

National Records of Scotland

2021/22 Annual Audit Report



 AUDIT SCOTLAND

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

September 2022

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Key messages

2021/22 annual report and accounts

- 1 Our audit opinions on the annual accounts are unmodified.
- 2 The financial statements give a true and fair view of the state of affairs of National Records of Scotland (NRS) as at 31 March 2022.
- 3 The sums paid out of the Scottish Consolidated Fund shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Financial management

- 4 NRS operated within its revised resource budget, but had a small overpend against its capital budget.
- 5 Systems of internal control operated effectively during the year and NRS have maintained standards for the prevention and detection of fraud and error.

Financial sustainability

- 6 NRS has appropriate budgeting arrangements in place. It continues to be mainly funded from the Scottish Government and its draft resource allocation for 2022/23 was £59.6 million.

Governance and transparency

- 7 We have concluded that NRS has appropriate governance arrangements in place.

Value for money

- 8 NRS has an appropriate best value framework in place, however business plans and strategies should be developed.
- 9 The Census was carried out in March 2022 as planned, however deadlines for completion were extended due to lower than expected return rates.

Introduction

1. This report summarises the findings from our 2021/22 audit of National Records of Scotland (also referred to as 'NRS' throughout this report).
2. The scope of our audit was set out in our Annual Audit Plan presented to the 4 March 2022 meeting of the Audit and 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](#).
3. The main elements of our audit work in 2021/22 have been:
 - an audit of National Records of Scotland's 2021/22 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.

Adding value through the audit

4. 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

5. National Records of Scotland 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 account's direction from the Scottish Ministers.
6. Also, NRS is responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

7. 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.

8. 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.

9. 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

10. Auditors appointed by the Auditor General or 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.

11. 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 the 2021/22 audit fee of £69,570 as set out in our 2021/22 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

Audit appointment from 2022/23

13. The Auditor General for Scotland is responsible for the appointment of external auditors to central government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

14. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Grant Thornton will be the appointed auditor for National Records of Scotland. We will work closely with the new auditors to ensure a well-managed transition.

15. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

16. We would like to thank Audit and Risk Committee members, Directors, and other staff, particularly those in finance, for their co-operation and assistance over the last six years.

1. Audit of 2021/22 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 2022.

the sums paid out of the Scottish Consolidated Fund shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Our audit opinions on the annual report and accounts are unmodified

17. The annual report and accounts for the year ended 31 March 2022 are due to be approved by the Accountable Officer after the Audit and Risk committee meeting on 15 September 2022. 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 sums paid out of the Scottish Consolidated Fund shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998
- 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 audit evidence

18. Due to the pandemic, the audit was carried out remotely, which was also the case in the two previous years. The working papers provided to support the accounts were of a reasonable standard and the audit team received support

from finance officers which helped ensure the final accounts audit process was completed.

The annual report and accounts were submitted in line with our agreed audit timetable

19. Submission dates for the audited annual report and accounts for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. For 2021/22, the deadline for the audited annual report and accounts was 31 August 2022.

20. The unaudited annual report and accounts were received in line with our agreed audit timetable on 4 July 2022. Covid-19 had a limited impact on the audit process. The 31 August 2022 deadline for the audited annual report and accounts was not met, with the annual report and accounts due to be finalised on 15 September 2022.

Whole of Government Accounts 2020/21 and 2021/22

21. In accordance with the WGA (Whole of Government Accounts) guidance we completed the required assurance statement for the prior year financial statements and submitted it to the National Audit Office (NAO) by the revised deadline of 31 August 2022. We anticipate completing the required assurance statement for 2021/22 and submitting it to the National Audit Office (NAO) once further guidance is published, after approval and audit certification of NRS' annual report and accounts.

Overall materiality is £736 thousand

22. 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](#). The revised materiality levels did not have any significant impact on the planned audit approach.

