.4 million.

44. The organisation's priority for 2020/21 will continue to focus on preparations for the Census and learning lessons from the rehearsal, albeit with the delivery date now postponed to March 2022. NRS will also continue providing statistical information on Scotland's demographics and migration estimates, progress with its strategy for the future of NRS archive functions, as well as continuing to deliver the statutory responsibilities of the Registrar General for Scotland and Keeper of the Records of Scotland. NRS will also continue to play a leading role in progressing Scotland's Data Linkage Framework.

45. Spending plans will be now significantly affected by the impact of Covid-19 as well as the Census delay. Therefore the following summary from the Scottish Budget 2020-21 has been provide for information but is likely to need revision:

- £68.1 million is for operational costs. As well as covering operational expenditure, staff costs and depreciation, this also includes significant support for the Census programme (circa £38 million).
- £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.

46. The NRS Executive Management Board approved the proposed budget for 2020/21 at its tele-conference meeting in March 2020. This approved budget

² *Scottish Budget: 2020-21, published by the Scottish Government, February 2020*

revised gross operating costs to £66.7 million³. In May 2020, the impact of Covid-19 on the budget was initially considered by management in various areas as follows:

- **Additional operational costs:** NRS has incurred costs due to the organisations response and disruption caused by the global pandemic. This includes costs estimated at £100,000 in areas such as additional estates costs and equipment for homeworking. The maintenance works at West Register House have been paused which is estimated to have an additional cost of £100,000 on the revenue budget.
- **Income fluctuations:** Due to the closure of NRS buildings in March 2020, on-site services to members of the public have not been available. This includes the provision of extracts from the registers. Management have estimated this will result in a decrease of circa £400,000 in income. However, this is expected to be offset by a rise in online income from the ScotlandsPeople website, which is continuing to perform strongly.
- **Savings:** Based on an initial assumption of a 3-month period of disruption, savings of approximately £500,000 have been forecast for staff and contractor costs. A further £100,000 estimated savings is forecast for miscellaneous goods and services, such as travel expenses and training costs.

47. The changes above do not include the impact of Covid-19 on the Census programme, which is covered separately below. From this initial assessment, additional costs were forecast by management to be broadly offset by savings and income increases. However, these forecasts will need to be continually revised as the disruption caused by the pandemic is expected to continue throughout 2020/21 and beyond.

48. Management are currently revising their financial forecasts (which they typically do on an annual basis) in consultation with budget holders. This provides budget forecasts for a 3-year forward looking period (up to 2022/23). In addition, NRS has recently submitted a Capital Spending Review to the Scottish Government. This profiles NRS' proposed capital spend up to 2025/26 and includes increased expenditure on Archival Storage, buildings and IT infrastructure. Archival storage will become a priority as management estimate NRS currently have enough storage left for up to 5 years of accessions. NRS will therefore need to undertake a major initiative to increase archive-grade storage capacity in the medium term.

The Census budget is being evaluated

49. Before the announcement on 17 July 2020 to delay the Census to March 2022, management advised the following actions were being taken⁴:

- Cost forecasts for the full life of the programme are maintained. The 2020/21 Census budget was projected to be £38.4 million prior to the delay announced in July 2020. The most significant elements of this budget were forecast to be staff costs (£9.7 million) and procurements (£28.4 million).
- The programme's financial position is being closely monitored through a dedicated financial management function and reporting through a Finance and Resources Group
- Continued engagement with Scottish Government and Ministers on the programme's financial requirements and key uncertainties around them

³ NRS finance paper, presented at the Audit & Risk Committee on 28 May 2020

⁴ Census Programme Board papers, June and July 2020

- Engagement with suppliers in relation to commodities and supply chain issues impacted by Covid-19.

50. The decision to delay the Census to March 2022 will now allow management to progress with estimating the financial impact of this delay and revise the budget. Management have advised they are currently in the middle of an 8-week re-planning period which will affect the programme's financial profile from 2020/21 onwards. NRS will also start to enter into commercial negotiations with suppliers and it is therefore anticipated the outlook will become clearer in the weeks ahead.

