

# Royal Botanic Garden Edinburgh

2020/21 Annual Audit Report



Prepared for the Royal Botanic Garden Edinburgh and the Auditor General for  
Scotland

November 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1** We recognise that the 2020/21 financial year has been characterised by the significant impact of the Covid-19 pandemic which created additional challenges for both Royal Botanic Garden Edinburgh (RBGE) and audit staff alike. Consequently, key dates within the financial reporting process have been updated to reflect the statutory deadline to publish the audited 2020/21 accounts.
- 2** Our audit identified nine significant adjustments that impact on the RBGE's annual report and accounts, which have been corrected in the financial statements.
- 3** Following the correction of these adjustments our audit opinions on the annual report and accounts of RBGE and its group are unqualified and unmodified and confirm that the 2020/21 Financial Statements present a true and fair view of the financial activities RBGE and its group.
- 4** The Trustees Report and governance statement were consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

## Financial management and sustainability

- 5** RBGE's unrestricted income exceeded unrestricted expenditure resulting in a net surplus of £0.330 million which has restored the unrestricted reserves to £0.225 million as at the 31 March 2021.
- 6** The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services.
- 7** The Scottish Government has committed to invest £58 million in creating a more energy efficient environment at RBGE via the delivery of the Edinburgh Biomes programme with the project commencing in 2020/21.
- 8** RBGE's financial position remains challenging with an increasing reliance placed on self-generated income to break even.
- 9** RBGE should develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability over the

medium-term. The financial strategy will require to incorporate a revised approach to service delivery and new ways of working.

## **Governance, transparency and value for money**

- 10** RBGE has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic RBGE revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of the Royal Botanic Garden Edinburgh (RBGE).
2. The scope of our audit was set out in our Annual Audit Plan presented to the 17 February 2021 meeting of the Audit Committee. This report comprises the findings from:
  - an audit of RBGE'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 2020/21 have been:
  - an audit of RBGE's 2020/21 annual report and accounts including the issue of an independent auditor's report setting out our opinions
  - a review of RBGE's key financial systems
  - consideration of the four audit dimensions.
4. The global coronavirus pandemic has had a considerable impact on RBGE during 2020/21. This has had significant implications, not least for the services it delivers and the suspension of non-essential projects and activities. Risks related to the pandemic were included in our AAP, and we have adapted our planned audit work to address any new emerging risks.

## Adding value through the audit

5. We add value to RBGE through the audit by:
  - having regular dialogue with senior finance staff
  - sharing intelligence and good practice to the Audit Committee on key challenges as we emerge from Covid restrictions
  - highlighting learning from our experiences working with other bodies and agreed a clear, no surprises, approach for the remote audit of the 2020/21 accounts within a revised accounts and audit timetable
  - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.
6. In doing so, we aim to help RBGE promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

- 7.** RBGE 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.
- 8.** RBGE is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable the board to successfully deliver its objectives.
- 9.** 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.
- 10.** 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
  - suitability and effectiveness of corporate governance arrangements, the financial position and
  - arrangements for securing financial sustainability.
- 11.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.
- 12.** 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.
- 13.** 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

- 14.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.
- 15.** 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 £17,340 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

**17.** We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit. This is especially appreciated during the ongoing challenging circumstances arising due to the Covid-19 pandemic.

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# 1. Audit of 2020/21 annual report and accounts

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

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## Main judgements

Our audit opinions on the annual report and accounts of RBGE and its group are unqualified and unmodified and confirm that the 2020/21 Financial Statements present a true and fair view of the financial activities of RBGE and its group.

Our audit identified nine significant adjustments that impact on the RBGE's annual report and accounts, which have been corrected in the financial statements. These are detailed at [Exhibit 2](#).

The Trustees Report and governance statement were consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

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

**18.** The annual report and accounts for the year ended 31 March 2021 were approved by the board on 1 December 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 Trustees' Report and governance statement were all consistent with the financial statements and properly prepared in accordance with the accounts direction.

## The annual accounts were signed in line with the statutory deadline

**19.** The unaudited annual report and accounts were received on 7 September 2021 at the start of the audit. Due to staffing issues within the finance section the annual report and accounts were incomplete. An updated version of the annual report and accounts were received on 15 September. Whilst additional sections were included there remained outstanding sections. This has delayed completion of the audit and resulted in additional audit work.

**20.** Remote working continues to bring additional challenges to the audit process. This affected how we were able to work as an audit team and with RBGE staff. Our planned audit work has adapted to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit. Working arrangements with officers continue to be reviewed to deliver an efficient and effective audit that meets our quality standards. Despite these challenges we were able to deliver the audit in line with the revised statutory deadline.

## Overall materiality is £170,000

**21.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for assessing materiality values.

**22.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**23.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. As detailed within our Annual Audit Plan, our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual accounts and updated, as summarised in [Exhibit 1](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£170,000
Performance materiality	£85,000
Reporting threshold	£5,000

Source: Audit Scotland: RBGE Annual Audit Plan 2020/21

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

**24.** [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.

## All identified misstatements have been corrected in the audited accounts

**25.** 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.

**26.** Where we have identified misstatements in the accounts we have concluded that they arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. 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.

**27.** Management have agreed to correct all misstatements and there are no uncorrected errors arising from our audit. All the significant findings from our audit involved correcting adjustments to the annual accounts and are summarised in [Exhibit 2](#) below.

