

National Records of Scotland

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the National Records of Scotland and the Auditor General for Scotland
September 2021

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Key messages

2020/21 annual report and accounts

- 1 Our audit opinions on the annual report and accounts are unmodified.
- 2 The financial statements give a true and fair view of the state of affairs of National Records Scotland (NRS) as at 31 March 2021.

Financial management and sustainability

- 3 NRS has appropriate and effective financial management arrangements in place. NRS operated within its revised Departmental Expenditure Limits (DEL), reporting an underspend of £3.0 million. Management should continue to assess the value for money of their temporary staffing arrangements.
- 4 Systems of internal control operated effectively during the year and NRS have maintained standards for the prevention and detection of fraud and error.
- 5 The Covid-19 pandemic has had a significant impact on the financial plans of NRS as budgets were revised to reflect the decision to delay the Census until March 2022. Overall lifetime costs for the Census programme have increased by £21.6 million due to the delay.
- 6 The Census is due to be delivered in March 2022, however recent Technical Assurance Framework (TAF) reviews have noted that, although considerable progress is being made, significant issues remain and will need to continue to be managed by NRS.

Governance, transparency and value for money

- 7 Working practices have been adapted to reflect the impact of the Covid-19 pandemic. We have considered these measures and have concluded that NRS has appropriate and effective governance arrangements.
- 8 Performance monitoring has continued throughout 2020/21, however the pandemic has had a significant impact on NRS' key performance indicators relating to face to face services.

Introduction

1. This report summarises the findings from our 2020/21 audit of the National Records of Scotland (NRS).
2. The scope of our audit was set out in our Annual Audit Plan presented to the 31 March 2021 meeting of the Audit and Risk Committee. This report comprises the findings from:
 - an audit of NRS' 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](#).
3. The main elements of our audit work in 2020/21 have been:
 - an audit of NRS' 2020/21 annual report and accounts including the issue of an independent auditor's report setting out our opinions
 - a review of NRS' key financial systems
 - consideration of the four audit dimensions.
4. The global coronavirus pandemic has had a considerable impact on NRS during 2020/21. This has had significant implications for the services it delivers and the suspension of non-essential projects and activities.

Adding value through the audit

5. We add value to NRS 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 4](#)) 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.

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 Auditor General or the Accounts Commission 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 2020/21 audit fee of £68,180 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.

1. Audit of 2020/21 annual report and accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual report and accounts are unmodified.

The financial statements give a true and fair view of the state of affairs of National Records of Scotland (NRS) as at 31 March 2021.

Our audit opinions on the annual report and accounts are unmodified

15. The annual report and accounts for the year ended 31 March 2021 was approved by the Audit and Risk Committee and the Accountable Officer on 16 September 2021. As reported in the independent auditor's report:

- 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 Covid-19 pandemic had a limited impact on the audit

16. Due to the pandemic, the audit was carried out remotely. The working papers provided to support the accounts were of a good standard and the audit team received support from finance officers which helped ensure the final accounts audit process ran smoothly.

There were no delays in preparing and auditing the annual report and accounts

17. As a result of the continuing impact of Covid-19 the Scottish Government extended the deadline for submission of central government audited annual reports and accounts from 30 June 2021 to 31 August 2021. This mirrored the 2019-20 arrangements.

18. The unaudited annual report and accounts were received in line with our agreed audit timetable on 28 June 2021. Covid-19 had a limited impact on the audit process.

Whole of Government Accounts

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 end of September 2021, after audit certification of the NRS financial statements.

Overall materiality is £610,000

20. Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Planning amounts	Revised amounts
Overall materiality	£644,000	£610,000
Performance materiality	£419,000	£397,000
Reporting threshold	£15,000	£15,000

Source: Audit Scotland

[Appendix 2](#) identifies the main risks of material misstatement and our audit work to address these

21. [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.

We have no significant findings to report on the annual report and accounts

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 NRS's accounting practices. We have no issues to report from the audit.

