

MINUTE Meeting date: Monday 22 July 2019

IN ATTENDANCE

- Mike McCormick, Chair
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Elaine McLean, Business Manager
- Alasdair Craik, Senior Auditor, Audit Scotland

ITEM	CONTENT	ACTION
STANDING ITEMS		
1.	<p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>The Chair welcomed all attendees.</p> <p>Apologies for absence were received from Andy Munro, Head of Internal Audit, Scottish Parliamentary Corporate Body (SPCB).</p> <p>No declarations of interest were made.</p>	
2.	<p>DRAFT MINUTES OF PREVIOUS MEETING</p> <p>The draft Minutes from the meeting on 20 May 2019 were approved.</p>	
3.	<p>MATTERS ARISING</p> <p>The Committee noted that the Executive Team had concerns about the service being provided by the payroll providers and, in particular, whether the Standards Commission was receiving a value for money service. The Committee noted that while the SPCB had confirmed it would advise the Standards Commission as to when its contract for payroll services was being re-negotiated or put out to tender (so that the Standards Commission could explore the possibility of it being included in that contract), there was no indication that this was imminent. The Committee noted that, in the meantime, the Executive Team would hold discussions with other Officeholders about which company each uses for their payroll support services, and the quality and value for money obtained, for comparison and benchmarking purposes.</p> <p>The Committee noted that the Parliament's Business and Information Technology Team (BIT) have agreed that Standards Commission's staff and members would be given access to, and training on, the SharePoint system. The Committee noted that the BIT team was progressing the project to enable this, and asked that they be kept updated on any progress.</p> <p>The Committee noted all the remaining matters arising from the meeting on 20 May 2019 had been completed or were on the agenda for discussion.</p>	<p>Executive Team</p> <p>Executive Team</p>
RISK REGISTER		
4.	<p>STANDARDS COMMISSION: BUSINESS RISK REGISTER 2019/20</p> <p>The Committee reviewed and agreed updates to the Risk Register 2019/20. In particular, the Committee agreed that:</p> <ul style="list-style-type: none"> • The overall risk score for risk six, being the inability to deliver Standards Commission business effectively as a result of insufficient Members, lack of availability of Members and / or inexperience of Members, be reduced following the successful induction of the latest 	

	<p>member appointed and in light of the fact that no further Member recruitment will be required in 2019/20. In addition, the Committee agreed that the favourable decision issued on 17 July 2019 in respect of the appeal on case LA/Fi/2050 was evidence that the approach Members were taking at Hearings in relation to respect cases, and in terms of the structure and content of written decisions, was effective and appropriate.</p> <ul style="list-style-type: none"> • The overall score for risk seven, being the inability to deliver Standards Commission business effectively as a result of lack of executive/administrative support for Members, be reduced in light of actions taken, including the preparation of a key dependency risk analysis (and the training provided, and written instructions prepared in light of it). • The overall risk score for risk eight, being that expenditure substantively exceeds or is significantly less than the Standards Commission’s agreed budget, remain at the same level. The Committee noted that expenses had been awarded in the Standards Commission’s favour in respect of the appeal on LA/Fi/2050 and that the Executive Team would seek to recover these after the judicial account had been taxed by the Auditor of Court. The Committee noted, however, that the new Ethical Standards Commissioner was in the process of making changes to both the organisation’s staffing structure and its approach to quality assurance. The Committee noted that these changes were likely to have an effect on the number and timing of any cases being referred to the Standards Commission. The Committee agreed that as expenditure on Hearing related costs could form a significant part of the budget and as the impact of the changes was yet unknown, it would be prudent to leave both the impact and probability score for the risk at the current level. 	Executive Team
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ANNUAL ACCOUNTS 2018/19

