MINUTE Meeting date: Monday 20 May 2019

IN ATTENDANCE

- Mike McCormick (Chair)
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer

- Elaine McLean, Business Manager
- Steven Robb, SPCB Finance Office
- Andrew Munro, SPCB Head of Internal Audit

ITEM	CONTENT	ACTION
STANDING ITEMS		
1.	**WELCOME, APOLOGIES and DECLARATIONS OF INTEREST** The Chair welcomed all attendees. There were no apologies for absence. No declarations of interest were made.	
2.	**DRAFT MINUTES OF PREVIOUS MEETING** The draft Minutes from the meeting on 21 January 2019 were approved.	
3.	**MATTERS ARISING** The Committee noted all matters arising from the meeting on 21 January 2019 had been completed.	
STANDARDS COMMISSION: BUSINESS RISK REGISTER		
4.	The Committee noted that the 2019/20 Business Risk Register was considered and agreed by the Standards Commission at its meeting on 25 February 2019. The Committee undertook a review of actions taken to date and recommended that the intention to explore the possibility of hosting or being involved in a conference to promote integrity and ethical standards in public life be added as a planned action for risk 2. The Committee noted that it appeared from press reports that there had been a misunderstanding on the part of some elected members of Midlothian Council regarding the reasoning behind the Standards Commission's decisions, made at a recent Hearing, to suspend two councillors from meetings of its Planning Committee. The Committee agreed, therefore, to recommend that the wording of risk 3 be amended to reflect the possibility that a lack of understanding about decisions could arise from any source, and not just inaccurate media reporting. The Committee agreed to recommend that the wording be changed from 'lack of understanding of, inaccurate media reporting about, the work of and decisions made by the Standards Commission' to 'lack of understanding amongst stakeholders, the public and the media of the work of and decisions made by the Standards Commission (including inaccurate press reporting)'. The Committee further agreed to recommend that the possibility of obtaining training for Members on dealing with media enquiries and drafting press preleases be explored.	**Executive Team**

ANNUAL ACCOUNTS 2018/19 (DRAFT)

5.	The Committee reviewed the draft Financial Statements provided by the Scottish Parliamentary Corporate Body's (SPCB) Finance Office. The Committee agreed that the accompanying commentary in the Annual Accounts should be drafted by the Executive Team and sent to the Committee by email to review, before an agreed version was due to be sent to Audit Scotland on 7 June 2019. The Committee noted that the final draft of the Annual Accounts would thereafter be being considered at the Audit & Risk Committee at its meeting on 22 July 2019 and would be presented to the Standards Commission for approval at its meeting on 29 July 2019.	**Executive Team**
	The Committee noted the verbal report provided by Steve Robb, the SPCB's Accountant, in respect of the information detailed within the financial statements. This included that, in comparison with 2017/18:	
	• There had been a £23,000 increase in 'Other Administrative Costs'. The Committee noted this was the result of the expenditure on legal fees for advice and representation in respect of the appeal lodged against a Hearing decision in case LA/Fi/2050.	
	• While staff salary costs had increased, Members' remuneration costs had decreased as there had been fewer Hearings. This resulted in an overall £2,000 net decrease in staff costs.	
	The Committee agreed that it would be helpful to include, in the accompanying commentary to the Accounts, the fact that appeals could be made against decisions made by the Standards Commission at Hearings, but that without knowing how many appeals be lodged in a year and the outcome of these (including whether costs were awarded to or against the organisation), it was not possible to budget for such an eventuality with any degree of accuracy, especially in light of there having been no successful appeals to date.	
	The Committee further noted that the current liabilities outlined in the 2018/19 accounts covered payments for PAYE and pensions, along with an accrual figure to account for staff annual leave entitlement carried forward from the previous year. The Committee noted that a £2,000 discrepancy between the net expenditure and the required funding was the result of expenditure being calculated on an accruals basis, whereas the budget was prepared on a cash accounting basis. The amount due represented an under-payment for payroll services (due to the payroll supplier calculating the monthly invoice on an estimated basis). The Committee noted that the £2,000 would be cleared when the funding invoice was processed for payment in April 2019.	
	The Chair thanked Mr Robb for providing the financial report and for his continued provision of accountancy services to the Standards Commission.	
	The Committee noted that the Executive Director had approached Officeholders' Services to ask whether it would be possible for the Standards Commission payroll and pension services to be delivered by the Scottish Parliament, as the Executive Team had concerns that the existing contract did not provided best value for money. Mr Munro and Mr Robb indicated that this issue had been considered in the past but that the SPCB had been advised that it would be disproportionately expensive to add payroll services for the Standards Commission to the existing contact. Mr Munro and Mr Robb suggested, however, that the Standards Commission ask that the Parliament include its requirements in the scope of the contract for payroll services when it was up for re-negotiation or tender.	**Executive Team**

INTERNAL AUDIT: GDPR REVIEW

6.	Andy Munro, the Head of Internal Audit, advised the Committee that his report regarding the Standards Commission's preparedness for, and compliance with, the General Data Protection Regulation (GDPR) was nearing completion and that he anticipated the draft report would be provided for review and comment by the Executive Team within the next few days. Mr Munro apologised for the delay in submitting his report and advised this was due to the Standards Commission's internal audit report being tied to the timescale for completing Scottish Parliament's GDPR audit.	
	Mr Munro indicated to the Committee that the audit had been based on assessing the seven GDPR principles and 12 steps identified by the UK Information Commissioner to assess and measure the Standards Commission's data protection arrangements and that practices applied were compliant, proportionate and fit for purpose. Mr Munro provided the Committee with an assurance that the conclusions in the report were very positive, and the internal audit would provide the Standards Commission with independent assurance that well-managed arrangements were in place.	
	Mr Munro questioned whether, in the past, the Commissioner for Ethical Standards had sent the Standards Commission reports that contained some personal data that was not required for the Standards Commission to undertake its adjudicatory role effectively. The Executive Director confirmed that the Standards Commission took its GDPR compliance responsibilities very seriously and, as such, had taken steps to ensure that only personal information that was relevant to the Hearings process was supplied by the Commissioner for Ethical Standards.	
	Mr Munro provided the Committee with an overview of Microsoft SharePoint and explained that it was the document management system now used by MSPs and Parliamentary staff. Mr Munro explained that the system enabled the safe sharing of documents as it removed the need for documents to be sent as attachments to emails. Mr Munro further explained that the system enabled effective version control of documents. The Committee agreed that the Executive Team should explore with the Parliament's Business and Information Technology Team the possibility of the Standards Commission's staff and members being given access to, and training on, the system as this might circumnavigate the complexity associated with using the Scottish Parliament email system to exchange documents.	**Executive Team**
ANY OTHER BUSINESS		
7.	**Review Terms of Reference** The Committee reviewed, and agreed with, the amendments proposed by the Executive Team to the Audit & Risk Committee's Terms of Reference, which were aimed at ensuring the document's layout was consistent with the Human Resources Committee's Terms of Reference. The Committee agreed the Chair should recommend that the amendments to the Terms of Reference be adopted by the Standards Commission at its meeting on 29 May 2019. **Audit and Risk Committee Performance and Workplan** The Committee noted the performance report detailing its activities during 2018/19 and agreed the 2019/20 workplan schedule.	**Chair**
NEXT MEETING		
8.	The Audit and Risk Committee is next scheduled to meet on 22 July 2019.	