There is one misstatement to report

23. There was one misstatement identified above our reporting threshold. The current liabilities figure in the statement of financial position included retentions totalling £46,000 which should have been classed as non-current liabilities. These were reclassified for the audited version of the accounts. There was no impact on the overall net asset position nor on the statement of comprehensive net expenditure for the year. We were satisfied that this was an isolated error and therefore there was no further impact on our planned audit approach.

24. No other misstatements above our reporting thresholds were 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.

25. We have been advised that management intend to implement additional review processes for the draft Annual Report and Accounts in future years to address the number of presentational issues identified during the audit. We understand that the Chief Financial Officer intends to increase the number of staff within the finance function who are professionally qualified.

Good progress was made on prior year recommendations

26. NRS has made good 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](#).

2. Financial management

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

Main judgements

NRS has appropriate and effective financial management arrangements in place. NRS operated within its revised Departmental Expenditure Limits (DEL), reporting an underspend of £3.0 million. Management should continue to assess the value for money of their staffing arrangements.

Systems of internal control operated effectively during the year and NRS have maintained standards for the prevention and detection of fraud and error.

NRS operated within its revised budget in 2020/21

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 an outturn of £48.9 million against its overall budget for 2020/21 with an underspend of £3.0 million. The financial performance against Departmental Expenditure Limits (DEL) is shown in [Exhibit 2](#).

Exhibit 2

Performance against DEL in 2020/21

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource DEL	62.3	51.9	48.9	(3.0)
Capital DEL	3.0	2.4	1.9	(0.5)
Total DEL	65.3	54.3	50.8	(3.5)

Source: 2020/21 NRS Annual Report and Accounts

Budget processes were appropriate

29. NRS has historically underspent against its budget in recent years. The reasons for variances this year were largely attributable to an underspend on

the Census programme as well as more income being received for services than anticipated.

30. NRS' budget was decreased as part of the Scottish Government's Spring Budget revision. Funding was reduced by £14.6 million for revenue and by £0.7 million for capital. This decrease in funding was mainly due to the decision to delay the census from March 2021 until March 2022. Further detail on the census programme is discussed in the next section of this report.

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

Significant expenditure continues to be incurred on temporary staff

32. In previous years we have reported increasing temporary staff costs. Temporary staff costs have increased significantly again in 2020/21 to £12.052 million (2019/20: £9.735 million), making up 38% 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 70 staff in 2020/21), the average annual cost has risen to over £172,000 per person (2019/20: £135,000 average cost). Management have advised these contractors are required to fill vacancies for specialist and highly-skilled positions of a time limited nature and that there have been a number of exercises to explore and use other routes to bring in resources to mitigate cost. These have been partially successful and include resourcing discussions with other UK Census taking bodies. Management also advise that work is underway to establish a permanent programme delivery core resource to build up greater internal expertise and sustainability for the future.

33. Management presented plans to ensure value for money in resourcing to their Audit and Risk Committee in December 2020, including outlining the control procedures in place to ensure affordability and budget control. Budget holders should continue to ensure that value for money is being considered when recruiting staff.

Recommendation 1

Management should continue to consider value for money when recruiting high-cost temporary staff.

Financial systems of internal control are operating effectively

34. 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.

35. During our interim audit work in February 2021 we reviewed key financial systems and assessed controls in the following areas: the general ledger, creditors, debtors, payroll, and cash & banking.

36. We confirmed our understanding of the key controls, carried out walkthroughs of each control and concluded that they are suitably designed to detect and/or prevent risk of material misstatement. 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 resulting in a material misstatement in the financial statements.

37. 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, subject to the matters reported in their Management Report and resultant management actions, the Scottish Government's key internal controls over the main financial systems (SEAS general ledger; Payables; Receivables and Banking) operated effectively during 2020/21. 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 operated in accordance with PSIAS

38. NRS' internal audit function is carried out by Scottish Government Directorate for Internal Audit and Assurance. Our SG external audit team have completed a central review of the Scottish Government's Internal Audit function. This review concluded that they did not find any areas of significant non-compliance with Public Sector Internal Audit Standards (PSIAS). However there is scope for improvement to better demonstrate compliance with PSIAS in relation to documenting preliminary risk assessments, consistency of approach to documenting audit work, and evidencing of supervision and review.