5.	<p>ANNUAL ACCOUNTS 2018/19</p> <p>The Committee reviewed the draft Annual Accounts for 2018/19 and identified a minor amendment to the commentary, which was to include a bullet point in the ‘Good Governance and Best Value’ section of the Performance Report that the Standards Commission had ensured it was prepared for the implementation of the GDPR in May 2018 and that, as confirmed in its internal audit, the Standards Commission was able to demonstrate that it was fully compliant with the GDPR principles and that all Members and staff had undertaken training on these. Subject to such a bullet point being added, the Committee agreed the Annual Accounts should be submitted for final review and approval by the Standards Commission at its meeting on 29 July 2019.</p> <p>EXTERNAL AUDIT: MANAGEMENT LETTER AND DRAFT REPORT</p> <p>Mr Craik introduced the proposed annual external audit Report. He advised that the auditors had applied the provisions relating to small bodies under the Code of Audit Practice 2016. The audit had concluded that the Standards Commission had adequate short, medium and long term financial planning and governance arrangements in place.</p> <p>Mr Craik then introduced the external auditor’s report on the Standards Commission’s Annual Report and Accounts 2018/19. He advised that Audit Scotland were satisfied that the annual accounts had been properly prepared in accordance with applicable legislation and that the financial statements gave a fair and true view of the Standards Commission’s affairs and net expenditure. Mr Craik thanked the Business Manager for her assistance with the audit process.</p> <p>Mr Craik advised, however, that Audit Scotland was encouraging public sector bodies to include more information about their plans, to ensure annual reports and accounts had a forward-looking orientation. The Executive Director confirmed that the Executive Team would work with Audit Scotland to ensure that the Performance Report in the Standards Commission’s 2019/20 Annual Report and Account had more of a forward thinking focus, with trends and factors likely to impact on its ability to achieve its objectives clearly identified (as per Audit Scotland’s Good Practice Note on Improving the Quality of Performance Reports, which was published on 29 February 2019). The Executive Director further advised that if the opportunity arose she would explore whether it would be possible to amend the provisions in the Standards Commission’s</p>	Executive Team
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	<p>governing legislation that required it to lay both an Annual Report and an Annual Report and Accounts document. The Committee agreed that removing such a requirement would be of assistance, as it would be more proportionate for an organisation the size of the Standards Commission to only have to produce one reporting document.</p> <p>In light of the external report, the Committee agreed the terms of the draft ISA 580 management response letter. The Committee Chair and Executive Director confirmed that they were not aware of any instances involving fraud or subsequent events that had occurred since 31 March 2019, which would require to be brought to the attention of the independent auditors. The Committee agreed, therefore, that it was content for the letter to be submitted to the Standards Commission for approval at its meeting on 29 July 2019.</p> <p>The Chair thanked Mr Craik for his assistance and attendance at the meeting.</p>	Executive Team
INTERNAL AUDIT		
6.	<p>INTERNAL AUDIT SERVICES</p> <p>In Mr Munro’s absence, the Executive Director introduced the draft Internal Audit Assurance Report, which provided the Accountable Officer and Committee with an assurance on the adequacy and effectiveness of the systems of internal control in operation during 2018/19. The Committee noted that, in particular, a review of the Standards Commission’s preparedness for the implementation of the General Data Protection Regulations (GDPR) had been performed. The review aimed to provide assurance to the Executive Director (as the Principal Accountable Officer) and the Commission, via its Audit and Risk Committee, that arrangements, systems, processes and internal controls were robust and were operating effectively, thereby ensuring risk is maintained at an acceptable level.</p> <p>The Committee noted that the Internal Auditor had reported that he was satisfied that he could offer a substantial level of assurance over the systems, controls and process in place to demonstrate compliance with the GDPR. The Executive Director confirmed that the minor recommendations raised during the audit process in respect of expanding the content of the Standards Commission’s publicly available Data Protection Processing Notice and linking it to its Subject Access Request Guidance had been fully and timeously actioned, with both documents being included in a new page on the website entitled ‘Guide to Information’.</p> <p>The Committee noted the conclusion of the internal audit was that the independent auditors could take substantial assurance from the areas reviewed as evidence in support of the Accountable Officer’s Governance Statement in the Annual Report and Accounts 2018/19.</p> <p>The Committee asked the Executive Team to check whether Mr Munro had given any thought to the focus of the internal audit review for 2019/20. The Committee agreed that the Executive Team should ask the Internal Auditor whether he could consider the Standards Commission’s payroll provision and, in particular, to help it undertake a best value review of the service it was receiving.</p>	
ANY OTHER BUSINESS		
7.	No other business was raised.	
NEXT MEETING		
8.	The Committee noted it was next due to meet on 20 January 2020.	