



INTEGRITY IN PUBLIC LIFE

Annual Report and Accounts

Year Ended 31 March 2017

Laid before the Scottish Parliament by the Scottish Ministers under Section 22(5) of the Public Finance and Accountability (Scotland) Act 2000.

10 August 2017

SG/2017/134

INTEGRITY IN PUBLIC LIFE

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THE PERFORMANCE REPORT: OVERVIEW

Introduction

The accounts for the financial year ended 31 March 2017 are presented in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended by the Scottish Parliamentary Commission and Commissioners etc. Act 2010, and the Accounts Direction given by Scottish Ministers on 22 May 2012.

This section of the report provides sufficient information to give an understanding of the organisation, its purpose, the key risks to the achievement of its objectives and how the Standards Commission for Scotland ('the Standards Commission') has performed during the year.

History and statutory background

The Standards Commission was established by Scottish Ministers on 27 January 2002 following the enactment of the Ethical Standards in Public Life etc. (Scotland) Act 2000 ('the 2000 Act').

Statutory Duties

The overall functions of the Standards Commission are to:

- Provide guidance to the Councillors' Code of Conduct and the Model Code of Conduct for Members of Devolved Public Bodies on the application of the Codes of Conduct to assist in promoting high standards of conduct in public life;
- Respond to any report from the Commissioner for Ethical Standards in Public Life in Scotland (CESPLS) on a potential breach of a Code by asking for further investigation, holding a Hearing or deciding to take no further action;
- To hold Hearings to determine whether a councillor or member of a devolved public body has contravened their respective Code of Conduct; and
- Where, following a Hearing, the Panel find that a councillor or member has breached the relevant Code, to determine, in accordance with the Act, the sanction to be applied.

Strategic Plan 2016/20

The Standards Commission's four year strategic plan identified four key objectives:

1. To provide guidance and support to assist councillors and members of devolved public bodies to act in accordance with the Codes of Conduct.
2. To promote the Ethical Standards Framework and recognition and understanding of the Standards Commission's role among the public and stakeholders.
3. To enforce the Codes of Conduct in a fair, impartial and effective manner.
4. To operate in accordance with the principles of good governance and best value.

As at 31 March 2017, there were 32 Councils and 132 devolved public bodies covered by the requirements of the ethical standards framework. This means compliance with the Codes of Conduct is a requirement for 1,223 Councillors and approximately 1,200 Board Members.

Full details of the Standards Commission's business strategy are provided in the Strategic Plan 2016/20, which is available at <http://www.standardscommissionscotland.org.uk/corporate-info/strategic-and-business-plans>

Chief Executive Statement

The Standards Commission is an independent public body which holds Hearings to determine whether a Councillor or Member of a Devolved Public Body has breached their respective Code of Conduct. If the Standards Commission decides at a Hearing that a Councillor or Member has breached a Code of Conduct, it will impose a sanction. The Standards Commission also has a role in promoting awareness of and adherence to the Codes of Conduct.

As Executive Director, I am pleased to report that the Standards Commission has performed effectively this year by achieving its statutory duties and by meeting or exceeding the objectives identified in the Business Plan 2016/17, which can be found at <http://www.standardscommissionscotland.org.uk/corporate-info/strategic-and-business-plans>. This included conducting 11 Hearings to determine whether nine Councillors and three Members of Devolved Public Bodies had contravened their respective Codes. One Hearing involved a councillor who was also a Member of a Devolved Public Body. The Standards Commission promoted the ethical standards framework through the provision of advice notes, supporting training events and publishing information available on its website.

The Standards Commission performed its functions within the cash budget of £240,000 allocated by the Scottish Parliament.

Performance Summary 2016/17

During the year the Standards Commission:

- Held and concluded 11 Hearings to determine whether nine councillors and three members of Devolved Public Bodies had contravened their respective Codes of Conduct.
- Conducted tailored training sessions to elected members of six Local Authorities and one devolved public body, highlighting key aspects of the Codes of Conduct and addressing queries on specific issues that arise.
- Issued an Advice Note containing guidance for councillors who are nominated or appointed to sit on arm's length external organisations (ALEOs). The Advice Note contains suggestions on how councillors can enhance their understanding of their different roles and responsibilities and how they can identify risks to governance and accountability. In addition, it contains guidance on confidentiality, identifying potential conflicts of interest, registering interests and making declarations of interest.
- Published standard presentations on interpreting and complying with the Councillors' Code of Conduct and the Model Code of Conduct for Members of Devolved Public Bodies.
- Provided guidance and advice in response to requests from members of the public, councillors, members of devolved public bodies, officers and employees about the application of the Codes of Conduct.
- Introduced an Abbreviated Hearing Process to be used in certain cases, where there is no substantive dispute between the parties as to the factual circumstances behind an alleged breach of either the Councillors' Code of Conduct or the Devolved Public Body's Code of Conduct, in order to ensure Hearings are conducted in the most efficient and cost effective manner.
- Produced and issued Guidance for Respondents who are unrepresented at Hearings to assist them in understanding the format of the Hearing and how it will be conducted.
- Conducted a survey of participants and attendees on how Hearings are organised, run and managed and used results, suggestions made and any other feedback obtained to improve processes.

Key Issues and Risks

The Standards Commission identified the following as the principle risks and uncertainties for the organisation:

- insufficient Members to support Hearings related functions;
- insufficient staffing or financial resource to maintain operational effectiveness; and
- an issue concerning the ownership of the domain name associated with the Standards Commission's website.

