

# MINUTE Meeting date: Monday 21 January 2019

## IN ATTENDANCE

- Mike McCormick (Chair)
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Elaine McLean, Business Manager
- Alasdair Craik, Audit Scotland
- Andrew Munro, Internal Audit (Items 1-5)

ITEM	CONTENT	ACTION
<b>STANDING ITEMS</b>		
1.	<p><b>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</b></p> <p>Mr McCormick welcomed all attendees. There were no apologies for absence.</p> <p>No declarations of interest were made.</p>	
2.	<p><b>DRAFT MINUTE OF PREVIOUS MEETING</b></p> <p>The draft minutes of the meeting on 23 July 2018 were approved.</p>	
3.	<p><b>MATTERS ARISING</b></p> <p><b>GDPR Review</b></p> <p>The Committee noted that work was continuing to ensure that the Service Level Agreement (SLA) with the Ministry of Justice (MoJ) for payroll services was up to date and compliant with GDPR requirements. The Committee received assurance from the Business Manager that the MoJ had confirmed it would be reviewing the existing SLA and would issue details of a timescale for the review, redrafting and reissuing this document by the end of the following week.</p> <p><b>Cyber Resilience</b></p> <p>The Committee noted that instructions and advice relating to cyber resilience issued by the Scottish Parliament's Business Information Team (BIT) had been forwarded to all Standards Commission staff and Members. The Business Manager had not, however, been able to locate the Scottish Parliamentary Corporate Body's (SPCB) online cyber security training package. Mr Munro suggested that the training module may no longer be available as it pre-dated the current cyber security protocols, but offered to check with the Head of BIT and revert.</p> <p>The Committee noted that all other matters arising from the meeting on 23 July 2018 had been completed.</p>	AM / EM
<b>EXTERNAL AUDIT: STANDARDS COMMISSION - ANNUAL AUDIT PLAN AND FEE 2018/19</b>		
4.	<p>Mr Craik introduced the draft Annual Audit Plan 2018/19 and advised that the key risk areas that Audit Scotland would consider, in respect of the Financial Statements, were the generic risks that management could override controls to change the position disclosed and that there could be fraud over expenditure. The Committee noted that fraud over expenditure would always be a risk for the Standards Commission as the small number of staff employed meant there could not be a complete separation of duties.</p>	

	<p>Mr Craik outlined the proposed timetable for the audit and fee and confirmed that Audit Scotland intended to apply the small body provisions stated within the Code of Audit Practice to the 2018/19 audit of the Standards Commission.</p> <p>The Committee confirmed it was content with the proposed approach, timetable and fee. It noted the assurance provided by the Executive Team that the proposed timetable for submission of the Annual Accounts could be achieved within the timescales identified.</p> <p>The Committee agreed the Chair should recommend the Audit Plan, including the timetable and fee, to the Standard Commission at its meeting on 28 January 2019.</p>	<b>MM</b>
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<b>INTERNAL AUDIT PAYROLL PROCESS REPORT 2018/19 AND PLANNED ACTIVITIES 2019/20</b>		
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<b>5.</b>	<p><b>Review Preparedness for Implementation of GDPR</b></p> <p>Mr Munro confirmed that he still intended to review the Standards Commission’s preparedness for the implementation of the GDPR as part of the 2017/18 internal audit. Mr Munro advised, however, that he was due to undertake a similar audit of the SPCB’s preparedness in March 2019 and, as the Standards Commission had a shared service agreement with the SPCB in respect of the provision of data protection officer services, it made sense to do both reviews concurrently. The Committee agreed with this approach and advised it looked forward to considering Mr Munro’s report at its meeting on 20 May 2019.</p> <p><b>Internal Audit 2019/20</b></p> <p>The Internal Auditor advised that he was undertaking a review of the procedures and usage of corporate credit cards by all SPCB Officeholders and proposed that he audit the Standards Commission procedures and usage as part of this overall review. The Committee welcomed this proposal and agreed that such a review would help provide assurance that all appropriate steps were being taken to mitigate the risk of fraud over expenditure.</p>	
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<b>RISK REGISTER 2018/19: REVIEW</b>		
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<b>6.</b>	<p>The Committee conducted a review of the 2018/19 Business Risk Register and identified some further planned actions and actions taken.</p> <p>The Committee further reviewed the risk scores and, in particular, the Executive Team’s recommendation that the total scores for risks 6, 7 and 9 be reduced. In respect of risk 6 (being the inability of the Standards Commission to deliver its business effectively due to it having insufficient Members to meet the quorum required for Hearings), the Committee noted that the SPCB had confirmed that the recruitment of a new Member was on track, with interviews being held that day. It noted, however, that until a new member had been appointed and their availability and level of experience was known, it was impossible to determine that the delivery of Standards Commission’s business would not be impacted. As such, the Committee agreed to recommend that the Standards Commission consider but not necessarily reduce the overall risk score for risk 6 at its meeting on 29 January 2019.</p> <p>Turning to risk 7 (being the inability of the Standards Commission to deliver its business effectively as a result of a lack of executive / administrative support), the Committee agreed that despite the controls and specific actions taken, the small number of staff employed meant that any turnovers or unplanned absence would have a significant impact on the organisation in terms of a loss of knowledge or experience. The Committee agreed, therefore, that it would not recommend that the overall risk score be reduced.</p> <p>The Committee agreed, in respect of risk 9, that the completion and publication of the British Sign Language Plan and the work to ensure compliance with best practice cyber security and GDPR requirements meant that the probability score could be reduced to a</p>	
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	<p>'1'. As such, the Committee agreed to recommend that the overall risk score be reduced to a '4'.</p> <p>The Committee noted that the Executive Team intended to draft the 2019/20 Business Risk Register using a similar format and would present this for consideration and approval at the Standards Commission's February meeting. The Committee agreed that it would be helpful to retain a risk in the 2019/20 Business Risk Register concerning a potential failure on the part of the Standards Commission to take advantage of the current public debate in relation to standards of behaviour in public life (for example in relation to inappropriate sexual behaviour and misogyny) to seek to influence direction towards higher ethical standards of conduct.</p>	<b>L</b>
<b>NEXT MEETING</b>		
<b>7.</b>	The Audit and Risk Committee is scheduled to meet on 20 May 2019.	