Exhibit 1 Materiality values

Materiality level	Planning amounts	Revised amounts
Overall materiality	£835 thousand	£736 thousand
Performance materiality	£543 thousand	£478 thousand
Reporting threshold	£20 thousand	£15 thousand

Source: Audit Scotland

We have significant findings to report on the annual report and accounts

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2 Significant findings from the audit

Issue	Resolution
<p>1. Performance report content</p> <p>The performance report included within the draft annual report and accounts included updates on the Census activity during 2021/22. However it did not provide any commentary on future activity, or acknowledge the impact of lower than expected return rates which resulted in the Census deadline being extended by a month in May 2022. As well as providing commentary on the 2021/22 financial year, the Financial Reporting Manual (FReM) requires the performance report to be forward looking and disclose risks and plans for significant activities at the organisation. We felt that the performance report in the draft annual report and accounts did not fulfil these requirements due to omitting disclosures relating to the Census deadline extension.</p>	<p>NRS did not agree with our view, as they believed they had provided forward planning information on 2022/23 in the performance report and were of the opinion that providing an assessment on live census delivery forms part of the Annual Report and Accounts for 2022/23. Following further discussion with management it was agreed to include additional narrative on census delivery within the performance report.</p>

Source: Audit Scotland

24. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the 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>	<p>Assess the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about in appropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Consider the need to test journal entries and other adjustments during the period.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</p> <p>Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p> <p>Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</p> <p>Focussed testing of accounting accruals and prepayments.</p>	<p>The design and implementation of controls over journals were found to be appropriate. No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>Focussed testing on accruals and prepayments did not identify any instances of management override of controls.</p> <p>Assessment of related party transactions did not identify any issues with the disclosures made in the accounts.</p> <p>The estimates and judgements made in the preparation of the accounts were consistent with prior year and were appropriate.</p> <p>Substantive testing of transactions around the year end identified was satisfactory.</p> <p>Conclusion: We did not identify any incidents of management override of controls.</p>

Other areas of audit focus

25. We identified in our 2021/22 Annual Audit Plan areas where we considered there to be other risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we did not consider these to represent significant risks. The areas of specific audit focus were:

- Estimation in the value of land and buildings: NRS hold land and buildings with a NBV of £12.9m as at 31 March 2021, with land and buildings revaluated on a five-year rolling basis. Valuations and useful life estimates in respect of NRS buildings are supplied by District Valuer Services (DVS) and the valuations carried out by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer.

26. We kept this areas under review throughout our audit and based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention.

There were no identified misstatements

27. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. There were no identified misstatements in the accounts; there are no unadjusted errors to report.

Good progress was made on prior year recommendations

28. 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 operated within its revised resource budget, but had a small overpend against its capital budget.

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 resource budget but overspent against its capital budget in 2021/22

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

30. The body has reported an outturn of £58.9 million against its overall resource budget for 2021/22 with an underspend of £0.2 million. This underspend related to non-cash elements of the budget, with NRS achieving a balanced cash budget position. NRS reported a small overspend of £0.3 million on its capital budget against a total budget of £2.0 million. This was due to work on projects picking up pace towards the end of the financial year along with a purchase of a heritage asset. The financial performance against fiscal resources is shown in [Exhibit 4](#).

Exhibit 4 Performance against fiscal resource in 2021/22

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource DEL	57.8	55.2	55.2	(0.0)
Depreciation and impairment	3.6	3.9	3.7	(0.2)
Capital DEL	3.0	2.0	2.3	0.3
Total DEL	64.4	61.1	61.2	0.1