51. For reference, the lifetime cost of the programme from 2015/16 is forecast at £117 million. Prior to the impact of Covid-19, the financial forecast for the remainder of the Census programme was reported to the Scottish Government as follows:

Exhibit 4

Profiled Census costs (pre Covid-19)

Forecast	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total remaining costs £m
Remaining spending forecast	38.4	23.5	5.4	4.3	1.7	73.3

Source: Spending Review 2019, NRS submission to the Scottish Government

52. We conclude there are substantial challenges ahead to manage the Census budget. We recommend NRS fully assess the financial impact of the Census delay and on its wider activities as a result of the pandemic on a rolling basis. Financial forecasts and budgets should be regularly revised in consultation with the Scottish Government and key suppliers.

Reference: Recommendation 1, Appendix 1

Part 4

Governance and transparency



Main judgements

NRS has adequate governance arrangements in place. Governance and working arrangements had to be adapted significantly as a result of Covid-19. We consider the changes to be appropriate.

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.

Overall governance and transparency arrangements are adequate

53. 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.

54. We commented on governance arrangements in our Annual Audit Report last year and our previous year's conclusion is still relevant, that 'overall NRS has adequate governance arrangements'. There has been no significant changes during 2019/20, with the exception of comments below in the response to the Covid-19 outbreak in March 2020. The governance and transparency arrangements we consider include:

- board and committee structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption.
- openness of board and committees
- public access to information via websites
- reporting of performance and whether this is fair, balanced and understandable.

55. 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.

The Covid-19 pandemic had affected governance & working arrangements

56. The impact of the pandemic has been noted in the Performance Report in the Annual Report and Accounts. NRS closed its buildings to the public at the end of March 2020, including closure of the ScotlandsPeople and Historical and Legal search rooms. The Incident Management Team have dealt with a range of business continuity issues, including use of online communication with its staff, continuing services online where possible and implementing a range of changes to the registration system. Changes to governance oversight has included use of teleconferences to ensure Board and committee meetings still take place remotely.

57. We noted the steps taken to allow NRS staff to prioritise its response to the outbreak and adapt its working practises. Home working was significantly expanded (no staff were placed on the Job Retention ‘furlough’ scheme) and online applications were utilised to allow staff to continue to work and communicate. NRS will continue to manage the re-opening of its services and buildings in line with Scottish Government advice and guidelines.

58. We conclude that appropriate arrangements were put in place by management to continue to support good governance and accountability.

Census governance arrangements

59. The main developments and governance oversight of the Census programme this year is summarised in [Exhibit 5](#):

Exhibit 5 Census activity in 2019/20

Business area	Performance in 2019/20
Census legislation	<ul style="list-style-type: none"> - The Census (Amendment) (Scotland) Bill was passed through the Scottish Parliament and received Royal Assent on 18 July 2019, becoming the Census (Amendment) (Scotland) Act 2019. The purpose of it was to amend the Census Act 1920 to allow questions on sexual orientation and transgender status and history to be asked on a voluntary basis.
Census rehearsal	<ul style="list-style-type: none"> - The rehearsal was undertaken in Autumn 2019, targeting 3 local authority areas: Glasgow City, Dumfries and Galloway and Comhairle-Nan Eilean Siar. - Participation in the rehearsal was on a voluntary basis. Over 72,000 households were contacted with nearly 18,500 responses received.
Census Programme Board (CPB)	<ul style="list-style-type: none"> - The CPB met on a monthly basis and includes senior representatives from NRS, Scottish Government, and UK counterparts such as the Office for National Statistics. - NRS Non-Executive Directors now also attend the meetings. - The Board discusses operational aspects of the programme, risk management, finances and resourcing.
Changes in leadership	<ul style="list-style-type: none"> - The position of Census Programme Director changed throughout the year. In November 2019, Deloitte joined Census in a delivery partner role to support Programme leadership and management. At this point, a new Programme Director was appointed from the Deloitte PMO but was only in post for a few weeks. This candidate was replaced by Deloitte in agreement with NRS Management who oversee delivery of the programme.