39. 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 for NRS in 2020/21 is that of 'substantial assurance' provided on risk management, control and governance arrangements, which is defined as '*Risk, governance and control procedures are effective in supporting the delivery of any related objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is negligible*'.

40. 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

41. 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.

42. We have reviewed NRS' arrangements, 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.

43. 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.

Arrangements for preventing fraud and corruption in the procurement function are appropriate

44. Our consideration of financial management includes evaluating the arrangements in place for preventing and detecting fraud and corruption. We carried out an assessment this year of the arrangements in place to prevent fraud and corruption in the procurement function. We discussed the arrangements in place with the Chief Procurement Officer and reviewed the provided supporting documents. Our findings are summarised as follows:

- NRS has a centralised procurement team for arranging and monitoring procurement.
- NRS uses the SG procurement framework and standard procurement documents for their procurement activities.
- Training on procurement arrangements is available to staff through the intranet, includes policies relating to gifts and hospitality, impartiality and registers of interest.

3. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services

Main judgements

The Covid-19 pandemic has had a significant impact on the financial plans of NRS as budgets were revised to reflect the decision to delay the Census until March 2022. Overall lifetime costs for the Census programme have increased by £21.6 million due to the delay.

The Census is due to be delivered in March 2022, however recent Technical Assurance Framework (TAF) reviews have noted that, although considerable progress is being made, significant issues remain and will need to continue to be managed by NRS.

Financial plans have been revised due to the impact of the Covid-19 pandemic

45. The NRS budget for 2021/22 was included in the Scottish Budget 2021-22, published by the Scottish Government in January 2021. This set out the NRS draft resource allocation for 2021/22 of £63.3 million, which is a significant increase compared to the revised 2020/21 budget allocation of £54.3 million. As part of the 2020/21 Spring Budget Revision, £13.7 million was returned to the Scottish Government from NRS following the decision to postpone the Census until 20 March 2022.

46. The organisation's priority for 2021/22 will continue to focus on preparations for the Census in Spring 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.

Census plans have been revised

47. On 17 July 2020 the Scottish Government confirmed that the Census would be delayed from March 2021 to March 2022. This followed a detailed options appraisal exercise carried out by NRS. The conduct of this exercise was subject to an independent Gateway review. The options considered as part of the appraisal were: to continue with the Census as originally planned; to allow completion online and on paper but with no field force; use online completion only with no field force; to use paper forms only with no field force; and to delay it until 2022. The appraisal concluded that any options to deliver the Census in 2021 were, as a result of Covid-19, likely to result in a significant risk to delivery

and a significant impact on the response rates achieved. The lack of a field force to help achieve higher response rates was seen by NRS as a critical risk to the Census, along with difficulties in undertaking the follow up Census Coverage Survey. This survey is a paper based and door to door operation to ensure statistical quality in the Census and no suitable mitigation was identified. The Census is a unique data collection exercise and census data drives a number of public funding formulas and decisions over many years, and NRS aims to achieve a high and representative response (exceeding 90%). The response rate in the 2011 census was 94%. NRS therefore recommended to ministers that the Census be delayed by a year, noting that this would have a financial impact and this was agreed by ministers. This was subsequently announced by NRS following Ministerial decisions. NRS provided additional detail to the Culture, Tourism, Europe and External Affairs Committee to allow for scrutiny of decision making and additional spend.

48. Following an exercise to plan and reprofile the Census for the revised timetable, management identified that additional costs of £21.6 million would be required compared to the projected lifetime cost of the programme prior to the Covid-19 pandemic and the decision to postpone. This is summarised in [Exhibit 3](#) below.