Source: 2021/22 NRS Annual Report and Accounts

Budget processes were appropriate

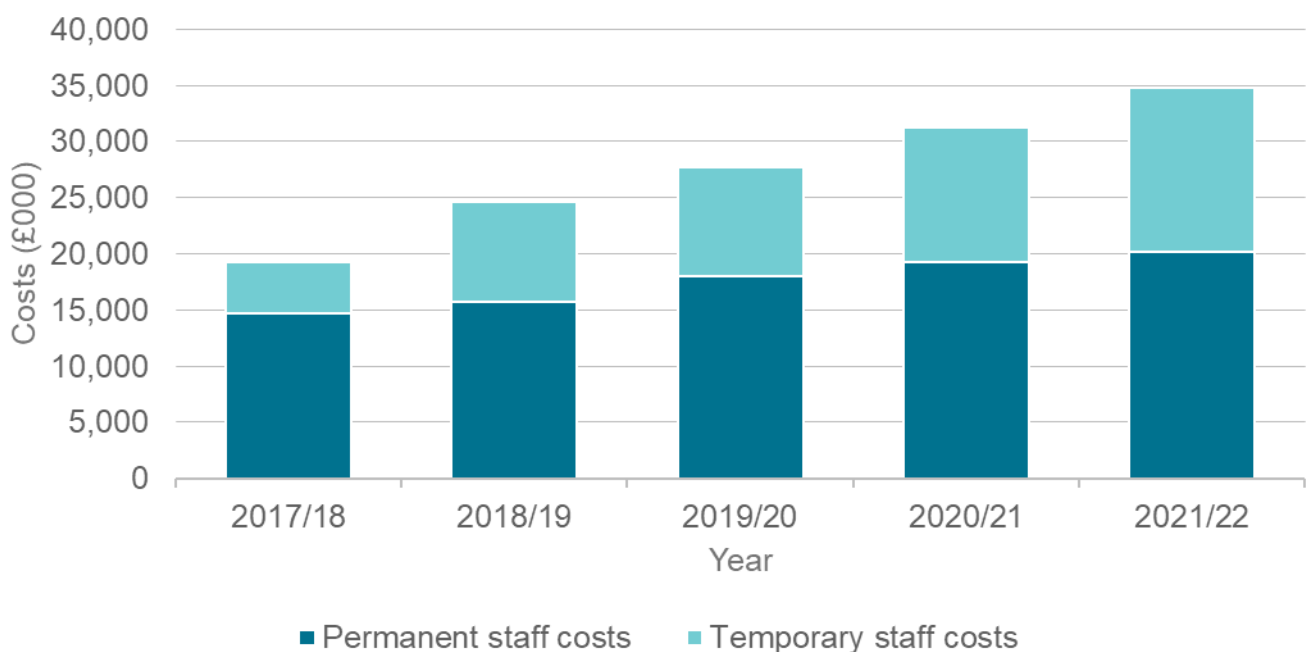
31. NRS has historically underspent against its budget in recent years. The budget was decreased as part of the Scottish Government's Spring Budget revision. Funding was reduced by £2.3 million for revenue and by £1.0 million for capital. The movements in the NRS resource budgets were a net result of budget transfers in year. Budget transfers are a mechanism for NRS to transfer out/in funding to/from other portfolios within the Scottish Government for services they provide and are provided on behalf of NRS.

32. We observed that senior management and the Audit and Risk Committee continued to receive regular and accurate financial information on the NRS' financial position.

Significant expenditure continues to be incurred on temporary staff

33. In previous years we have reported increasing temporary staff costs. Temporary staff costs have increased significantly again in 2021/22 to £14.62 million (2020/21: £12.05 million), making up 42% of overall staff costs, as can be seen in [Exhibit 5](#). These costs are mainly attributable to high-cost contractors working on the Census and specialist IT projects, which is to be expected due to the short term nature of Census work. However, based on the total number of temporary staff (average of 147 staff in 2021/22), the average annual cost has decreased to £99 thousand per person (2020/21: £172,000 per person). See [Appendix 1](#), action point 3 for additional details.