	- The NRS Chief Executive has taken up the position of Senior Responsible Owner (SRO).
Procurement activity	<ul style="list-style-type: none"> - Key Census procurement are subject to independent assurance reviews through the Technology Assurance Framework (TAF) process. - In early March 2020 (prior to the Covid-19 lockdown) management reported TAF pre-procurement gates were completed for 3 key areas: mobile workforce planning, the field force project and the Contact Centre project.

Source: NRS Audit & Risk committee papers 2019/20

60. As previously noted, the pandemic has had a significant impact on the Census programme. The delivery delay to March 2022 will have ramifications on the procurements noted above and agreements with suppliers. This presents significant risk for the financial sustainability and delivery of the programme.

Reference: Recommendation 1, Appendix 1

Openness and transparency

61. Openness and transparency in how NRS operates and makes decisions is key to supporting 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.

62. There is evidence from various sources which demonstrates NRS' commitment to transparency including:

- minutes of the Strategic Board, Executive Management Board, and Audit & Risk Committee are available on the website
- a register of interests is now available on the website for Non-Executive Directors
- regular publications and social media posts
- engagement with service users and customer surveys to gather feedback.

63. We concluded that NRS operates in an open and transparent manner.

The performance report has scope to be more streamlined

64. In addition to the opinion on the performance report covered in Part 1 of this report, we also consider the qualitative aspects of the NRS performance report. The performance report should provide information on NRS, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of the organisation's performance as well as helping stakeholders understand the financial statements.

65. We consider the performance report covers these key aspects and includes information on how Covid-19 has impacted services throughout. We are pleased to note NRS has made good progress this year developing a range of key performance indicators (KPIs) across its main activities to monitor performance. Due to Covid-19 priorities, the Annual Report and Accounts included only a summarised version of KPIs.

66. We recommend the Performance Report for 2020/21 includes a clear, focused account of NRS' performance against these new targets. We also recommend a

full management review of the NRS Annual Report is carried out by a senior officer in 2020/21 to streamline the narrative sections of the report.

Reference: Recommendation 5, Appendix 1

Part 5

Value for money



Main judgements

NRS has developed its performance management framework this year. Reporting against Key Performance Indicators should be enhanced further in 2020/21.

NRS has made progress with its equality duties in recent months but has scope to embed equality considerations further in its governance arrangements and core activities.

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

Best Value arrangements

67. *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 guidance sets out the key principles of best value and the requirement to have a systematic approach to self-evaluation and continuous improvement.

68. 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.

69. NRS also develops its own strategy and published an annual Business Plan in 2019-20 to set out key priorities. The organisation's longer-term business strategy is being developed for engagement with stakeholders but has been delayed due to the pandemic. NRS is committed to producing a longer-term strategy during the 2020/21 financial year.

Performance reporting

70. NRS manages performance and related risks of projects and programmes as part of its 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 the main programmes and projects.

71. The EMB meets every six weeks and is kept informed of performance across all areas of activity. It has responsibility for the detailed review and scrutiny of performance. 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.

Covid-19 impact on activities

72. In light of the pandemic, management were required to implement a range of changes to the Registration systems. In consultation with the Scottish Government, emergency legislation was put in place to allow for remote registration of deaths. Arrangements were also altered for the temporary suspension of marriage registrations and changes to birth registrations.

73. NRS also had to respond quickly to code, quality assure, analyse and publish key information on Covid-19 related deaths. NRS collaborated closely with colleagues across the Scottish Government to ensure official statistics were accessible and informative to people across Scotland.

74. Looking ahead to 2020/21, NRS are re-prioritising its objectives to focus on the impact of Covid-19 on the organisation. For much of 2020, NRS expect to continue its focus on managing its Covid-19 response and planning to ensure that core activities can be resumed quickly as restrictions are lifted.

Overview of service performance in 2019/20

75. NRS has measured performance against its Business Plan 2019-20. During the year, a series of Key Performance Indicators (KPIs) covering areas such as customer satisfaction and use of services, information processing and service resilience were developed. Due to the priority given to the pandemic response, NRS produced a summarised version of these new KPIs in the 2019/20 Annual Report and Accounts. We would encourage NRS to further develop performance reporting and KPIs and fully incorporate these into the Annual Report next year.