Exhibit 3 Revised Census costs

	Costs prior to 2020/21 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Updated financial profile	43.7	25.0	35.1	30.3	3.1	1.4	138.6
Financial profile before postponement	43.7	38.4	23.5	5.4	4.3	1.7	117.0
Increase / (Decrease)		(13.4)	11.6	24.9	(1.2)	(0.3)	21.6

Source: Scotland's Census Programme Update

49. Management have advised that, while the replanning and repricing exercises provide greater financial certainty in the revised budget profile to manage delivery, they continue to monitor a strategic risk on commercial and financial uncertainty. This is due to continued risks surrounding external supplier price changes, including unforeseen Brexit impacts. In addition, some of the supplier costs will be influenced by public behaviour and digital response rates in the Census, which is being monitored through ongoing assessment. As part of 2021/22 financial monitoring, financial pressures of £1.5 million on the

Census programme have been identified by NRS and reported to the Scottish Government. These pressures will need to be managed during the year in order to ensure outturn is in line with the budgeted £35.1 million expenditure for the year. We have also been advised that a detailed programme process is underway to manage the overall outturn position.

50. Progress with the Census programme is monitored at NRS by the Census Programme Board. This Board meets on a monthly basis and includes senior representatives from NRS, including Non-Executive Directors, as well as representatives from the Scottish Government, and UK counterparts such as the Office for National Statistics. This Board discusses operational aspects of the programme, risk management, finances and resourcing. The Census Programme Board has further boards supporting it: the Change & Delivery Board; Procurement Assurance Group; and Finance and Resourcing Group. NRS also operate a dedicated monthly Executive Board meeting dealing with the Census. The Census is also subject to deep dive sessions at each meeting of its Audit and Risk Committee and progress updates to its quarterly Strategic Board.

51. The Census Programme Board receives an update on the programme status at each of its meetings. At the July Census Programme Board, it was noted that overall the Programme was reported as amber with 3 projects reporting red, 9 at amber and 10 at green. It was highlighted that resource constraints continued to impact on delivery across a number of areas including Release testing and User Acceptance Testing (UAT) on the programme with recruitment activity continuing as a priority. The Census is still expected to be delivered in March 2022, per the revised timetable. Management advise that significant progress has been made to close resourcing gaps on the programme and reduce this risk. Positive progress was also recognised in the Technology Assurance Framework (TAF) review of the Programme in July 2021.

52. The Census programme has been subject to regular reviews throughout its lifetime. These include Scottish Government (SG) Internal Audit activity, reviews undertaken by the Office for Statistics Regulation, Digital First assessment reviews, external TAF reviews and Gateway reviews. Most recently this has included a combined TAF/Gateway review having been carried out in December 2020, an assurance of action plan review in March 2021 and a TAF healthcheck review carried out in July 2021. NRS is working to address recommendations identified from these reviews and the latest TAF review noted that substantial progress had been made since the December review. This should allow them to deliver the Census in March 2022. However the TAF review noted that significant issues remain which need to be managed. A final TAF decision on whether the Census will go live in March 2022 as planned is due to be taken in November 2021. Management have a plan in place to address the TAF recommendations, having closed off a number of recommendations to date.

53. The Censuses in other parts of the United Kingdom took place as scheduled in March 2021, however there were differences in arrangements in each of the nations which impacted on the decision to delay the Scottish Census. The Office of National Statistics (ONS) is responsible for the Census in England and Wales and has access to 'administrative data' from other public bodies which ONS would look to use to extrapolate information for any gaps in Census returns. NRS' Director of Statistics and the Scottish Government Chief Statistician confirmed to the Census Programme Board that the data required to

deliver a similar solution to that of ONS' was not available in Scotland. The Northern Ireland Statistics and Research Agency (NISRA), which is responsible for carrying out the Census in Northern Ireland, used ONS' online questionnaire software, data collection technology and initial processing systems for the Northern Ireland Census. A delay to the Northern Ireland Census would therefore have resulted in additional costs and changes to approach if it was not carried out at the same time as the ONS Census work. We have been advised that NISRA is able as part of its Census solution to augment Census reports with administrative data.