Exhibit 5 Permanent and temporary staff costs for recent years



Source: 2017/18 - 2021/22 NRS Annual Report and Accounts

34. Management have advised that NRS has workforce planning controls in place through formal governance to assess value for money (VFM) when planning and recruiting vacant posts or extending contract posts. NRS will continue to work closely with Scottish Government Human Resources and the 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. Budget holders should continue to ensure that value for money is being considered when recruiting staff.

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. During our interim audit work in March 2022 we reviewed key financial systems and assessed controls in the following areas: the general ledger, creditors, debtors, payroll, and cash & banking.

37. 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.

38. 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 2021/22. Their testing identified a number of cases where controls did not operate as expected, including several within the payroll system. The weaknesses identified were similar to those reported in prior years.

Internal audit operates in line with PSIAS

39. NRS' internal audit function is carried out by the Scottish Government Directorate for Internal Audit and Assurance. Our Scottish Government 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).

40. The opinion provided by internal audit for NRS in 2021/22 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'.

41. 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. We considered internal audit reports and findings to provide assurance over the wider audit dimensions we comment on in this report.

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

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

43. 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.

44. 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.

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

NRS has appropriate budgeting arrangements in place. It continues to be mainly funded from the Scottish Government and its draft resource allocation for 2022/23 was £59.6 million.

Financial plans continue to be revised due to the impact of the Covid-19 pandemic

45. The NRS budget for 2022/23 was included in the Scottish Budget 2022-23, published by the Scottish Government in December 2021. This set out the NRS draft resource allocation for 2022/23 of £59.6 million, which is a decrease compared to the revised 2021/22 budget allocation of £63.3 million.

46. In summary the 2022/23 budget is split as follows:

- £58.8 million is for operational costs. As well as covering operational expenditure and staff costs, this also includes £30.3 million of support for the Census programme.
- £3.6 million is for non-cash expenditure such as depreciation
- £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.

47. NRS' main source of funding is from Scottish Government, which typically accounts for around 80% - 90% of total income.

48. The organisation's priority for 2022/23 will continue to focus on completing and analysing information from 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.

4. Governance and transparency

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

Main judgements

We have concluded that NRS has appropriate governance arrangements in place.

The governance arrangements and controls operating during the year have been appropriate

49. 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 and Major Events and Scottish Ministers.

50. 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 2021/22. 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.

51. 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.

52. 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.

Openness and transparency

53. 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.

54. 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.

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

The performance report was of a reasonable standard

56. 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.

57. In the prior year we noted that 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. We note that the narrative sections are more succinct compared to prior years', however there is still scope to improve the disclosures.

5. Value for money

Using resources effectively and continually improving services

Main judgements

NRS has an appropriate best value framework in place, however business plans and strategies should be developed.

The Census was carried out in March 2022 as planned, however deadlines for completion were extended due to lower than expected return rates.

Business plans and strategies should be developed

58. [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.

59. 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.

60. NRS also develops its own strategy and published an annual Business Plan in 2021/22 to set out key priorities. A Business Plan for 2022/23 has not been published and the organisation's development of a longer-term business strategy has been delayed due to the pandemic. Management are currently working on consolidating a number of workstreams and strategies into a single strategy document.

Recommendation 1

NRS should ensure that Business Plans are up-to-date and continue their extensive on-going work to develop and conclude a longer-term business strategy.

The Census design was carried out as planned, but the Census collection phase was extended due to lower than expected return rates

61. NRS are responsible for carrying out the Census in Scotland every 10 years. The Census planned for 2021 was postponed to 2022 due to the Covid-

19 pandemic. We reported on this delay in the Census date in our [2020/21 Annual Audit Report](#), and also in a [Section 22 report](#), both of which are available on the Audit Scotland website, www.audit-scotland.gov.uk.

62. 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 dedicated Executive Board meetings dealing with the Census, which were normally held monthly, with increased frequency of meetings in the run up to the Census going live and subsequent to this. The Census is also subject to deep dive sessions at each meeting of the Audit and Risk Committee and progress updates to the quarterly Strategic Board.