In addition, due to the demand led nature of complaints made to and investigated by the CESPLS and his decisions depending on the particular facts and circumstances of each case, the Standards Commission will always have a difficulty in accurately forecasting the number of alleged breach cases it will receive during each operational year. The number of complaints made and the consequent number of cases submitted by the CESPLS are outwith the control of the Standards Commission. However, the volume of referrals by the CESPLS impacts on the resources required to enable the Standards Commission to undertake its statutory functions.

The Standards Commission has put in place controls and has identified actions to mitigate these risks, which are outlined in the Business Risk Register.

Going Concern

The financial statements for the year ended 31 March 2017 show a deficit on the General Fund of £6,000 (2015/16 £5,000). This situation arises because the Standards Commission for Scotland's Annual Accounts are presented on an accruals basis, whilst recording of funding provided by the Scottish Parliamentary Corporate Body (SPCB) is based on cash accounts. Net current liabilities will be funded by the SPCB as they arise. As a consequence, these financial statements have been prepared on a going concern basis.

Funding

The Standards Commission receives funding on a cash basis from the overall budget of the SPCB. The SPCB approved a cash budget of £240,000 (2015/16 £232,000). Cash expenditure against budget was as follows:

	2016/17	2015/16
	£'000	£'000
Cash Budget approved by the SPCB	240	232
Actual cash drawn from the SPCB	236	225
Underspend against approved cash budget	4	7

These accounts are prepared on an accruals basis meaning that expenses are recognised in the period in which they were incurred, rather than when the cash payment is made.

THE PERFORMANCE REPORT: ANALYSIS

Hearings

The key performance targets associated with arranging and conduct of Hearings are detailed within the Standards Commission's Hearing Process Guide and Rules.

During 2016/17, the CESPLS referred 11 cases relating to 10 Councillors and two Members of Devolved Public Bodies where he considered there may have been a breach of either the Councillors' or Members' Codes of Conduct. The Standards Commission decided to hold a Hearing in respect of each case. By the end of March 2017, Hearings had been held and concluded in respect of seven of these cases.

In addition, Hearings were held in 2016/17 in respect of four cases which involved three Councillors and one Member of a Devolved Public Body that had been referred by the CESPLS to the Standards Commission during 2015/16.

All Hearings were conducted in accordance with the timescales and processes outlined in the Hearing Process Guide and Rules.

	No of Cases	No of Councillors or Members involved in Breach Reports	
		Councillors	Members
Breach reports referred to the Standards Commission 1 April 2016 – 31 March 2017	11	10*	2*
		(* one councillor was also a member of a devolved public body – the report was conjoined)	
Breach reports outstanding from 2015/16	4	3	1
Hearings held and concluded during 2016/17	11	9*	3*
		(* in respect of the 12 cases – one report was conjoined)	
Breach reports referred to the Standards Commission before 31 March 2017 where Hearings are scheduled for 2017/18	3	4*	0
		(* – one report involved 2 councillors)	

Communications

The Standards Commission records all enquiries made to the office and measures response times against key performance targets which are stated within its Service Charter. Performance in respect of communication related activities and engagements with key stakeholders are reported to the Standards Commission on a quarterly basis during its review of the Business Plan. The Business Plan details achievement towards attainment of planned activities and provides Members with assurance that targets within the key business objectives are being met.

Responses were provided to all enquiries received in 2016/17 within the timescales outlined in the Service Charter. In addition, responses to all requests made under Freedom of Information legislation were provided within the statutory time limits.

Ensuring finances are managed effectively, efficiently and economically

The Standards Commission is funded through the Scottish Parliament and submits an evidence based budget to the Scottish Parliament for scrutiny and approval each year. The budget is based on planned actions arising from the requirements of the strategic and annual business plans, as well as projections of Hearings related activity. Hearings related activity is forecast using information relating to the previous year and where available projections provided by the CESPLS. However, the Standards Commission and the Scottish Parliament recognise it is not possible to

accurately determine, before the start of any financial year, how many cases will ultimately be referred to the Standards Commission by the CESPLS and, of those referred cases, how many Hearings the Standards Commission will decide to hold. The costs incurred in holding Hearings continues to depend on a variety of unquantifiable factors, some of which are outwith the control of the Standards Commission, such as the location, potential duration of each Hearing and complexity of the complaint under consideration.

Expenditure against budget is monitored by the Executive Team on a monthly basis, meaning the Accountable Officer can identify key issues or concerns as they occur which provides an opportunity for the prompt resolution of any financial matters. Members are provided with quarterly reports which detail expenditure against budget and highlights variances and projections to the year end. This gives Members an opportunity to determine whether the Executive Team are appropriately scrutinising expenditure to ensure the Standards Commission remains within its allocated budget. It also gives them an assurance that the Executive Team is working towards continuously improving and meeting objectives whilst still applying best value principles.

Financial Position

The Statement of Comprehensive Net Expenditure and the Notes to the Accounts shows the income and expenditure for the year. The Standards Commission's net expenditure on operating activities for the year ending 31 March 2017 totalled £237,000 (2015/16 £218,000).

The net expenditure was divided between staffing costs £213,000 (2015/16 £188,000); other administrative costs £24,000 (2015/16 £29,000); and depreciation £0 (2015/16 £1,000).

During 2016/17, there was a significant increase in the number of Hearings held during the operational year with the Standards Commission concluding 11 public hearings during this period. This upturn in Hearings related activity resulted in an increase in demand for Members' time and an associated increase in salary payments. Payment of Members' salary costs are recorded under Staff Costs.