54. We are not aware of what wider changes to scope or indeed budget arrangements that were required to be implemented by ONS or NISRA in the conduct of their Censuses. We noted that other countries also decided to delay their planned Census due to the impact of Covid-19, including the Republic of Ireland and Germany. NRS is therefore not alone in deciding to delay the Census.

Recommendation 2

NRS will need to continue to closely monitor progress with the Census programme and act on recommendations from reviews in order to ensure delivery in line with the revised budget and timetable.

4. Governance and transparency

The effectiveness of scrutiny and oversight, and transparent reporting of information

Main judgements

Working practices have been adapted to reflect the impact of the Covid-19 pandemic. We have considered these measures and have concluded that NRS has appropriate and effective governance arrangements.

The governance arrangements and controls operating throughout the Covid-19 pandemic have been appropriate

55. 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 roles 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.

56. 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 2020/21. 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.

57. 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.

58. The impact of Covid-19 from March 2020 has been set out in the Governance Statement in NRS' Annual Report and Accounts. We reported in last year's annual report on the revised governance and working arrangements introduced by NRS including:

- continuing services online where possible
- using technology to ensure Board and committee meetings could still take place remotely
- significant expansion of home working

59. We have also reviewed revisions to key financial controls as a result of Covid-19 during 2020/21. As reported in paragraph 36, we can confirm that appropriate controls were in place and operating during the year.

Openness and transparency

60. Openness and transparency in how a body 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.

61. 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.

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

Scottish Information Commissioner

63. In May 2021 the Scottish Information Commissioner (SIC) published a finding regarding the Registrar General's response to a Freedom of Information (FOI) request for data at individual care home level. NRS had been producing this information at National, Local Authority and Health Board levels. NRS claimed that it could not release the information, having considered the public benefit of providing care home level data against the potential distress the public release of these data may cause to families of the deceased, care home staff and other residents. However, the SIC found that the Registrar General had failed to comply with FOI legislation by not releasing information relating to the number of deaths from Covid-19 at individual care home level. NRS recognised that this is a complex issue and therefore welcomed the SIC's

conclusion on how the balance of public benefit and potential distress should be considered. The Registrar General then complied with the instruction and published the requested information on 24 June by the SIC's deadline of 28 June 2021.

The performance report was of a reasonable standard

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

65. In the prior year we recommended 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. We note that the narrative sections have reduced compared to prior years', however there is still scope to further streamline the disclosures. The Chief Financial Officer has indicated that they intend to review the content of the narrative sections for the 2021/22 Annual Report and Accounts.

5. Value for money

Using resources effectively and continually improving services

Main judgements

Performance monitoring has continued throughout 2020/21, however the pandemic has had a significant impact on NRS' key performance indicators relating to face to face services.

NRS has an appropriate Best Value framework

66. [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 characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

67. 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.

68. NRS also develops its own strategy and published an annual Business Plan in 2020/21 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.

Performance reporting

69. 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.

70. 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.

71. NRS uses a range of Key Performance Indicators to demonstrate how it is achieving its objectives. Performance against many indicators has decreased in 2020/21 due to the impact of Covid-19, with some services being halted in response to the pandemic. This is demonstrated by the information are summarised in [Exhibit 4](#).