63. 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 Technical Assurance Framework (TAF) reviews and Gateway reviews. We reported in the 2020/21 Annual Audit Report that the most recent TAF review at that time noted that significant issues remained which need to be managed but that there was a plan in place to address the TAF recommendations. A TAF review was carried out and reported in December 2021 which gave approval to proceed but with another review to be carried out in February 2022. This review in February confirmed that the Census was able to proceed as planned and the Census went live on 28 February 2022.

64. The Census collect phase was planned to be open for online returns until 1 May 2022, with paper returns accepted after this date as is normal practice. However, due to the lower than expected level of returns received, NRS decided to extend the deadline for submission of online returns until the end of May 2022, with late returns still received on paper after this deadline. Extending the deadline is a common occurrence when carrying out censuses and has happened in other countries in recent years. The extension was approved and announced to the Scottish Parliament by the Cabinet Secretary for the Constitution, External Affairs and Culture on 28 April 2022. Prior to the Census going live, NRS aimed to achieve a high response rate for the Census, which was considered to be 90 per cent. At the start of May the return rate was 79 per cent. In order to encourage members of the public to complete the Census, NRS field force staff offered support and assistance at a national level followed by further focussed support in areas with lower response rates and NRS also issued further reminder letters and post cards, along with increased media and marketing activity.

65. As part of the work of the field force, households that had not completed the Census were invited to comment on the reasons for not completing it. The outcome of this survey was published on the [Scotland's Census website](#). The most common reason given for not completing the Census was that people 'were too busy' (35 per cent of responses), followed by 'not aware of the Census' (16 per cent) and 'didn't realise they had to complete it' (14 per cent).

66. Following the extension to the deadline for submissions the return rate increased to just over 89 per cent by the start of June, with return rates over 85 per cent in 30 out of the 32 council areas and greater than 90 per cent in 19 of these areas. The most notable difference in return rate was in Glasgow City Council, where the rate increased by just over 12 percentage points to 83 per cent.

67. The census in England and Wales was carried out in March 2021 and reported an overall return rate of 97 per cent, with at least 88 per cent in all local authorities. The census in Northern Ireland was also carried out in March 2021 and reported an overall return rate of 97 per cent. The previous Census in Scotland in 2011 achieved a return rate of 94 per cent, with over 90 per cent in all council areas. It is important that NRS continues to try and understand the reason for the lower than expected return rate and lower rate than achieved in other countries in order to inform work on planning future censuses.

68. As well as the extension to the deadline, the Cabinet Secretary also announced in May 2022 that additional budget investment of up to 7 per cent of the programme costs, which amounts to £9.8 million, would be made available to NRS in 2022/23. At the start of June 2022 it was forecast that the actual additional costs would be around £6 million, which equates to just over 4 per cent of the lifetime costs of the Census. This mainly relates to additional supplier costs of £3 million, along with £1.7 million for Field Force operations and £1.1 million for the Census Collect Survey.

69. The Registrar General for Scotland established an International Steering Group (ISG) of Census and coverage experts. The ISG was brought together to provide expert advice to NRS on: whether and when the Census Programme could move on from the Census Collect phase; implementation of the Census Collection Survey (CCS); and on administrative data and statistical estimation methods.. National Records of Scotland are not formally on the Steering Group; however the Director of Statistical Services attends meetings and ensures that NRS officers are supporting the group through presentations and responding to agreed actions. This steering group agreed that, following the extension to the deadline and increased response rate, NRS had a “solid foundation” to move forward into the next phase of Census work.

70. This work emphasised that it is important that NRS focus on achieving a robust CCS outcome (the CCS started on 13 June 2022 and is a survey carried out on a sample of households which is biased towards areas where returns are harder to realise) and post collect work in order to deliver high quality census outputs. The CCS is used by NRS (as in 2011 and 2001, and across the UK) to estimate the number of households who have not responded to the Census, and to support the census population estimates. The main CCS operation was stopped at the end of August 2022. Administrative data is also part of this work to support the estimation and adjustments phases.