While the number of Hearings held also led to an increase in Members' travel and expenses, the overall expenditure on administration costs has reduced. This was achieved through the application of the Standards Commission's policy to hold Hearings within council or Devolved Public Body premises at no cost to the public purse, wherever possible. In addition the Standards Commission held pre-Hearing meetings where appropriate and proportionate to do so to resolve procedural issues in advance of Hearings. It also issued Guidance on the Relevancy of Evidence to key parties involved in the Hearing process. These measures contributed to ensuring that Hearings were conducted in the most efficient and proportionate manner, with a resulting impact on duration and costs.

During 2015/16 expenditure was incurred as a result of a project to re-launch the Standards Commission's website. This led to a one off design and implementation cost being incurred. As the expenditure for this project was a one off expense the overall expenditure for Information Technology 2016/17 has reduced significantly.

The Standards Commission earned no income in 2016/17 (2015/16 Nil).

Payment Performance

Payments made to suppliers of goods and services to the Standards Commission are processed by the Scottish Parliamentary Corporate Body (SPCB) through a Shared Service Agreement with the Scottish Parliament's Finance Office.

Underpinning the SPCB's payment policy is compliance with the Confederation of British Industry's (CBI) Prompt Payers' Code. The CBI's stated target for payments is that they are paid within the agreed terms or by 30 days of receipt of invoices, which are not in dispute, for goods and services received. The overall payment performance achieved by the SPCB for processing invoices on behalf of the Standards Commission was 100% (2015/16 100%). In addition, these payments were also processed in accordance with a SPCB voluntary initiative to further improve payment performance in support of the business suppliers. Under this initiative the SPCB aim to make payments

within 10 days of receipt of the invoice. During 2016/17, 100% of the Standards Commission's invoices were paid within 10 days (2015/16 100%).

Sustainability

The Standards Commission recognises the importance of environmental issues and sustainability and endeavours to consider these matters in all its business decisions. Whilst the Standards Commission is not directly covered by the Greening Government commitments, as its offices are located within the Scottish Parliament building, it supports the Scottish Parliament's effort in meeting their sustainability and environmental targets through compliance with the SPCB's policies and procedures. This includes making use of waste and recycling facilities and, where possible, encouraging staff and Members to car share or use public transport.

The Standards Commission also seeks to reduce its carbon footprint and continually looks to develop and improve its processes to achieve this aim. Following the implementation of the Standards Commission's Records Management Plan, which included a review of its Document Retention and Information Disposal policies, there was a reduction in the amount of paper documents created and retained by the organisation. The requirement to produce photocopies and printed documents has also decreased as the Standards Commission continues to provide the majority of communications with its Members, key stakeholders and parties to Hearings using electronic means.

Waste management arrangements for the offices of the Standards Commission are maintained by the SPCB. Further information about Sustainability and Environmental activities within the Scottish Parliament is available on its website at <http://www.scottish.parliament.uk/visitandlearn/18789.aspx>.

Social, Community & Human Rights Issues

The Standards Commission has no specific social, community or human rights issues to report. However, in order to demonstrate good practice in these areas, the Standards Commission ensures:

- Hearings are conducted in public. If the Respondent is a councillor, this will be held in the local authority area in which the councillor was elected. If the Respondent is a member of a Devolved Public Body it will be held in the area where the Devolved Public Body holds its meetings. This demonstrates openness and transparency, as well as offering ease of access to members of the public and press who may wish to view proceedings.
- Hearings are conducted in a fair, transparent and accessible manner through the production, distribution and adherence to Hearing Rules, which outline the procedures to be followed. The Standards Commission also updates all parties as to arrangements for Hearings and the decision made. All parties to a Hearing have the right to attend, to seek legal advice and/or to instruct representation.
- A fair representation of cases before the Hearing Panel, which includes full consideration of all relevant evidence presented and an application of the European Convention on Human Rights when determining the case. Should a breach of the Code of Conduct be found, the Hearing Panel take into account any mitigating factors in deciding the sanction to be applied.

Equal Opportunities

The Standards Commission supports the principle of equal opportunities in carrying out operational functions and employment practices. This means that it is committed to continually reviewing and updating policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to age, disability, gender, marital status, pregnancy and maternity, race, religion, belief or sexual orientation. Equality impact assessments are undertaken in respect of all new policies, procedures and practices and when policies and processes are substantially revised.

Future Development

The Standards Commission's priorities in the coming year are to:

- Support local authorities to ensure that members who were elected in May 2017 receive training and induction on the Councillors' Code of Conduct. Four regional roadshows are planned for 2017/18 to help facilitate the training and awareness of the Code, with all elected members being encouraged to attend, regardless of experience.
- Continue to develop training and education materials to assist councils and public bodies to promote awareness and understanding of the Codes of Conduct amongst their councillors and members.
- Establish a social media presence and consider other means of disseminating information to ensure that training materials are easily accessible.
- Following a stakeholder consultation, the Standards Commission identified potential changes it would like to see made to the Councillors' Code of Conduct to ensure its provisions remain relevant and are as transparent as possible. The Standards Commission has submitted these proposals to the Scottish Government and will continue to work proactively with it, and all other stakeholders, to improve and promote the ethical standards framework, particularly in the context of an ever evolving public services landscape.
- Support Council Monitoring Officers and the Standards Officers of Devolved Public Bodies through facilitating workshops and individual events, which will enable the Standards Commission to gather information and also provide opportunities for networking, sharing advice and encouraging discussion about good practices.