Exhibit 4

Key performance indicators

Indicator	2018/19	2019/20	2020/21
Online orders for certificates dispatched within 15 days	99.98%	99.90%	96.20%
Phone or postal orders for certificates are dispatched within 8 days	99.99%	99.80%	Service not resumed
In person orders for certificates are dispatched within 5 days	100%	100%	Service not resumed
ScotlandsPeople customer enquiries are responded to within 3 working days	98%	99.20%	99.68%
Historical and legal searches services enquiries are responded to within 20 working days	99.30%	99.70%	99.60%
Customer orders, for records held on site, to be fulfilled within 30 minutes	95.90%	96.60%	Service not resumed
Customer orders, for records held off site, to be fulfilled within 24 hours	99.80%	99.90%	Service not resumed
Archive Accessions and Cataloguing Assessments in 5 days	Not available	100%	100%
All of our statistical publications are delivered on time in line with our published publications schedule	97%	100%	91%
Cataloguing will commence for 90% of records within 24 months of accession	Not available	82%	72%
40k – 50k records will be catalogued per year	46,718	86,332	17,252
98% of invoices are paid within 10 working days of receipt	98.90%	98.70%	98.17%
95% of FOI requests are responded to within 20 working days of receipt	98.20%	98.70%	98.17%
Ministerial correspondence is responded to within 20 working days of receipt	87.50%	95%	96.92%
All formal complaints are responded to within either 5 days of receipt (Stage 1) or 20 working days (Stage 2)	88%	98%	86.67%

Indicator	2018/19	2019/20	2020/21
The systems and channels through which we deliver our services are reliable, responsive and secure	99.82%	99.90%	99.83%

Source: National Records of Scotland Annual Report and Accounts

National performance audit reports

72. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2020/21 a number of reports were published which may be of direct interest to NRS. These are outlined in [Appendix 3](#).

Appendix 1. Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Temporary staff costs</p> <p>The level of temporary staff costs has increased each year in recent years and made up 38% of total NRS staff costs in 2020/21.</p> <p>Risk – there is a risk that NRS is not achieving value for money with the use of temporary staff.</p>	<p>Management should continue to consider value for money when recruiting high-cost temporary staff.</p> <p>Paragraph 32.</p>	<p>NRS have workforce planning controls in place through formal governance to assess VFM when planning and recruiting vacant posts or extending contract posts. These arrangements will continue across NRS. The approach considers a post based business case and factors relating to the recruitment route with a presumption on the most affordable routes, unless factors of lack of skills availability, need for specialism and time constraints support recruiting high-cost temporary staff. NRS will continue to work closely with SG HR and the SG Unions to ensure flexible, efficient and affordable recruitment routes are maximised and tested to obtain the most affordable mix of resources. In recruiting high-cost temporary staff, NRS will also utilise procurement routes to ensure competitive and value for money prices are obtained. Resource planning and costs are also kept under regular review to ensure financial control.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>2. Census programme</p> <p>In July 2020 it was decided to delay the Census from March 2021 to March 2022 due to the Covid-19 pandemic. In response, the Census programme has been reprofiled and is still anticipated to be delivered in March 2022. However, there remain significant risks to be managed to ensure the Census can be delivered as planned.</p> <p>Risk – there is a risk that the Census is not delivered as planned or fails to achieve sufficient response rates.</p>	<p>NRS should continue to closely monitor progress with the Census programme and act on recommendations from reviews in order to ensure delivery in line with the revised budget and timetable.</p> <p>Paragraph Error! References source not found.</p>	<p>Responsible officer:</p> <p>Director of Corporate Services</p> <p>Agreed date:</p> <p>On-going</p> <hr/> <p>The Census Programme has formal governance arrangements in place with assurance providers and continues to monitor progress and act on review recommendations in order to ensure delivery is in line with the programme’s objectives, budget and timelines.</p> <p>Responsible officer:</p> <p>Chief Executive</p> <p>Agreed date:</p> <p>On-going</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>3. 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</p>	<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</p>	<p>Complete.</p> <p>Financial plans were updated to reflect the impact of Covid-19 and the delay in the Census from March 2021 to March 2022. The Census programme has been reprofiled and funding was returned to the Scottish Government as part of the Spring Budget Revision.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>planning, agreement of supplier contracts, staffing arrangements and governance of the programme</p>	<p>planning, agreement of supplier contracts, staffing arrangements and governance of the programme</p>	
<p>4. 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>Complete.</p> <p>Assurance statements provided to the Accountable Officer for 2020/21 had been revised to provide clearer assurances rather than only identifying any issues.</p>
<p>5. 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</p>	<p>Management should consider the improvements recommended at paragraph 78 of the 2019/20 Annual Audit Report.</p>	<p>On-going</p> <p>EMB regularly discuss Equality Diversity and Inclusion (EDI) matters and activities as part of the ongoing management of the organisation.</p> <p>Consideration of more equality characteristics in reports has been paused given the significant demands Covid-19 has had on HR colleagues.</p> <p>The creation of the Delivery Directorate and subsequent establishment of consistent standard programme documentation and guidance has been delayed due to Covid-19. NRS still plans to leverage existing equality impact assessment arrangements consistently</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>diversity values are not properly considered.</p>		<p>across other NRS core activities once resources on-board.</p> <p>NRS continues to have mandatory equality and diversity training completion for all new members of staff when they join NRS. They are currently completing an internal audit of all mandatory training and this will include EDI learning and development.</p> <p>Responsible officer: Delivery Director</p>
<p>6. 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 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 its methodology for this accrual, and ensure that line managers and staff enforce the annual leave policy more robustly.</p>	<p>On-going.</p> <p>The methodology for the accrual has been revised to limit the impact of employee's with untaken leave in excess of the 10-day limit.</p> <p>Arrangements were put in place during the COVID pandemic which mirrored the SG approach. Annual leave balances will continue to be managed in line with SG policy.</p> <p>Responsible officer: Chief Financial Officer</p> <p>Revised date: March 2022</p>
<p>7. Performance indicators (reported since 2016/17)</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</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>On-going.</p> <p>The Annual Report and Accounts report performance against NRS' KPI's. The Performance Report in the Annual Report and Accounts has been revised slightly compared to prior year, however there remains scope to further improve the content and clarity of the report.</p>