71. Census Outputs are statistical estimates based on Census returns, edit and imputation, census coverage survey (CCS), quality assurance and the use of administrative data. These elements work together to deliver high quality Outputs and are all part of the Census Programme, which runs to 2024/25. The first Census outputs are due to be published around a year after the end of the collection phase and it is important that NRS continues to make progress with the current phase in order to allow it produce outputs on time.

72. In August 2022 the Office for Statistics Regulation (OSR) wrote to NRS regarding the Census¹. The OSR letter highlighted the steps taken by NRS to achieve the best return rate and the additional steps that NRS is taking, such as investigating what additional non-census data can be used to further improve the quality of census estimates and establishing the International Steering Group to provide additional expert input. The letter also noted that it would be in NRS' interests to be more transparent now about the steps that it is taking to generate good quality census estimates.

Recommendation 2

NRS should continue to make progress with the planned work on analysing and validating Census results towards publication of first outputs to the planned timeframe. They should also conclude and share the lessons learned from the Census Programme delivery to date, and consider delivery plans of the remaining objectives to 2024/25, which includes planning for the next Census.

Performance levels have been maintained

73. 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.

74. 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.

75. NRS uses a range of Key Performance Indicators to demonstrate how it is achieving its objectives. Performance against many indicators has started to recover after being impacted by the Covid-19 pandemic which had resulted in some services being halted. This is demonstrated by the information summarised in [Exhibit 9](#).

¹ Letter is available on the OSR website here: <https://osr.statisticsauthority.gov.uk/correspondence/mark-pont-to-pete-whitehouse-scottish-population-census/>

Exhibit 9

Key performance indicators

Indicator	2019/20	2020/21	2021/22
Online orders for certificates are dispatched within 15 days	99.90%	96.20%	100%
ScotlandsPeople customer enquiries are responded to within 3 working days	99.20%	99.68%	99.00%
Historical and legal search services enquiries are responded to within 20 working days	99.70%	99.60%	99.60%
Customer orders for records held on-site to be fulfilled within 30 minutes.	96.60%	Service not resumed	63.75%
Customer orders for records held off site to be fulfilled within 24 hours.	99.90%	Service not resumed	97.00%
Archive Accessions and Cataloguing Assessments in 5 days 2020-21	100%	100%	100%
All of our statistical publications are delivered on time in line with our published publication schedule	100%	91.00%	91.55%
Cataloguing will commence for 90% of records within 24 months of accession	82.00%	72.00%	100%
40-50k records will be catalogued per year	86,332	17,252	5,863
98% of invoices are paid within 10 working days of receipt	99.00%	99.50%	98.90%
95% of FOI requests are responded to within 20 working days of receipt	98.70%	98.17%	99.03%
Ministerial correspondence is responded to within 20 working days of receipt	95.00%	96.92%	92.00%
All formal complaints are responded to within either 5 days of receipt (Stage 1) or 20 working days (Stage 2)	98.00%	86.67%	80.15%
The systems and channels through which we deliver our services are reliable, responsive and secure	99.90%	99.00%	99.96%