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## Exhibit 2

### Significant findings from the audit of financial statements

Issue	Resolution
<p><b>1. Classification of furlough grant payment</b></p> <p>RBGE received funding from HMRC as part of the furlough grant scheme totalling £425,000 for the financial year 2020/21.</p> <p>On receipt of the unaudited accounts, it was identified that this income had been netted off against staff costs, instead of being accounted for as additional income received during 2020/21.</p> <p>The impact of this is to increase both income and expenditure recorded in the Statement of Financial Activities by £425,000.</p> <p>There was no impact on the final reserves position.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>2. Bank Balance at 31<sup>st</sup> March 2021</b></p> <p>Our audit testing of the bank reconciliation identified that bank payments made on the 7 and 14 April were incorrectly included as reconciling items at year end. As a result, payments were included in the wrong financial year which had the effect of reducing both</p>	<p>This was corrected within the audited annual report and accounts.</p>

Issue	Resolution
<p>the bank balance and creditors balance disclosed within the accounts.</p> <p>The impact of this is to increase both the current assets and current liabilities recorded in the Balance Sheet by £308,000. There was no impact on the final reserves position.</p>	
<p><b>3. Treatment of VAT Creditor</b></p> <p>Our audit testing of creditors considered the treatment of the Value Added Tax (VAT) creditor balance within the accounts. The creditor balance was created following works to complete the John Hope Gateway building at the Edinburgh garden and was subject to the Lennartz VAT mechanism.</p> <p>The unaudited accounts included a £225,000 creditor balance for a potential balance owed to HM Revenue and Customs (HMRC). Enquiries confirmed that RBGE are no longer required to make any Lennartz payments and the outstanding liability is no longer due.</p> <p>The impact of this is to increase income recorded in the Statement of Financial Activities by £225,000 and reduce the creditors balance in the Balance Sheet by £225,000.</p> <p>This has resulted in the unrestricted fund reserve increasing by £225,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>4. Treatment of Grant Income</b></p> <p>During the audit it was identified that grant income totalling £49,000 has been incorrectly accounted for as a UK government grant instead of being classified as other grant income.</p> <p>The impact of this is to increase other grant income by £49,000 and reduce UK government grant income by £49,000.</p> <p>There was no impact on the final reserves position.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>5. Classification of Grant Income</b></p> <p>During the audit it was identified that grant income totalling £26,000 had been incorrectly accounted for as other grants unrestricted funding instead of other grants restricted funding.</p> <p>The impact of this is to increase restricted other grant income by £26,000 and reduce unrestricted other grant income by £26,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>

Issue	Resolution
<p>This resulted in the restricted fund reserve increasing by £26,000 and unrestricted fund reserve decreasing by £26,000.</p>	
<p><b>6. Expenditure was not accrued at year end</b></p> <p>Our expenditure testing identified that expenditure of £20,000 had not been accounted for as accrued expenditure at the year end.</p> <p>The impact of this is to increase expenditure recorded in the Statement of Financial Activities by £20,000 and increase the creditors balance in the Balance Sheet by £20,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>7. Expenditure was not prepaid at year end</b></p> <p>Our expenditure testing identified that expenditure of £11,000 had not been accounted for as a prepayment at year end.</p> <p>The impact of this is to reduce expenditure recorded in the Statement of Financial Activities by £11,000 and increase the debtors balance in the Balance Sheet by £11,000.</p> <p>This resulted in the unrestricted fund reserve increasing by £11,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>8. Staff costs not charged correctly</b></p> <p>During the audit, it was identified that the payroll control accounts had not been cleared, which resulted in staff costs expenditure totalling £27,000 being incorrectly excluded from the accounts.</p> <p>The impact of this is to increase expenditure recorded in the Statement of Financial Activities by £27,000.</p> <p>This resulted in the unrestricted fund reserve decreasing by £27,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>
<p><b>9. Accruals/Prepayments not reversed</b></p> <p>During the audit, it was identified that a number of prior year accruals and prepayments had not been reversed in 2020/21.</p> <p>The overall net impact of this is to reduce income recorded in the Statement of Financial Activities by £5,000 and reduce the debtors balance in the Balance Sheet by £5,000.</p> <p>This resulted in the restricted fund reserve decreasing by £5,000.</p>	<p>This was corrected within the audited annual report and accounts.</p>

## **Good progress was made on prior year recommendations**

**28.** RBGE 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](#).

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## 2. Financial management

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

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### Main judgements

RBGE's unrestricted income exceeded unrestricted expenditure resulting in a net surplus of £0.330 million which has restored the unrestricted reserves to £0.225 million as at the 31 March 2021.

The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services.

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### RBGE operated within its revised budget in 2020/21

**29.** The main financial objective for RBGE is to achieve a break-even position on its cash income/spend. As a charitable Non-Departmental Public Body, RBGE is primarily funded by the Scottish Government by way of grant-in-aid. For 2020/21, the single entity accounts for RBGE show that it received £13.9 million from the Scottish Government. This comprised a revenue budget of £11.1 million and a capital budget of £2.8 million.

**30.** This was supplemented by other income of £3.1 million from donations, charitable activities and other trading activities including gains on investments. This also included gift aid from RBGE's wholly owned trading subsidiary, the Botanics Trading Company Ltd, of £0.262 million.

**31.** In 2020/21 unrestricted income exceeded unrestricted expenditure resulting in a net surplus of £330,000 and a closing balance on unrestricted reserves of £0.225 million. in [Exhibit 4](#). Unrestricted reserves represent accumulated surpluses on unrestricted income over unrestricted expenditure, commonly referred to as General funds.