Reference: Recommendation 5, Appendix 1

76. We reviewed the activities of NRS for the year and have summarised a selection of outcomes in [Exhibit 6](#).

Exhibit 6 Summary of 2019/20 activity

Business area	Performance in 2019/20
Registration	- Registration of over 130,000 births, deaths and marriages (2018/19: approx.145,000 registrations).
Cataloguing and Accessions	- 25,275 public records (2018/19: 20,903) public records were received from government departments. - 8,285 private & church records (2018/19: 9,282) private records were catalogued. - 52,772 court and legal records (2018/19: 46,718) were recorded.
Search Rooms & Scotland's People website	- NRS had 13,000 visitors to its ScotlandsPeople (SP) Centre, a decrease of around 8% in visitors from the previous year. This was partly due to Covid-19 as NRS had to close its search rooms on 17 March 2020. - NRS added almost 130,000 birth, marriage and death records to the SP website, and its Index and Imaging team rescanned over 37,200 birth, marriage, death and census entries to improve the quality of digital images for customers.

Equalities review

77. Our audit this year included a review of how equalities are considered and embedded at NRS. The focus of our review was assessing progress with the latest NRS report on Mainstreaming Equality Duty. In recent months NRS has made progress in two key areas:

- The new Delivery Director has taken on the role of Equalities Champion from May 2020. This post had been vacant since August 2019.
- The EMB approved the latest iteration of NRS' report in Mainstreaming Equality Duty in May 2020. Public sector bodies are required to issue these reports every two years. The latest report had been overdue since July 2019.

78. Our review found NRS consider equalities in a number of business areas and we identified both areas of good practice and aspects where improvements could be made as follows:

Good practice

- **Engagement with service users:** There is good evidence that NRS engage with service users and seek their views e.g. conducting access surveys on facilities, ensuring equal access to web content is provided, conducting accessibility testing for the Census, and conducting customer surveys.
- **Accessibility of NRS services:** There is evidence showing that NRS considers the wider community in understanding and improving accessibility of its work e.g. reviewing its British Sign Language plan, consideration of their Gaelic Language Strategy for the Census, various Census stakeholder meetings, online Census accessibility testing and assessment of special needs users.

Improvements recommended

- **Reporting:** Due to the above reporting delays, we recommend the EMB periodically review equality and diversity arrangements at NRS e.g. a standing item could be added to the EMB agenda on a quarterly or 6-monthly cycle. This should ensure the report on Mainstreaming Equality Duty, and a periodic assessment of strategic objectives and equality outcomes, are reviewed and updated every 2 years as required. This could be promoted by the Equalities Champion.
- **Protected characteristics:** We noted NRS' report on Mainstreaming Equalities Duty provides commentary on age and gender of staff, but does not provide observations on how NRS considers all protected characteristics as listed in the Equality Act 2010. We would recommend further consultation with the Scottish Government (SG) to ascertain whether NRS can utilise the additional protected characteristics information SG hold for use in future NRS equalities reports.
- **Impact assessments:** We found that NRS has scope to improve its considerations of when Equality Impact Assessments (EQIA) are required. We acknowledge that at the time of our review, the new Equalities Champion had not formally taken up ownership of EQIA arrangements. NRS officers advised a suite of EQIAs have been prepared for the Census programme. We recommend EQIAs are more routinely considered for NRS' core activities. Key EMB papers could prompt 'Has an EQIA been considered for this decision/business case?' in a cover paper.
- **Training:** Management advised that equality and diversity training is completed by new members of staff when they join NRS. We recommend

that refresher training could be promoted to current staff e.g. on an annual basis via an 'Equalities Day'. This could also prompt staff to review related policies and procedures and EQIA considerations. The completion rate of training should be monitored.

79. Our equalities findings are summarised in an audit recommendation in our action plan in [Appendix 1](#), where a management response is also provided.



Recommendation 3

NRS has made progress with its equality duties in recent months but has scope to embed equality considerations further in its governance arrangements and core activities.

National performance audit reports

80. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2019/20 several reports were published which may be of interest to NRS. These are outlined in [Appendix 3](#).