Lorna Johnston Accountable Officer	Date: 31 July 2017

ACCOUNTABILITY REPORT:

CORPORATE GOVERNANCE: DIRECTORS' REPORT

Convener and Members of the Standards Commission

The Convener and Members of the Standards Commission hold office in accordance with the 2000 Act, as amended. Members, who were appointed by Scottish Ministers prior to 1 April 2011, for a period of four years, were eligible for a period of reappointment by the SPCB on the proviso that the total period of appointment did not exceed eight years. Lindsey Gallanders and Kevin Dunion were appointed by the SPCB, with effect from 15 February 2013 and 1 September 2015 respectively, for a period of six years. Ian Gordon's appointment as Convener of the Standards Commission ended on the 31 January 2017. Kevin Dunion was appointed as Convener with effect from 1 February 2017. Michael McCormick was appointed as a Member with effect from 1 February 2017 and Matt Smith's appointment as a Member ended on 31 March 2017.

	<u>Date of appointment</u>	<u>Date of re-appointment</u>	<u>Date Appointment ends</u>
Convener: Ian A Gordon	1 Feb 2010	1 Feb 2014	31 Jan 2017
Kevin Dunion	1 Feb 2017		31 Aug 2021
Members: Kevin Dunion	1 Sept 2015		31 Jan 2017
Matt Smith	1 Apr 2010	1 Apr 2014	31 Mar 2017
Julie Ward	18 Jan 2011	18 Jan 2015	17 Jan 2018
Lindsey Gallanders	15 Feb 2013		14 Feb 2019
Michael McCormick	1 Feb 2017		31 Jan 2023

The Convener and Members are appointed on a part-time basis for three and two days per month respectively. However, they may be asked to work additional time in order to conduct Hearings. Appointment as either a Convener or Member of the Standards Commission is not pensionable.

The organisation's structure is indicative of the size of funding and expenditure outlined in the accounts. The Standards Commission comprises of:

- A Convener;
- Four Commission Members; and
- Three staff (Full-Time Equivalent 2.8) .

Business Model

The Standards Commission's aims are detailed within its Strategic Plan (2016/20), which is supported by annual Business Plans. The Strategic Plan and Annual Business Plans are published on the Standards Commission's website at <http://www.standardscommissionscotland.org.uk/corporate-info/strategic-and-business-plans>. The Standards Commission's progress against the planned activities in the annual Business Plans are scrutinised by way of performance reports received by the Standards Commission each quarter.

The Standards Commission has two Committees:

- The Human Resources Committee meets annually with an option of being convened when necessary to meet operational requirements. The Committee is chaired by Lindsey Gallanders. Kevin Dunion, who was up to 31 January 2017 a member of the Committee, stepped down following his appointment as the Convener of the Standards Commission with effect from 1 February 2017. Following his appointment as Member of the Standards Commission on 1 February 2017, Michael McCormick was appointed to sit on the Committee.
- During 2016/17 the Audit and Risk Committee met on four occasions. Julie Ward chairs the Committee with Matt Smith appointed as its second member.

Both Committees provide advisory support and make recommendations on matters relevant to their Terms of Reference for consideration by the Standards Commission.

Provision of Information to Employees

The Standards Commission has adopted the principles of openness and participation in its organisation and places a high level of importance on informing, and consulting with, its staff. It does so by providing access to all documents, through oral and written briefings, staff meetings and the involvement of staff at events. Information is only withheld where this can be shown to be justified or where a duty of confidentiality is owed.

Post Balance Sheet Events

There were no material events occurring after the year-end which had a bearing on the accounts.

Audit

These accounts are audited by the Auditor General for Scotland in accordance with section 10(E)(1)(c) of the Ethical Standards in Public Life etc. (Scotland) Act 2000 (as amended by the Scottish Parliamentary Commissions and Commissioners etc. Act 2010).

Auditors

Under the Public Finance and Accountability (Scotland) Act 2000, the Standards Commission's external auditors were appointed by the Auditor General for Scotland in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000 (as amended). Audit Scotland was appointed as the Standards Commission's auditor for 2016/17 and will continue to be the auditor to the year 2020/21.

The auditors were paid the sum of £2,590 in respect of the statutory audit services for the financial year 2016/17 (2015/16 £2,430). No payments were made in respect of non-audit work (2015/16 £nil).

Additionally, the Standards Commission was supported by the SPCB's Internal Audit Service during the financial year, on a nil cost basis. Planned activities are completed through a Memorandum of Understanding between the Standards Commission and the SPCB's Internal Audit Service.

Charitable Donations

There were no charitable donations made during 2016/17 (2015/16 Nil).

Register of Interests

The Standards Commission maintains the register of interests for the Convener and Members of the Standards Commission. This is available on its website at <http://www.standardscommissionscotland.org.uk/about-us/who-we-are>. During 2016/17, no interests were assessed as significant.

CORPORATE GOVERNANCE: STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under Schedule 1 paragraph 10E of the Ethical Standards in Public Life etc. (Scotland) Act 2000 as amended (the Act), the Scottish Ministers have directed the Standards Commission for Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The Accountable Officer is responsible for:

- signing these accounts;
- ensuring the propriety and regularity of the Standards Commission's finances; and
- ensuring the Standards Commission's resources are used economically, efficiently and effectively.

Under the Act, the Accountable Officer is required to prepare a statement of accounts for each financial year in the form as directed by the Scottish Ministers.

In preparing the accounts, the Accountable Officer is required to:

- (i) observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- (ii) make judgements and estimates on a reasonable basis;
- (iii) state whether applicable accounting standards as set out in the FReM, have been followed, and disclose and explain any material departures in the financial statements; and
- (iv) prepare the financial statements on a "going concern" basis.