**32.** Total group income for 2020/21 was £19.186 million with expenditure totalling £18.089 million resulting in net income of £1.369 million (including £0.272 million gain on investment). This is analysed between unrestricted, restricted and endowment funds.

## Exhibit 4

### Performance against DEL in 2020/21

Performance	Income £m	Expenditure £m	Gain/(loss) on investments	Net Income £m
Unrestricted	14.237	13.907		0.330
Restricted	4.537	3.480		1.057
<b>Endowment</b>	0.026	0.008	0.272	0.290
<b>Total</b>	18.800	17.395	0.272	1.677

Source: RBGE Statement of Financial

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

**34.** The financial statements show that the RBGE:

- has net assets of £61.467 million at 31 March 2021, an increase of £2.464 million from the previous year. This is mainly attributable to an increase in land and buildings due to indexation (£1.229 million)
- has unrestricted reserves fund balance at the end of the year of £225,000 (2019/20: deficit of £0.105 million).

### There was a significant financial impact due to Covid-19

**35.** The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**36.** RBGE's DEL budget was increased by £2 million to cover the impact of the Covid19 pandemic on profits within the Botanics Trading Company and on admission and other income streams within RBGE. During 2020/21, RBGE furloughed 173 staff (146 for RBGE and 27 for BTC) and received funding of £0.425 million as part of the scheme.

**37.** RBGE had a Capital DEL budget in 2020/21 of £2.8 million. Capital expenditure of £2.8 million was incurred, of which almost £2.4 million was spent on land and buildings and infrastructure. The biggest project spend in the year was on continued preparatory work for the Edinburgh Biomes project.

## Consolidated Accounts

**38.** RBGE has a wholly owned subsidiary, the Botanics Trading Company Ltd (BTC) which carries out retail, catering and consultancy activities across the four gardens. BTC donates its taxable annual profits available for distribution to RBGE, in accordance with the Government's Gift Aid legislation, and the company's financial results are consolidated into the RBGE Annual Report and Accounts.

**39.** The year-end financial position for the Consolidated Group Accounts show:

- net assets of £61.438 million at 31 March 2021, an increase of £2.156 million during the year (2019/20: £59.282 million)
- a surplus in its unrestricted reserves fund balance at the end of the year of £0.196 million (2019/20: £0.174 million).

## Donation to the Botanics Foundation

**40.** The Botanics Foundation was set up in 1997 to hold and manage funds to support RBGE, with the Foundation allocating these funds after reviewing applications and business cases. In June 2017 the Board of Trustees decided that any legacy income, which does not form part of RBGE's overall forecast, should be redirected to the Foundation, whilst ensuring the original wishes of the legator are maintained. In 2020/21, RBGE donated £0.221 million (2019/20: £0.129 million) of legacy income to the foundation. This has been recorded as expenditure in the accounts.

## Financial systems of internal control are operating effectively

**41.** 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 RBGE has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**42.** We did not identify any significant control weaknesses during our audit work that required to be reported to the Audit Committee.

## Internal audit completed all significant areas of work in 2020/21

**43.** RBGE's internal audit function is carried out by MHA Henderson Loggie. The Public Sector Internal Audit Standards (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. Internal audit reported that RBGE has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to promote and secure Value for Money.

**44.** We reviewed RBGE's internal audit function in terms of International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent to which we could use the work of internal audit.

**45.** To avoid duplication of work we seek to use the work of internal audit wherever possible. While we did not use their work regarding our audit of RBGE's financial statements, we did review internal audit's work as part of our wider dimension work in:

- **Restricted Funding (Compliance with funders requirements):** the purpose of the review was to ensure that the funding provided is being utilised in line with the requirements attached to the grant funding awarded.
- **Data Protection and FOI:** a review was undertaken of the arrangements in place to ensure ongoing consistent application of GDPR principles. A high-level was also undertaken to assess compliance with the duties placed on public bodies regarding Freedom of Information Requests (FOI), which is overseen by the Scottish Information Commissioner.

**46.** Due to the impact of Covid-19 it was agreed with management that the Education and Collections Management reviews would be deferred to the 2021/22 audit plan. With the exception of this, Internal audit completed all significant elements of the work contained in their Strategic Plan for 2020/21.

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

**47.** RBGE is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities. Furthermore, the Board is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

**48.** We have reviewed the arrangements in place to maintain standards of conduct including the Staff Handbook and Civil Service and Members' Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

**49.** RBGE has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any issues that we need to bring to your attention, although some of the procedure and policy documents require to be reviewed to ensure they are up to date.

### **A Digital Strategy and Cyber Incident Response Planning and Disaster Recovery Plan are being developed**

**50.** As part of our audit work in 2019/20, we reviewed the ICT control environment within RBGE. We highlighted that the ICT Strategy was in draft and further updates were required to reflect the impact of Covid-19, and the new working environment. We also highlighted that the ICT business continuity planning documents had not been subject to update in recent years.

**51.** We recommended that RBGE should update its ICT Strategy and the supporting ICT Policies, ensuring that the documents outline RBGE's plans for future years and provide details on how this links to the Corporate Plan 2021-26. We also recommended RBGE should review its Business Continuity Plan

and update this based on its experience of responding to the Covid-19 pandemic.