81. We have agreed with management that our local audit team will highlight any relevant reports to the Audit & Risk Committee as and when required. Recent published reports which concern Central Government bodies include:

- [Enabling digital government](#) – June 2019
- [Preparing for withdrawal from the European union](#) – published December 2019
- [The National Fraud Initiative 2018/19](#) – July 2020

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Financial plans and the Census budget will need revision</p> <p>The Census has been delayed from March 2021 to March 2022. This event after the reporting period resulted in significant revisions to the Annual Report and Accounts. The financial impact of Covid-19 will require to be assessed.</p> <p>Risk: The Census delay and wider impact of Covid-19 will have substantial implications on NRS' finances and budget planning, agreement of supplier contracts, staffing arrangements and governance of the programme.</p>	<p>We recommend NRS fully assess the financial impact of the Census delay and on its wider activities as a result of Covid-19 on a rolling basis. Financial forecasts and budgets should be regularly revised accordingly in consultation with the Scottish Government and key suppliers.</p> <p>Management should also continue to consider value for money when recruiting high-cost temporary staff.</p> <p>Ref: Exhibit 2</p>	<p>Work within the Census programme to refresh the programme plan and finances to reflect the changed timescales is already underway, including engagement with suppliers and contract impact assessments undertaken by the commercial team. Scottish Government are represented on key programme governance groups and will be engaged through the process.</p> <p>Impacts of Covid-19 on NRS' finances more broadly are being monitored closely as the year progresses.</p> <p>Responsible officer:</p> <p>Programme Senior Responsible Owner</p> <p>Agreed date: October 2020</p>
2	<p>Assurance statements could be clearer</p> <p>The assurance statements completed to support the 2019/20 governance statement did not provide positive assurances over the system of internal controls as required by the Scottish Public Finance Manual (SPFM). We acknowledge supporting internal controls checklists were completed by each department.</p> <p>Risk: There is a risk the Accountable Officer is not receiving the required assurances over the system of internal controls.</p>	<p>We recommend management review the SPFM guidance and template statements to ensure clearer assurances are provided to the Accountable Officer each year.</p> <p>Ref: Exhibit 2</p>	<p>Agreed. A full review will be undertaken along with updating our template statements to ensure positive assurances are included with Directors' returned assurance statements, not only the areas of limited confidence, to confirm this fully complies with the SPFM guidance.</p> <p>Responsible officer:</p> <p>Director or Corporate Services</p> <p>Agreed date: March 2021</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p>Embedding equality values</p> <p>NRS have the opportunity to embed equality values in the following key areas:</p> <ul style="list-style-type: none"> - Regular reporting to the EMB. - Consideration of more equality characteristics in its Mainstreaming Equalities Duty biennial report. - Carrying out equality impact assessments for significant projects or activities. - Providing Equality and Diversity refresher training to staff. <p>Risk: There is a risk NRS working arrangements or staff entitlements are adversely affected if equality and diversity values are not properly considered.</p>	<p>Management should consider the improvements recommended at paragraph 78 of this report.</p> <p>Ref: Paragraph 78</p>	<p>Reporting: Six monthly review of equality and diversity arrangements at NRS to be added to the EMB agenda. Equalities Champion to lead to ensure a periodic assessment of strategic objectives and equality outcomes, are reviewed and updated every 2 years as required.</p> <p>Protected characteristics: Commitment to further consultation with Scottish Government (SG) to ascertain whether NRS can utilise the additional protected characteristics information SG hold for use in future NRS equalities reports.</p> <p>Impact assessments: Ongoing improvement and consistent use of Equality Impact Assessments (EQIA) across NRS. Equalities Champion to leverage existing EQIA arrangements, such as those used by the Census programme and expand use across other NRS core activities. Consider inclusion of EQIA in key decisions and business cases.</p> <p>Training: Continue equality and diversity training completion for all new members of staff when they join NRS and consider arrangements for ongoing refresher training.</p> <p>Responsible officer: Delivery Director</p> <p>Agreed date: March 2021</p>