Source: National Records of Scotland Annual Report and Accounts

National performance audit reports

76. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2021/22 several reports were published which may be of direct interest to the body. These are outlined in [Appendix 2](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Business Plans</p> <p>NRS has not published a Business Plan for 2022/23 and development of a longer term business strategy has been delayed.</p>	<p>NRS should ensure that Business Plans are up-to-date and continue their extensive on-going work to develop and conclude a longer-term business strategy.</p> <p>Paragraph 60.</p>	<p>Due to focus of NRS on the delivery of the live Census operations between February and August 2022, the development of the 2022/23 Business Plan was delayed within NRS, noting that Census delivery was the key objective of NRS at this time. However, as reported to the NRS Audit and Risk Committee in June 2022, a number of tactical mitigations were implemented to ensure effective planning, budgeting and prioritisation of decisions for 2022/23.</p> <p>The final detail of the NRS business plan commitments for 2022/23 are being considered by NRS Executive Management Board and will be published with the Annual Business Plan delivery for 2021/22 by end September.</p> <p>NRS will continue to progress the development of their strategy, with a view to undertaking consultation in the early part of 2023.</p> <p>Responsible officer: Linda Sinclair, NRS Accountable Officer</p> <p>Agreed dates:</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>30th September 2022 – Business Plan 2022/23</p> <p>31st March 2023 – NRS Strategy</p>
<p>2. Census</p> <p>NRS successfully launched the Census in March 2022, having delayed it from March 2021, as commented upon in the prior year Annual Audit Report. However the Census deadline was extended as it had achieved lower return rates than required.</p> <p>There is a risk that the Census outputs may be delayed or that the usefulness of the Census outputs are reduced due to the return rates received.</p>	<p>NRS should continue to make progress with the planned work on analysing and validating Census results towards publication of first outputs to the planned timeframe. They should also conclude and share the lessons learned from the Census Programme delivery to date, and consider delivery plans of the remaining objectives to 2024/25, which includes planning for the next Census.</p> <p>Paragraph 70.</p>	<p>Delivery of the first Census outputs around one year from the end of the Collection phase is a key element of the Census Programme Plan for the remainder of 2022/23 and 2023/24. Preparation for a lessons learned exercise are well advanced within the Programme, together with taking stock of the Census Programme objectives delivered to date.</p> <p>During Autumn 2022, as the Programme concludes the archiving and decommissioning of Census Collect, the Programme will refresh the forward programme plan and associated resource/budget profile through to 2024/25 to assure delivery of the Programme Objectives and timeframes. The Programme will continue to deliver to these timescales, which will be reported on through the year and in the 2022/23 NRS Annual Performance Report.</p> <p>Responsible officer: Paul Lowe, NRS Chief Executive</p> <p>Agreed date: 31st March 2023</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>3. 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>Complete</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 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>
<p>4. 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</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>Complete</p> <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</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>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>the programme’s objectives, budget and timelines.</p> <p>Comments on Census programme included in paragraphs 61. to 70.</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 diversity values are not properly considered.</p>	<p>Management should consider the improvements recommended at paragraph 78 of the 2019/20 Annual Audit Report.</p>	<p>In progress</p> <p>A) Reporting: Six monthly review of equality and diversity arrangements at NRS to be added to the EMB agenda.</p> <p>NRS' Delivery Director is the executive Equalities Champion taking lead to ensure a periodic assessment of strategic objectives and equality outcomes are discussed at EMB. All to be formally reviewed and updated every 2 years as required.</p> <p>B) 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>C) 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</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>decisions and business cases.</p> <p>D) Training:</p> <p>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>Action update as of June 2022:</p> <ul style="list-style-type: none"> - Head of People and Talent to take lead ownership for equality duties. Delivery Director to remain as executive sponsor and corporate champion. - Actions from A & B now closed. EDI group established with ToR and provides quarterly reporting and mainstreaming report has now been published. - Action from C&D in progress but not yet completed, with recognition that the target date to successfully achieve these should be extended to March 2023.
<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</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>Complete</p> <p>NRS management feel that the annual leave accrual cannot be managed down whilst SG policy around leave is to carry over up to 20 days from 2021/22 allowance. This will be managed down over time however it is likely NRS will maintain a large carry over in 2022/23 when policy reverts to 10 days.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>also significantly increases the accrual recognised.</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 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>Complete</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>

Appendix 2. Summary of 2021/22 national performance reports and briefing papers

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

National Records of Scotland

2021/22 Annual Audit Report

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