**52.** In response to the recommendations, officers have confirmed they are now looking to develop and introduce a new Digital Strategy which will show how RBGE intend to use new technologies and techniques to alter the digital approaches currently used within the organisation. As the scope of this review is wider than the ICT strategy and is still in the development phases, the estimated completion date for approval and implementation is June 2022.

**53.** Similarly, a Cyber Incident Response Plan as part of RBGE's Disaster Recovery Plan is being developed which will include the Business Continuity Plan. It is expected that this will be in place by March 2022.

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## 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

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### Main judgements

The Scottish Government has committed to invest £58 million in creating a more energy efficient environment at RBGE via the delivery of the Edinburgh Biomes programme with the project commencing in 2020/21.

RBGE's financial position remains challenging with an increasing reliance placed on self-generated income to break even.

RBGE should develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability over the medium-term. The financial strategy will require to incorporate a revised approach to service delivery and new ways of working.

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### Financial planning for 2021/22

**54.** RBGE Board of Trustees considered the 2021/22 budget at its meeting on 3 March 2021. The budget was set to meet an expenditure requirement of £15.449 million from the following income sources:

- Core Grant in aid - £9.6 million
- Self-generated income - £3.663 million.

**55.** As a result of the pandemic the Board were advised that additional Covid funding of £2.186 million has been forecast from the Scottish Government to meet the shortfall in budgeted expenditure.

**56.** Core Grant in aid from the Scottish Government in 2021/22 increased by 4.7% (£0.455 million). Self-generated income was projected to decrease by 36% in 2021/22 to £3.663 million when compared to the 2020/21 original budget (£5.737 million). Self-generated income includes funding from the Botanic Trading Company Limited in 2021/22 which was projected to be £0.300 million.

**57.** As a result of the pandemic, RBGE experienced significant financial pressures resulting from the closure of the gardens and the continued restrictions with visitor numbers and glass house admission.

**58.** Updates to the Board in March 2021 reported that self-generated income was forecast to be substantially lower due to the Covid pandemic. The restrictions in the current financial year have eliminated the profits in the

Botanics Trading Company and would significantly reduce the gift aid received in 2021/22. Ongoing restrictions on hospitality has reduced visitor numbers, with income expected to be impacted by lower foreign visitors for a significant period of time after this.

**59.** The pandemic has also impacted on income from major gifts, trusts and sponsorship. The total impact of the pandemic on self-generated income in 2021/22 is estimated to be in the region of £2.1 million.

**60.** The revised forecast of year-end income and expenditure shows that RBGE are anticipating a deficit of £0.2 million compared to the original forecast of a breakeven position.

## **RBGE has completed its Biodiversity Strategy and Corporate Plan**

**61.** The RBGE Biodiversity Strategy 2021-2030 was developed during 2020/21 alongside the Corporate Plan 2021-26 and the Operational Delivery Plan 2021-22 to ensure they are aligned with the Scottish Government's updated Programme for Government.

**62.** The revenue grant-in-aid funding received from Scottish Government represents around 60 per cent of RBGE's annual core revenue income with the remaining 40 per cent being self-generated income through commercial activity and fundraising. RBGE also generates research grant and other income restricted for specific activities.

**63.** Covid-19 is likely to have a significant impact on RBGE's future financial plans in both the short and medium term. The 2021/22-2025/26 high level budgets are projecting recurring deficits from 2022/23 onwards.

**64.** The financial impact of the pandemic on RBGE is likely to extend across several years. RBGE's medium-term financial plan will need to be revised to take into account:

- the delivery cost of pandemic related programmes
- any delays in major capital investment programmes
- failure to deliver previously planned savings.

**65.** Due to the additional challenges presented by the Covid-19 pandemic and the medium to longer-term impact this may have on planned public sector spending across the UK and Scotland, RBGE's existing financial outlook plan is subject to significantly greater uncertainty.

**66.** It is likely that further decisions and announcements by the UK and Scottish Governments will impact and influence the RBGE's financial outlook, both in the short, medium and longer-term.

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## Recommendation 1

Develop a revised financial strategy which ensures the total balances available are used to support the financial sustainability of RBGE over the medium-term. The financial strategy will require to incorporate a revised approach to service delivery and new ways of working.

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### Edinburgh Biomes project

**67.** RBGE have created the Edinburgh Biomes project. Edinburgh Biomes will involve the installation of a new glasshouse and other research facilities within the garden.

**68.** In September 2020 the Scottish Government announced that up to £58 million would be provided to invest in creating a more energy efficient environment at RBGE via the delivery of the Edinburgh Biomes programme.

**69.** A report considered at the March 2021 Board meeting provided updated cost projections for the Edinburgh Biomes project. Total costs are now forecast to be £106 million, with work scheduled to be completed in 2027/28. RBGE will require to find an additional £48 million of funding in future years to ensure it can deliver the project.

**70.** For 2020/21, total costs for the Edinburgh Biomes project was £15.2 million with £15 million of this funding from the Low Carbon Fund, with the remaining £0.2 million achieved through fundraising activities.

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# 4. Governance and transparency

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

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## Main judgements

RBGE has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic RBGE revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability.

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## Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

**71.** The impact of Covid-19 from March 2020 has been set out in the Governance Statement in RBGE's annual report and accounts. We reported in last year's annual report on the revised governance arrangements introduced by RBGE including:

- all Trustees, Audit Committee, Senior Management Team and Leaders Group meetings are now being held virtually
- within Finance, all manual approvals are now done electronically using either email or electronic signature.