Issue/risk	Recommendation	Agreed management action/timing
the absence of benchmarks or set targets. As such, the Performance Report does not fully comply with FReM requirements.		<p>The review of performance indicators is being considered as part of the wider Strategy piece.</p> <p>Responsible officer: Director of Corporate Services</p> <p>Revised date: Ongoing</p>

Appendix 2. Significant audit risks

The table below sets out the audit risks we identified on the 2020/21 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 financial statements and those relating to our wider responsibility under the [Code of Audit Practice 2016](#).

Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Management override of controls</p> <p>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. • Review of accounting estimates and accounting policies. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are 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,</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>

Audit risk	Assurance procedure	Results and conclusions
<p>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>		
<p>3. Estimation and judgements</p> <p>There is a degree of subjectivity in the categorisation, measurement and valuation of the account areas of non-current assets and accruals. The 2019/20 audited accounts disclosed that the valuation report on NRS' assets, in common with many other bodies, contained a 'material valuation uncertainty' clause regarding the impact of Covid-19 as less certainty could be attached to the valuations than would normally be the case, due to uncertainty in the market.</p> <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Focused substantive testing during the financial statements audit of key judgemental areas. • Review of accounting policies to ensure these are reasonable and comply with the Financial Reporting Manual (FRoM). • Review material asset classifications for accuracy and ensure valuations recommended by the external valuer are reasonable. 	<p>Results: No issues were identified from our audit work in these areas.</p> <p>Conclusion: Satisfactory</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>4. Census</p> <p>The Scottish Ministers, in consultation with NRS, announced on in July 2020 that the Census will be delayed from March 2021 to March 2022. This has significant implications on NRS' finances and budget</p>	<ul style="list-style-type: none"> • Ongoing review of finance reports and Census Programme Board papers. • Continue to liaise closely with finance officers and senior management regarding budget pressures. 	<p>See comments regarding Census at paragraph 47. and recommendations 1 and 2 in Appendix 1.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>planning, agreement of supplier contracts, staffing arrangements and governance of the programme, with additional costs of £21.6 million expected because of the delay.</p> <p>There are vacancies within senior census management positions as well as a high number of contractors being used during the programme.</p>	<ul style="list-style-type: none"> • Review finance plans and NRS' progress with their savings programme. 	

Appendix 3. Summary of 2020/21 national performance reports

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

National Records of Scotland

2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

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