The Scottish Parliamentary Corporate Body appointed Lorna Johnston, Executive Director, as the Accountable Officer. The responsibilities of the Accountable Officer are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual. These include responsibility for the propriety and regularity of the public finances allocated to the Standards Commission.

The accounts are prepared on an accruals basis and must give a fair, balanced and understandable view of the Standards Commission's statements of financial position for the financial year; of comprehensive net expenditure, of financial position, of cash flows and changes in taxpayers' equity.

Disclosure of Information to Auditors

As the Accountable Officer I confirm that there is no relevant audit information of which the auditors are unaware and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are also aware of this information.

CORPORATE GOVERNMENT REPORT: GOVERNANCE STATEMENT

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining a sound system of internal control that supports the Standards Commission in the achievement of organisational aims, objectives and statutory duties while safeguarding the public funds and assets for which I am responsible, in accordance with the responsibilities assigned to me.

I take personal responsibility for the report and the accounts and the judgements required for determining that it is fair, balanced and understandable. The accounts give a true and fair view of the state of affairs of the Standards Commission and of its net resource outturn, the application of its resources, the changes in taxpayers' equity and cash flows for the financial year.

The Standards Commission is an independent public body and, in the exercising of its functions, is not subject to the direction or control of any member of the Scottish Parliament, any member of the Scottish Government or the SPCB. An annual budget bid is submitted to SPCB together with supporting details relating to each item of planned expenditure. This information is used by the SPCB in the preparation of its own budget submission to the Scottish Parliament.

The Standards Commission is governed by a Convener and four Commission Members, who are appointed on a part-time basis. During 2016/17 the Standards Commission met on ten occasions to discuss and decide on a range of strategic and operational matters. The Standards Commission also considered reports and recommendations from the Human Resources Committee and the Audit and Risk Committee.

Agendas for all meetings of the Standards Commission and its Committees are prepared in consultation with the relevant Chairs, and align with the business plan and statutory timescales. Reports are prepared by the Executive Director or Business Manager, with the decisions being made by the Standards Commission. As Accountable Officer I ensure that arrangements for delegation are robust and promote good and proper management and that systems and procedures are in place to support service delivery.

The Audit and Risk Committee focuses on the business of managing and monitoring audit and risk. The two Members, appointed by the Standards Commission to sit on this Committee, provide oversight and assurance by reviewing the business risks, the controls in place and mitigating actions planned; together with providing constructive challenge in relation to governance matters. In accordance with the Standards Commission's Internal Audit Plan 2016/17, a review of the Standards Commission's Business Risk Register was performed. The overall aim of the review was to provide assurance to the Standards Commission, via its Audit and Risk Committee, that robust risk management arrangements are in place. This includes identifying and implementing actions and controls designed to mitigate risks, operate effectively and contribute to ensuring all risks are maintained at a level accepted as tolerable by the Standards Commission.

The results of the audit work undertaken support the following conclusions:

- The approach to risk management is robust and is being effectively managed; and
- Key controls and actions for mitigating risks are being implemented, are operating effectively and are subject to regular review.

The Human Resources Committee is charged with overseeing personnel issues and provides support, advice and recommendations to the Standards Commission on its responsibilities in respect of staff and personnel matters. Two Commission Members sit on this Committee. During 2016/17 the Committee completed a review of staff development plans and staff absence rates.

Risk Management

The Standards Commission operates a risk management strategy in accordance with accepted best practice principles and relevant guidance. A Business Risk Register is maintained with input from the Convener, Members and staff of the Standards Commission.

The system of internal control is designed to manage, rather than eliminate any risks that could hamper the Standards Commission's ability to achieve its statutory duties aims and objectives. The key purpose is identification, and regular review, of the risks which may deflect the Standards Commission from the achievement of its objectives, which are detailed within the strategic plan and annual business plan. All key operational, financial and reputational risks are identified in a register and scored in accordance with their significance in terms of potential impact and also in the terms of the likelihood of occurring.

The management of risk is embedded in organisational activity. The Business Risk Register is reviewed by the Audit and Risk Committee at each of its meetings and, following each review, a report is provided to the Standards Commission. In addition the Convener, Members and staff of the Standards Commission complete an annual review of the register where business risks are identified for the forthcoming year.

The primary risks identified within the business risk register for 2016/17, in terms of scoring, relate to the inability to deliver statutory functions and strategic objectives because of:

- insufficient staffing or financial resources to maintain operational effectiveness;
- insufficient Members to support Hearings related functions; and
- an issue concerning the ownership of the domain name associated with the Standards Commission's website.

The Business Risk Register is reviewed to ensure that controls and actions to eliminate or reduce risks remain under scrutiny and are managed appropriately, and that new or changing risks are identified throughout the operational year. These risks are assigned to specific objectives and actions as outlined in the business plan.

Overall, the Standards Commission does not face significant risk given that its funding arrangements and remit are governed by existing legislation. The Standards Commission operates with 2.8 FTE staff and five Members and the primary on-going risks for 2017/18 relate to having sufficient staff and Members to support the Standards Commission's statutory functions. The impact of the risks associated with the level of resources relates not just to the Standards Commission's ability to undertake its statutory responsibilities but also to a potential loss of knowledge, experience and understanding of the organisation's functions and procedures.

Assurance

The system of internal control is designed to identify the principal risks to the achievement of the organisation's aims, objectives and statutory responsibilities and to manage them efficiently, effectively and economically. The system is made up of a number of operating procedures intended to provide reasonable assurance that objectives will be achieved and funds properly managed. It is designed to manage and mitigate these risks, not eliminate them and can, therefore, only provide a reasonable, and not absolute, assurance of effectiveness.