**72.** RBGE has a Board of Trustees in place which is underpinned by clear roles and responsibilities for trustees and management. The Board is supported by the Science Advisory Committee, the Investment Committee and the Audit Committee.

**73.** The Framework Document between the Scottish Government and RBGE sets out the broad framework within which RBGE will operate and defines key roles and responsibilities which underpin the relationship between RBGE and the Scottish Government. An updated Framework Agreement was signed off at the Board meeting in July 2021.

**74.** From our attendance at Audit Committees, we note that committee papers are prepared in advance of each meeting, and sufficient time is made available at each meeting to allow appropriate discussion of each item on the agenda. Committee members are well-prepared and provide effective scrutiny to RBGE officers and auditors.

**75.** We have also reviewed revisions to key financial controls as a result of Covid-19 during 2020/21. We can confirm that appropriate controls were in place and operating during the year.

### **Openness and transparency arrangements have been updated**

**76.** There continues to be an increasing focus on demonstrating the best use of public money. 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.

**77.** RBGE's website is the principal means by which information is made available to the public. RBGE committee and Board meetings are not open to the public. Board minutes are published on the website, but Board and committee papers and committee meeting minutes are not available publicly.

**78.** RBGE routinely holds an annual "open meeting" (attendance normally includes the RBGE Chair and Regius Keeper) for the public at which attendees are updated on current initiatives and given the opportunity for discussion and questions.

**79.** RBGE has updated its governance arrangements with the following changes to the RBGE website:

- improving access and increase the profile of governance related material, through a revision of headings and format
- inclusion of a diagram of the governance structure, including listing sub-committees of the Board
- published Terms of Reference for sub committees (together with membership)
- updated list of Board agreed policies
- addition of the Edinburgh Biomes governance structure.

**80.** RBGE has continued to improve arrangements around openness and transparency.

### **The Trustee's report is consistent with the financial statements**

**81.** Last year we highlighted that whilst the Trustees' Report is consistent with the financial statements and meets the requirements of the accounts direction, the structure and content of the Trustee's report could be significantly improved to make it clearer for the reader of the accounts to understand the financial and performance information for the year under review.

**82.** We recommended that RBGE should review the Trustee's report to improve the quality of the performance and financial information and better highlight the organisational achievements in the year under review.

**83.** Officers have advised that RBGE will retain the existing format of the report as the organisation uses Achievement Reports and Operational Delivery Reports to provide updates on progress and successes to external audiences.

### **Register of Interests**

**84.** RBGE maintain a register of interests for Trustees which is published on its website. Trustees are required to declare organisations in which they have an interest in and RBGE is required to consider whether these should be disclosed in the related party note within the annual report and accounts.

**85.** We have confirmed that RBGE do not maintain a register of interests for senior employees. As senior employees are not required to declare organisations in which they may have an interest in, there is a risk that RBGE is not properly disclosing related party transactions during the financial year.

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### **Recommendation 2**

**RBGE should create and maintain a register of interests for senior employees to ensure appropriate related party disclosure.**

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# 5. Value for money

Using resources effectively and continually improving services

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## Main judgements

RBGE has developed arrangements to secure Best Value.

RBGE has updated its performance reporting to Board members.

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### RBGE has developed arrangements to secure Best Value

**86.** [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.

**87.** As part of its arrangements to secure best value, Directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. Business cases for major capital investment are produced where spending limits require it. In April 2020, RBGE set up an in-house procurement service to ensure compliance with regulations, directives and guidelines and to improve value and service.

### RBGE has updated its performance reporting to Board members

**88.** Historically the performance of RBGE is monitored by the Board and the Senior Management Team (SMT) against a number of performance actions which support the delivery of the Scottish Government's national performance framework.

**89.** A new Key Results Dashboard was presented at the September 2021 Board meeting. Work began in 2020/21 to develop a dashboard for the Board of Trustees to highlight the key performance measures. The aim of the dashboard is to allow Board members to see qualitative and quantitative measures over time to enable conclusions to be drawn, benchmarking against other organisations and measures showing progress against RBGE's strategic priorities.

**90.** As the dashboard is developed it is intended that a written report will supplement this with a possibility that future iterations will be interactive.

### National performance audit reports

**91.** 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 the body. These are outlined in Appendix 4.

**92.** The Head of Finance, Corporate Governance and Risk reviews national Audit Scotland reports and brings any important issues to the attention of the Audit Committee whenever appropriate. There is a standing agenda item to the Audit Committee on any relevant issues highlighted in Audit Scotland technical bulletins.

# Appendix 1. Action plan 2020/21

## 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Financial sustainability</b></p> <p>The impact of the pandemic continues to present financial challenges, with projected recurring deficits from 2022/23 onwards.</p> <p><b>Risk:</b> RBGE may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.</p>	<p>RBGE should develop a revised financial strategy which ensures the total balances available are used to support financial sustainability over the medium-term. The financial strategy will require to incorporate a revised approach to service delivery and new ways of working.</p> <p><a href="#">Paragraph 66</a></p>	<p><b>Narrative on agreed action</b></p> <p>An improved planning and budgeting process is being introduced from 2022/23. This will allow RBGE to focus resources on areas of strategic importance and improve medium and long-term financial planning.</p> <p><b>Responsible officer</b></p> <p>Head of Finance, Corporate Governance &amp; Risk</p> <p><b>Agreed date</b></p> <p>June 2022</p>
<p><b>2. Register of interests</b></p> <p>RBGE do not maintain a register of interests for senior employees.</p> <p><b>Risk:</b> RBGE is not properly disclosing related party transactions during the financial year.</p>	<p>RBGE should create and maintain a register of interests for senior employees to ensure appropriate related party disclosure.</p> <p><a href="#">Paragraph 85</a></p>	<p><b>Narrative on agreed action</b></p> <p>A register of interests will be introduced for the senior employees.</p> <p><b>Responsible officer</b></p> <p>Head of Finance, Corporate Governance &amp; Risk</p> <p><b>Agreed date</b></p> <p>March 2022</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>3. National Fraud Initiative</b></p>	<p>RBGE should report NFI progress to the Audit</p>	<p><b>Narrative on agreed action:</b></p>