Follow up of prior year recommendations

4	<p>Annual leave accrual</p> <p>NRS has recorded an accrual of £710,000 for untaken annual leave and flexi time. NRS' annual leave policy allows staff to carry forward a maximum of 10 days</p>	<p>We recommend that NRS review its methodology for this accrual, and ensure that line managers and staff enforce the annual leave policy more robustly.</p>	<p>Status: In progress</p> <p>The annual leave accrual was £803,000 for 2019/20, with the rise mainly attributable to untaken leave in response to Covid-19 activity at the year-</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>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>end. We acknowledge the number of staff carrying forward over 10 days holiday has reduced this year, from around 100 staff last year to 50 staff in 2019/20. There still remains a small number of cases where staff have a particularly high untaken annual leave balance. Management are aware of these cases.</p> <p>Revised action: We recommend NRS managers continue to enforce their annual leave policy for the wellbeing of staff.</p> <p>Responsible officers: Chief Finance Officer and Director of Corporate Services</p> <p>Revised date: March 2021</p>
5	<p>Performance indicators <i>(reported since 2016/17)</i></p> <p>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.</p>	<p>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.</p>	<p>Status: In progress</p> <p>We are pleased to note NRS have made good progress this year developing a range of KPIs across its main activities to monitor performance. Due to Covid-19 priorities, the Annual Report and Accounts included a summarised version of KPIs.</p> <p>Revised action:</p> <p>We recommend the Performance Report for 2020/21 includes a clear, focused account of NRS' performance against these new targets. We also recommend a full management review of the NRS Annual Report is carried out by a senior officer in 2020/21 to streamline the narrative sections of the accounts.</p> <p>Responsible officer: Director of Corporate Services</p> <p>Revised date: April 2021</p>

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 to 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 Risk of material misstatement caused by management override of controls</p> <p>Although we have not identified any specific risks of management override of control at NRS, Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Reviewed accounting estimates and accounting policies. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that were outside the normal course of business. 	<p>Results: No issues were identified from our audit work in these areas.</p> <p>Conclusion: Satisfactory</p>
<p>2 Risk of material misstatement caused by fraud in income and expenditure recognition</p> <p>NRS receive income from various 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.</p>	<ul style="list-style-type: none"> • Analytical procedures on income and expenditure streams. • Detailed testing of income and expenditure transactions focusing on the areas of greatest risk. 	<p>Results: No issues were identified from our audit work in these areas.</p> <p>Conclusion: Satisfactory</p>
<p>3 Estimation and judgements</p> <p>There is a degree of subjectivity in the categorisation, measurement and valuation of the NRS account areas of non-current assets and accruals. This subjectivity represents an increased risk of</p>	<ul style="list-style-type: none"> • Focused substantive testing during the financial statements audit of key judgemental areas. • Reviewed accounting policies to ensure these are reasonable and comply with the 	<p>Results: No issues were identified from review of these areas of estimation and judgement in the accounts, with the exception of the material valuation uncertainty which was required to be disclosed in the accounting policies.</p> <p>Ref: Exhibit 2</p>

Audit Risk	Assurance procedure	Results and conclusions
misstatement in the financial statements.	Financial Reporting Manual (FReM). <ul style="list-style-type: none"> Reviewed material asset classifications for accuracy and ensure valuations recommended by the external expert are reasonable. 	Conclusion: Satisfactory