The system of internal control is an on-going process designed to:

- identify the principal risks to achieving the organisations objectives;
- evaluate the nature and extent of those risks; and
- manage them efficiently, effectively and economically.

Review of Effectiveness of Governance Arrangements

As Accountable Officer, I have responsibility to review the effectiveness of the systems of internal control. These measures are reviewed regularly to:

- take account of changes to legislation, guidance and best practice;
- reflect the views of the Audit and Risk Committee;
- review and respond to queries from internal auditors and implement any recommendations they make; and
- review and address the outcomes identified by external auditors in their management report.
- consider advice from the staff who contribute to the development and maintenance of the internal control framework;

More generally, the Standards Commission is committed to a process of continuous development and improvement; seeking to improve practices, policies and procedures in response to any relevant reviews and initiatives in best practice. It will continue to be guided by the Scottish Public Finance Manual in reviewing these.

Overall, the Standards Commission has effective controls in place, which have been described in earlier paragraphs within this 'Governance Statement' section. The regular programme of meetings undertaken by the Standards Commission's Members measures their effectiveness through quarterly reports of performance against the business plan, as well as regular reviews of the actions taken to mitigate risks. Effectiveness is also reflected in the positive internal audit and external audit reports received.

Personal Data Related Incidents

There were no personal data related incidents during 2016/17 (2015/16 Nil).

Internal Audit

The objective of internal audit is to provide independent assurance on the adequacy and effectiveness of systems of governance and controls, which have been established to manage the risks of the organisation to enable the achievement of organisational goals and ensure accountability for public funds.

External Audit

Audit Scotland is the appointed auditor for the Standards Commission for the period 2016/17 to 2020/21.

Significant Issues arising during the year

There were no significant issues during the year. While the level of Hearing related activity exceeded projections, the increased costs associated with these were mitigated by a reduction in other costs. The change to Convener and membership of the Standards Commission were anticipated and training and induction materials were in place. Induction programmes were implemented successfully meaning there were no continuity issues in terms of the Standards Commission undertaking its statutory responsibilities and achieving its aims and objectives.

REMUNERATION AND STAFF REPORT

The information in this section, covering salary and pension entitlements and analysis of staff numbers and costs, is subject to audit.

Remuneration - Convener and Members

The Convener and Members of the Standards Commission are appointed by the SPCB with the agreement of the Scottish Parliament. Their remuneration is determined and set by the SPCB. The Convener is paid £10,623 per annum (2015/16 £10,518) and Members receive £5,914 per annum (2015/16 £5,856). In addition, an hourly rate of £32.86 (2015/16 £32.53) is paid for Hearings related activity.

Remuneration includes basic salary and payments for participation at Hearings. It does not include Employer National Insurance Contributions.

	<u>2016/17</u>	<u>2015/16</u>
	<u>£'000</u>	<u>£'000</u>
Ian Gordon (appointment ended 31 Jan 2017)	10-15	10-15
Kevin Dunion	10-15	5-10
Lindsey Gallanders	5-10	5-10
Michael McCormick (appointment commenced 1 February 2017)	0-5	N/A
Matt Smith (appointment ended 31 March 2017)	5-10	5-10
Julie Ward	5-10	5-10
Benefits in kind	Nil	Nil

No gratuity, allowance or compensation payment is payable on termination of the appointment.

Executive Director / Accountable Officer

Lorna Johnston is the senior officer employed by the Standards Commission and was appointed as Executive Director and Accountable Officer with effect from 1 December 2014.

Staff recruitment and appointment contracts

Staff employed by the Standards Commission are appointed on the same terms and conditions as applied to staff who are recruited and employed by the SPCB. Appointments are based on merit and on the completion of a fair and open competition. The principles of the recruitment and appointment processes are set out on the Scottish Parliament's website at <http://www.scottish.parliament.uk/abouttheparliament/16619.aspx>

The Standards Commission is committed to applying the same employment related policies as those which are available to staff who are permanently employed by the SPCB, where these can be supported by the Standards Commission's business activities and objectives. Staff policies specifically applicable to the employment of disabled persons and adopted by the Standards Commission include:

- Giving full and fair consideration to applications for employment made to the organisation by disabled persons, having regard to their particular aptitudes and abilities: **Accessibility commitment**
- For continuing employment of, and arranging appropriate training for, employees of the organisation who have become disabled persons during the period when they were employed by the organisation: **Guidance for Line Managers – Supporting Disabled Staff in the Workplace**
- Otherwise for the training career development and promotion of disabled persons employed by the organisation: **Guidance for Line Managers – Supporting Disabled Staff in the Work Place**

Remuneration Policy - Staff

At the end of the financial year no members of staff were on secondment from other organisations. No members of Standards Commission's staff left under voluntary or compulsory exit schemes in 2016/17 (2015/16 None).

Breakdown of Staff Costs

	2016/17 £'000	2016/17 £'000	2016/17 £'000	2015/16 £'000
	Total	Convener & Members	Staff	Total
Salaries and wages	173	57	116	153
Social security costs	15	3	12	11
Pension costs	25	0	25	24
	213	60	153	188

The difference between the salary costs in 2016/17 and 2015/16 is largely due to the increased number of Hearings held in 2016/17 and the impact of those in terms of Members time.

Single total figure of remuneration – Executive Director

Senior Officer	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000)		Total (£'000)	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Lorna Johnston	55-60	50-55	-	-	-	-	22,000	20,000	75-80	70-75

Median Salary Ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid member of the senior staff in their organisation and the median remuneration of the organisation's workforce. Excluding the Executive Director, there are two employees. Therefore, the average salary has been disclosed instead of the median salary.