Issue/risk	Recommendation	Agreed management action/timing
<p>No updates on NFI progress have been provided to Trustees. Related policy documents do not mention the approach to, or participation in, the NFI process. No progress has been made to address the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p>There is a risk that Trustees are not aware of RBGEs approach to, or outcomes from the NFI work.</p>	<p>Committee on a periodic basis. RBGE should also update its appropriate policy documents to demonstrate its approach to the NFI process.</p>	<p>A report will be submitted to the Audit Committee to update them on progress on NFI.</p> <p><b>Responsible officer:</b></p> <p>Head of People and Organisational Development</p> <p><b>Agreed date:</b></p> <p>February 2021</p> <p><b>Complete</b></p>
<p><b>4. ICT Strategy</b></p> <p>The ICT Strategy and ICT Policy have not been updated since 2016. It is important that RBGE have an up to date ICT Strategy which identifies how RBGE will use ICT to drive improvements across the organisation. Work is ongoing to progress the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p>The ICT strategy may not be aligned to the Corporate Plan and RBGE may not be making effective use of its ICT systems.</p>	<p>RBGE should update its ICT Strategy and the supporting ICT Policies, ensuring that the documents outline RBGE's plans for future years and provides details on how this links to the Corporate Plan 2020-25.</p> <p><b>Update</b></p> <p>ICT Department under new management (April 2020) and new directorship (April 2021). ICT Policy and Strategy scheduling has been extended due to management changes, COVID-19 lockdown working practices and refocused organisational priorities.</p> <p>Strategy Development ongoing; cross organisational engagement with ICT in progress.</p> <p>Digital Strategy being developed.</p>	<p><b>Narrative on agreed action:</b></p> <p>New Head of ICT appointed April 2020 with focus on rapid adoption of remote working technologies. Future ICT Strategy development scheduled.</p> <p><b>Responsible officer:</b></p> <p>Head of Digital, Technology and Information Services</p> <p><b>Agreed date:</b></p> <p>March 2021</p> <p><b>Revised target date:</b></p> <p>June 2022</p>
<p><b>5. Business Continuity Planning</b></p> <p>ICT business continuity planning documents have not been subject to update in recent years and do not detail the arrangements that need</p>	<p>RBGE should review its Business Continuity Plan and update this based on its experience of responding to the Covid-19 pandemic.</p> <p><b>Update</b></p>	<p><b>Narrative on agreed action:</b></p> <p>Active projects to incorporate cloud technologies in internal data backup and disaster recovery processes. Active initiatives to improve RBGE's cyber resilience. These</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>to be followed in the event of different scenarios. Furthermore, ICT disaster recovery arrangements have not been tested for a number of years. No progress has been made to address the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p>ICT systems may not be recovered as fully or quickly as intended in the event of a disaster situation.</p>	<p>Adaptations to existing Emergency Response Planning ready to present for review.</p> <p>Development of ICT BCP required, to include Cyber Incident Response Planning and Disaster Recovery Plan.</p>	<p>projects will inform updated BCP and DR planning.</p> <p><b>Responsible officer:</b></p> <p>Head of Digital, Technology and Information Services</p> <p><b>Agreed date:</b></p> <p>March 2021</p> <p><b>Revised target date:</b></p> <p>March 2022</p>
<p><b>6. Medium to Longer Term Financial Planning</b></p> <p>RBGE prepared a high level five-year financial plan prior to the Covid-19 pandemic which assumed a break-even position over the period. As a result of the Covid-19 pandemic this plan should be updated to reflect any additional financial impacts.</p> <p><b>Risk</b></p> <p>RBGE may not be aware of the financial challenges it will face over the medium term as a result of Covid-19.</p>	<p>A medium to longer-term financial plan should be prepared which is aligned to the objectives and key assumptions contained in the 2021-26 Corporate Plan. The current projections need to be updated to reflect the impact of Covid-19 at the earliest appropriate opportunity.</p>	<p><b>Narrative on agreed action:</b></p> <p>The 5 year plan will be prepared based on the latest budget and relevant assumptions.</p> <p><b>Responsible officer:</b></p> <p>Head of Finance, Corporate Governance and Risk</p> <p><b>Agreed date:</b></p> <p>February 2021</p> <p><b>Complete</b></p>
<p><b>7. Framework Document</b></p> <p>The Framework Document between RBGE and the Scottish Government was last updated in 2014. No progress has been made to address the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p>The Framework Document could refer to outdated guidance resulting in staff and trustees not being aware of their responsibilities or their role with the Scottish Government.</p>	<p>RBGE should continue to work with the Scottish Government to update the Framework Document to reflect current arrangements between RBGE and the Scottish Government.</p>	<p><b>Narrative on agreed action:</b></p> <p>The Scottish Government has deferred work on the Framework to April 2021.</p> <p><b>Responsible officer:</b></p> <p>Director of Resources &amp; Planning</p> <p><b>Agreed date:</b> 30 June 2021</p> <p><b>Complete</b></p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>8. External Audit Action Tracker</b></p> <p>There has been limited progress on several recommendations made in the 2018/19 Annual Audit Report. There is no process in place to ensure that progress on external audit recommendations is considered by the Audit Committee.</p> <p><b>Risk</b></p> <p>That RBGE lose sight of the recommendations made by External Audit, resulting in a lack of progress being made.</p>	<p>The audit committee should receive regular progress updates on recommendations made in external audit reports.</p>	<p><b>Narrative on agreed action:</b></p> <p>The external audit recommendations will be included in the action tracker report for the February Audit Committee meeting.</p> <p><b>Responsible officer:</b></p> <p>Head of Finance, Corporate Governance and Risk</p> <p><b>Agreed date:</b></p> <p>17 February 2021</p> <p><b>Complete</b></p>