Wider dimension risks identified

<p>4 Financial management:</p> <p><i>Census programme</i></p> <p>Managing the budget and spending profile for the Census programme remains challenging. NRS received an additional £5.9 million in 2019/20 from the Scottish Government to support the programme. Key procurements and contracts in the coming months will need to be carefully managed. There is a risk that the programme will run over-budget or not be delivered as planned while key procurements and budget forecasting remain uncertain.</p>	<ul style="list-style-type: none"> Ongoing review of finance reports and Census Programme Board papers. Liaised closely with the Chief Finance Officer regarding budget pressures. Reviewed budgetary controls as part of our interim audit. Reviewed finance plans and NRS' progress with its savings programme. 	<p>Update August 2020:</p> <p>This matter is superseded by recommendation 1 in Appendix 1.</p> <p>Procurement, supplier contracts and budget planning will need re-evaluated due to the Census delay to March 2022.</p>
<p>5 Governance and transparency:</p> <p><i>Risk management arrangements</i></p> <p>Management are in the process of defining a risk appetite for the organisation to aid risk identification and monitoring. Risk management for the Census programme also remains an area of development. For the Census, management have previously raised issues with current arrangements and noted risk registers require refreshing.</p> <p>NRS should prioritise developing clear, streamlined risk management frameworks for both core NRS activity, and the Census programme, which staff can easily use to manage and scrutinise key risks.</p>	<ul style="list-style-type: none"> Reviewed risk management plans and risk registers for adequacy. Monitored key risks and review EMB and Census Programme Board papers on a regular basis. Ensured key risks are appropriately discussed in NRS' Annual Report and Accounts to ensure transparency. 	<p>Response in February 2020:</p> <p>NRS are in the process of updating its corporate risk framework. The Executive Management Board (EMB) continues to review the corporate risk register at its monthly meetings. Risk appetite is planned for review by the EMB starting in February 2020. Census risk management arrangements are currently being reviewed by the Project Management Office.</p> <p>Update August 2020:</p> <p>NRS risk management:</p> <p>With regard to the Corporate Risk Framework and Risk Appetite, Covid-19 disrupted the work that had progressed well in February. NRS should be able to progress this shortly as 'business as usual' work is back on the agenda.</p> <p>Census risk management:</p> <p>Management have advised notable progress has been made to improve the visibility of potential impacts on programme delivery at an Executive level whilst also</p>

Audit Risk	Assurance procedure	Results and conclusions
		<p>increasing the accountability held across the programme management layer to own and progress mitigation plans. Weekly Census Risk Forums are in place to regularly review and challenge mitigation plans. Programme Risk and Issue scoring matrices have been refined and clearly aligned to specific governance forums reflecting their significance, providing clarity of escalation routes across the programme and confirming risks and issues that warrant management at programme vs. project level.</p> <p>Conclusion: This matter remains in progress while NRS re-evaluate its risk framework for its core activities, and updating of risks in light of Covid-19.</p>
<p>6 Governance and transparency:</p> <p><i>Business continuity management</i></p> <p>NRS has taken steps to improve its cyber security and has been re-accredited Cyber Essentials Plus. However, the organisation's Business Continuity Management System (BCMS) remain in development. There is a risk to NRS' service continuity and staff uncertainty if an adverse event were to occur.</p>	<ul style="list-style-type: none"> Reviewed business continuity plans for reasonableness when available. Discussed ongoing IT issues with management. 	<p>Response in February 2020:</p> <p>A business continuity maturity index exercise was completed in 2019. An improvement plan is underway and tracked monthly to address needs.</p> <p>NRS have a refreshed a business continuity plan, crisis management plans, communication protocol, archives and records disaster recovery plan and these are all ready for review by the Corporate Services Director (by mid-March 2020) prior to EMB review (Spring 2020).</p> <p>An organisational resilience strategy and a resilience framework are both in draft. The next steps will be engagement across the organisation to develop and implement this framework to be a more resilient organisation.</p> <p>Update August 2020:</p> <p>The BC improvement implementation plan had to be slightly amended due to the organisation being in a real time crisis. Strategic plans were put in place and elements of the BCMS listed below were accelerated, these will be ready to be validated after the crisis is over:</p> <ul style="list-style-type: none"> NRS implemented their Organisational Resilience Strategy principles with

Audit Risk	Assurance procedure	Results and conclusions
		<p>implementation of gold and silver response teams.</p> <ul style="list-style-type: none"> • NRS reviewed and updated their Business Continuity Plan. • Management progressed work at IMT level and developed a Trigger Document outlining NRS' response to COVID-19 and escalation routes, as well as Horizon Scanning and long term planning. • NRS have developed a suite of COVID-19 related health and safety documentation ensuring their buildings are safe for staff to attend, that staff are authorised and fit to attend, and that track and trace movement in and out of the buildings. <p>Conclusion: This matter remains in progress. Management have advised they will evaluate their response to the COVID-19 crisis after the transition to the 'new normal' and will revisit, update and implement the wider BC improvement plan, including the revamp of the business impact assessments.</p>

Appendix 3

Summary of national performance reports 2019/20



**2019/20
Reports**

		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	Early learning and childcare: follow-up

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2019/20 Annual Audit Report

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