	2016/17 £'000	2015/16 £'000
Highest paid member of staff – salary band (full year equivalent £'000)	55-60	50-55
Average remuneration (Median not appropriate)	30-35	30-35
Ratio	1.8	1.7

The mid-point of the banded remuneration of the highest-paid member of senior staff employed by the Standards Commission in the financial year 2016/17 was £57,500 (2015/16 £52,500). This was 1.8 times (2015/16 1.7) the average remuneration of the workforce, which was within the band £30-35k (2015/16, £30-35k).

In 2016/17 no employees received remuneration in excess of the highest-paid senior member of staff (2015/16; nil).

Total remuneration includes basic salaries. There were no payments of non-consolidated performance related pay, benefits-in-kind or severance payments. Total remuneration does not include employer pension contributions or the cash equivalent transfer value of the pensions.

Gender Breakdown

For the purposes of reporting in a consistent format across the Public Sector, Commission Members are deemed to be 'Directors' and the Executive Director/Accountable Officer is considered the 'Senior Manager'. At 31 March 2017, the staffing breakdown was as follows:

	<i>Male</i>	<i>Female</i>
<i>Directors</i>	3	2
<i>Senior Manager</i>	0	1
<i>Employees</i>	0	2

Sickness Absence Report

For the 12 month period from 1 April 2016 to 31 March 2017, an average of 2.75% (2015/16 5.96%) working days were lost as a result of sickness absence.

Employee Pension Liabilities

As outlined in greater detail within notes 1.6 and 3 to the Annual Accounts, employees of the Standards Commission, whilst not Civil Servants, are eligible to join the Principal Civil Service Pension Scheme. These statutory arrangements are unfunded with the costs of benefits met by monies voted by the UK Parliament each year. It is not possible for the Standards Commission to identify its share of the underlying liabilities in the scheme as attributable to the employees of the Standards Commission. The scheme actuary valued the scheme as at 31 March 2012. Details of the resource accounts of the Cabinet Office: Civil Superannuation can be found at www.civilservice.gov.uk/pensions. For the purposes of this Statement of Account, it is therefore accounted for on the same basis as a defined contribution scheme.

Pensions Benefits

	Accrued pension at pension age as at 31/03/17	Real increase in pension and related lump sum at pension age	CETV at 31/3/2017	CETV at 31/3/2016	Real increase in CETV
Standard Commission Senior Staff	£'000	£'000	£'000	£'000	£'000
Lorna Johnston	5 - 10	2.5 - 5	52	14	7

The figures relating to pension and pension benefits are provided by MyCSP Ltd which administers the Civil Service Pension Scheme on behalf of the Cabinet Office.

The Cash Equivalent Transfer Value (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's

pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and common market valuation factors for the start and end of the period.

Expenditure on consultancy and off payroll arrangements

The Standards Commission did not incur any expenditure on consultants or off payroll arrangements during the financial year (2015/16, nil).

Lorna Johnston Accountable Officer	Date: 31 July 2017

Independent auditor's report to the Standards Commission for Scotland, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Standards Commission for Scotland for the year ended 31 March 2017 under the Ethical Standards in Public Life etc. (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2017 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- have been prepared in accordance with the requirements of the Ethical Standards in Public Life etc. (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for

Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters. In my opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that the report has been prepared in accordance with the Ethical Standards in Public Life etc. (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Stephen Boyle CPFA
Assistant Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

August 2017

Statement of Comprehensive Net Expenditure For Year Ended 31 March 2017

	Notes	2016/17	2015/16
		£'000	£'000
Administration costs			
Staff costs	2	213	188
Other administration costs	4	24	29
Depreciation	5	0	1
Net operating costs		237	218

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Statement of Comprehensive Net Expenditure.

The accompanying notes on pages 26 to 29 form an integral part of these accounts.

Statement of Financial Position As at 31 March 2017

Notes

		31 March 2017	31 March 2016
<u>Non-current assets</u>		£'000	£'000
IT equipment	5	0	0
Total non-current assets		<u>0</u>	<u>0</u>
<u>Current assets</u>			
Trade and other receivables	6	1	0
Total assets		<u><u>1</u></u>	<u><u>0</u></u>
<u>Current liabilities</u>			
Trade and other payables	7	(7)	(5)
Total current liabilities		<u>(7)</u>	<u>(5)</u>
Assets less liabilities		<u><u>(6)</u></u>	<u><u>(5)</u></u>
<u>Taxpayers' equity</u>			
General fund		(6)	(5)
<u>Total taxpayers' equity</u>		<u><u>(6)</u></u>	<u><u>(5)</u></u>

The financial statements were approved by the Standards Commission for Scotland on 31 July 2017 and authorised for issue by:

Lorna Johnston Accountable Officer	Date: 31 July 2017

The accompanying notes on pages 26 to 29 form an integral part of these accounts.