<p><b>9. Transparency</b></p> <p>RBGE Board and Audit Committee meetings and papers are not accessible to the public. Board minutes are published on the website, but Board and committee papers and committee meeting minutes are not available publicly. No progress has been made to address the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p>RBGE is not viewed as being open and transparent.</p>	<p>With increasing public expectations for more openness in the conduct of public business, RBGE should consider whether there is scope to enhance transparency.</p> <p><b>Update</b></p> <p>Agreed actions around enhancement of governance related activities on the RBGE website is being undertaken.</p> <p>Review and potential refresh of TOR's for Sub-Committees to be undertaken.</p>	<p><b>Narrative on agreed action:</b></p> <p>The Regius Keeper and RBGE Board will keep under regular review whether there is scope to enhance transparency.</p> <p><b>Responsible officer:</b></p> <p>Director of Resources &amp; Planning</p> <p><b>Agreed date:</b></p> <p>March 2020</p> <p><b>Complete</b></p>
<p><b>10. Trustee's Report</b></p> <p>The structure and content of the Trustee's report could be significantly improved to make it clearer for the reader of the accounts to understand the financial and performance information.</p> <p><b>Risk:</b></p> <p>The Trustee's report does not provide a clear summary of</p>	<p>RBGE should review the Trustee's report to reflect good practice.</p> <p><b>Update</b></p> <p>Trustees report (TR) currently under development for FY2020/21 in time to be presented and signed off at the BoT meeting in December.</p>	<p><b>Narrative on agreed action:</b></p> <p>The Incoming Director of R&amp;P will review the Trustee's Report in time for inclusion in the next Annual Report.</p> <p><b>Responsible officer:</b></p> <p>Director of Resources &amp; Planning</p> <p><b>Agreed date:</b></p> <p>June 2021</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>RBGE's operations and performance.</p>	<p>For now, we will retain the existing format of report as RBGE utilises Achievement Reports to articulate progress/successes to external audiences, and only intends on using the TR for governance rather than for promotional purposes.</p>	<p><b>Revised target date:</b> December 2021 <b>Closed</b></p>
<p><b>11. Performance management</b></p> <p>There is no detailed reporting against the measures contained in the Corporate Plan / Transition Plan; in the Trustees Report. Performance reports have been considered by the Board in 2019/20, however not as part of the papers for meetings. No progress has been made to address the 2018/19 recommendation.</p> <p><b>Risk</b></p> <p><b>RBGE is not able to</b> demonstrate achievement of value for money and continuous improvement in the way services are delivered.</p>	<p>Performance reports for Trustees should be refined to include key indicators or actions which show trend performance for RBGEs KRIs. Performance Reports should be considered by the Board.</p> <p>RBGE should review their performance management framework to improve how they use the performance information to drive improvements.</p>	<p><b>Narrative on agreed action:</b></p> <p>New KRIs will be confirmed by Board and Leaders group at the December Board meetings. The reporting of performance against those KRIs will then commence.</p> <p><b>Responsible officer:</b> Director of Resources &amp; Planning</p> <p><b>Agreed date:</b> March 2021</p> <p><b>Complete</b></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><b>1. Risk of material misstatement caused by management override of controls</b></p> <p>International Standard on Auditing 240 (ISA 240) requires 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 fraud due to the management override of controls.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>No unusual or inappropriate transactions were identified as part of detailed testing of journal entries.</p> <p>A review of accounting estimates did not show any instance of bias.</p> <p>Focussed testing of regularity and cut-off assertions showed controls were operating effectively.</p> <p>No significant transactions outside the normal course of council business were identified.</p> <p><b>Conclusion: there is no evidence of management override of controls.</b></p>
<p><b>2. Recognition of income and expenditure</b></p> <p>Our 2019/20 audit testing identified issues in relation to the recognition of income and expenditure. The errors resulted in expenditure being overstated by £63,000 and income being understated by £16,000.</p> <p>Management corrected these errors in the 2019/20 audited</p>	<p>This risk was added following the completion of our Annual Audit Plan which was presented to the Audit Committee in February 2021. As such, no assurances provided from management until final accounts work.</p>	<p>Detailed testing of debtors and creditors balances in the financial statements confirmed balances had been accounted for correctly</p> <p>Focussed testing of income and expenditure transactions to ensure items recorded in the correct financial year.</p> <p>Assurance obtained from management over processes</p>