Statement of Cash Flows For Year Ended 31 March 2017

	Notes	2016/17 £'000	2015/16 £'000
<u>Cash flows from operating activities</u>			
Net operating cost		(237)	(218)
Adjustment for non cash item			
Depreciation	5	0	1
Movements in working capital			
(Increase)/decrease in trade and other receivables	6	(1)	0
Increase/(decrease) in trade and other payables	7	2	(8)
Net cash outflow from operating activities		<u>(236)</u>	<u>(225)</u>
<u>Cash flows from investing activities</u>			
Purchase of IT equipment	5	(0)	(0)
Net cash outflow from investing activities		<u>(0)</u>	<u>(0)</u>
Total Net cash outflows		<u>(236)</u>	<u>(225)</u>
<u>Cash flows from financing activities</u>			
Financing from the Scottish Parliamentary Corporate Body		236	225
Net cash inflow from financing activities		<u>236</u>	<u>225</u>
<u>Net increase/(decrease) in cash and cash equivalents</u>		<u>0</u>	<u>0</u>
Cash and cash equivalents as at 1 April		0	0
Cash and cash equivalents as at 31 March		0	0
Net increase/(decrease) in cash and cash equivalents		<u>0</u>	<u>0</u>

Statement of Changes in Taxpayers' Equity For Year Ended 31 March 2017

	2016/17 £'000	2015/16 £'000
General Fund		
Balance at 31 March 2016	(5)	(12)
Net operating costs for the year	(237)	(218)
Funding from the SPCB	236	225
Balance at 31 March 2017	(6)	(5)

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM), in compliance with the accounts direction issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Standards Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Standards Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared on a going concern basis as explained in the Performance Report on page 4.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Tangible non-current assets

Capitalisation

IT Equipment purchased with a group value exceeding £500, inclusive of irrecoverable VAT, is treated as a non-current asset.

1.2.2 Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost or valuation in equal instalments over the estimated useful life of the asset.

- IT Equipment 3 years

1.3 Intangible non-current assets

The Standards Commission has no intangible non-current assets.

1.4 Funding

Funding received from the SPCB is credited directly to the general fund in the period to which it relates. The SPCB provides a transaction processing and recording function for the Standards Commission. Accordingly, a bank account is not operated by the Standards Commission.

1.5 Leases

The Standards Commission holds no finance leases and no operating leases.

1.6 Pensions

Civil Service Pensions - Employees

The Civil Service Pensions arrangements are unfunded multi-employer defined benefit scheme in which the Standards Commission is unable to identify its share of the underlying assets and liabilities. Therefore it is accounted for as a defined contribution scheme and no liability is shown in the Statement of Financial Position. The Scheme's Actuary reviews employer's contributions every four years following a full scheme valuation. This was carried out as at 31 March 2012. The salary bands and contribution rates were previously reviewed for 2015/16 and remain unchanged in 2016/17.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

1.7 Value Added Tax

The Standards Commission is not VAT registered and all VAT is charged to the Accounts.

2 STAFF

2.1 Average staff employed (full time equivalent)

The average number of full time equivalent (FTE) persons appointed to or employed by the Standards Commission during the year was as follows:

	2016/17	2015/16
	FTE	FTE
Convener and Members	0.5	0.5
Staff	2.8	2.8
	3.3	3.3

2.2 Breakdown of Staff Costs – Administration Costs

	2016/17	2016/17	2016/17	2015/16
	£'000	£'000	£'000	£'000
	Total	Convener & Members	Staff	Total
Salaries and wages	173	57	116	153
Social security costs	15	3	12	11
Pension costs	25	0	25	24
	213	60	153	188

3 STAFF PENSION COSTS

For 2016/17 the employer contribution of £24,681 (2015/16 £23,735) was payable to the Civil Service pensions arrangements. Outstanding scheme contributions at 31 March 2017 amounted to £2,091 (2016 £2,009).

4 ADMINISTRATION COSTS

	2016/17	2015/16
	£'000	£'000
Legal advice	1	2
Audit fee	3	2
Hearing costs accommodation	1	1
Information technology costs	1	9
Printing and promotion costs	1	2
General administration costs	3	2
Officeholders travel and expenses	11	7
Staff travel and expenses	3	4
	24	29

5 TANGIBLE NON-CURRENT ASSETS

	2016/17 £'000	2015/16 £'000
IT equipment		
Cost		
At 1 April 2016	3	13
Additions	0	0
Disposals	0	(10)
At 31 March 2017	3	3
Depreciation		
At 1 April 2016	3	12
Charged in year	0	1
Disposals	0	(10)
At 31 March 2017	3	3
Net Book Value:		
At 31 March 2017	0	0
At 31 March 2016	0	1

6 TRADE AND OTHER RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016/17 £'000	2015/16 £'000
Ministry of Justice	1	0

7 TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016/17 £'000	2015/16 £'000
Payroll accrual	4	3
General accruals	3	2
	7	5

8 CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2017 (2016 Nil).

9 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2017 (2016 Nil).

10 **RELATED PARTY TRANSACTIONS**

The Standards Commission was constituted by the Scottish Parliament which provides funding via the Scottish Parliamentary Corporate Body (the SPCB). The SPCB is regarded as a related body. From 26 October 2011, the Standards Commission has been accommodated at £nil cost within the Scottish Parliament building.

No Member of the Standards Commission (including the Convener), member of staff or related parties have undertaken material transactions with the SPCB during the year.

11 **POST BALANCE SHEET EVENTS**

No event has occurred since the date of the statement of financial position which materially affects the financial statements.

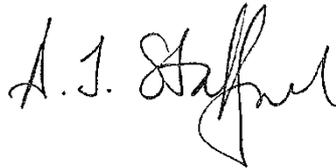
Appendix 1



STANDARDS COMMISSION FOR SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Schedule 1 paragraph 10E of the Ethical Standards in Public Life etc (Scotland) Act 2000, hereby give the following direction.
2. The Commission is required to prepare annual accounts.
3. The Statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FR&M) which is in force for the year for which the statement of accounts are prepared.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

Dated 22 May 2012



INTEGRITY IN PUBLIC LIFE