Audit risk	Assurance procedure	Results and conclusions
financial statements, however their occurrence increases the risk of similar misstatements in 2020/21.		used to create the annual accounts.

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>2. Financial sustainability – Short Term</b></p> <p>As a result of the Covid-19 pandemic, RBGE has experienced significant financial pressures resulting from the closure of the gardens and continued restrictions relating to visitor numbers and glass house admissions.</p> <p>Updates to the Board in December 2020 reported that excluding Grant-In Aid, unrestricted income is 48% lower than the budgeted figure to date. For the six-month period from April to September 2020 it is estimated that the pandemic has resulted in the following:</p> <ul style="list-style-type: none"> <li>lost income of £1.559 million</li> <li>staff costs of £0.221 million incurred in planning and responding to the impact of the virus</li> <li>staff cost of £0.072 million lost due to absence and caring responsibilities</li> <li>additional revenue costs of £0.066 million incurred.</li> </ul> <p>In order to alleviate these financial pressures, the Scottish Government provided RBGE with additional Grant-in-Aid funding of £2 million.</p>	<p>A sound system of budgetary control is in place. This includes regular budget monitoring reports being provided to the Board.</p>	<p>RBGE has satisfactory monitoring and control arrangements that facilitate effective scrutiny of finances by Trustees and senior staff.</p> <p>RBGE and BTC Ltd are actively seeking to increase their income streams through increased commercial activity.</p> <p>RBGE received an additional £2 million grant funding in 2020/21 from the Scottish Government.</p> <p><b>Conclusion: RBGE had sufficient funding in place to meet its 2020/21 objectives.</b></p>

Audit risk	Assurance procedure	Results and conclusions
<p>Since these updates were made, RBGE have been required to operate within the Scottish Government Tiered system prior to entering a second full lockdown on 26 December. Such restrictions will continue to impact on RBGE's ability to generate income.</p> <p>There is a risk that the projected year-end financial position will be further impacted by ongoing restrictions which could prevent RBGE achieving a break-even position.</p>		
<p><b>3. Financial Sustainability – Longer Term</b></p> <p>A report taken to the Board meeting in September 2020 highlighted the significant resource challenges facing RBGE. It recognised the short-term impact on income generation as a result of Covid-19, and the medium, and longer-term challenges should Grant-in Aid continue to fail to cover additional staff costs arising from the Government Pay Policy.</p> <p>The revenue Grant-in-Aid funding received from Scottish Government represents around 60 per cent of RBGE's annual core revenue income with the remaining 40 per cent being self-generated income through commercial activity and fundraising. RBGE also generates research grant and other income restricted for specific activities.</p> <p>Covid-19 is likely to have a significant impact on RBGE's future financial plans in both the short and medium term and the 2020/21-2024/25 high level budgets have not yet been</p>	<p>Work is underway to produce the Corporate Plan covering the period 2021-26. RBGE intends to produce a five-year financial plan which will be aligned to the corporate plan.</p>	<p>The Corporate Plan covering the period 2021-26 has been produced and 5 year forecasts are an ongoing activity.</p> <p>A Risk and Opportunities workshop took place with the Board and Leaders in September as a mechanism to identify areas for growth and self-generated income – this is an active area of work and will remain ongoing to reflect financial sustainability as a key priority for RBGE.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>updated to reflect the impact of Covid-19.</p> <p>There is a risk that RBGE will be unable to continue to either increase or maintain the level of self-generated income prior to the Covid-19 pandemic and as such, there could a projected shortfall over the longer-term. RBGE could become reliant on SG to increase funding (as was the case in 2020/21) to deliver a break-even position each year.</p>		
<p><b>4. Longer term financial planning</b></p> <p>Although RBGE carries out scenario planning, this is not linked to a more detailed medium to long term financial plan that sets out the steps required to meet the most likely scenario over this term, linked to corporate priorities.</p> <p>There is a risk then that RBGE may not be able to respond to the financial challenges over the medium term.</p>	<p>Work is underway to produce the Corporate Plan covering the period 2021-26. RBGE intends to produce a five-year financial plan which will be aligned to the corporate plan.</p>	<p>The Corporate Plan covering the period 2021-26 has been produced and 5 year forecasts are an ongoing activity.</p> <p>A Risk and Opportunities workshop took place with the Board and Leaders in September as a mechanism to identify areas for growth and self-generated income – this is an active area of work and will remain ongoing to reflect financial sustainability as a key priority for RBGE.</p>

\*\* - In our Annual Audit Plan for 2020/21 which was presented to the Audit Committee in February 2021, we identified two risks of material misstatement in the financial statements caused by fraud in both income recognition and expenditure. However, as part of our planned approach to the financial statements audit work for 2020/21 we reconsidered both of these risks taking into account the requirements laid out in auditing standards. As a result, we have now rebutted the presumption that a material risk exists from fraud for both income recognition and expenditure. This is on the basis of the extent of income and expenditure which is received and issued to other parts of the public sector, including Scottish Government Funding.

For the areas that are subject to some risk, we have considered the incidence of fraud using National Fraud Initiative and Counter Fraud Service outcomes. We have assessed that the volume of transactions, that would need to be fraudulent to prove a material risk, is implausible. Our audit testing is directed towards testing significant and unusual transactions and towards assessing accounting estimates to address any residual risk, as part of our standard fraud procedures. We also review controls over key areas of risk.

# Appendix 3. Summary of 2020/21 national performance reports

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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](#)

# Royal Botanic Garden Edinburgh

## 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:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)



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