

MINUTE Meeting date: Monday 18 May 2020

IN ATTENDANCE ONLINE

- 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
- Claire Gardiner, Senior Audit Manager, Audit Scotland

ITEM	CONTENT	ACTION
STANDING ITEMS		
1.	<p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>Mr McCormick welcomed all attendees. There were no apologies for absence.</p> <p>No declarations of interest were made.</p>	
2.	<p>DRAFT MINUTE OF PREVIOUS MEETING</p> <p>Subject to a minor typographical error being corrected, the draft minutes of the meeting on 20 January 2020 were approved.</p>	
3.	<p>MATTERS ARISING</p> <p>The Committee noted all matters arising from the meeting on 20 January 2020 had been completed or had been included, in the meeting agenda, for further discussion.</p>	
RISK REGISTER 2020/21		
4.	<p>The Committee noted that the 2020/21 Business Risk Register was considered and agreed by the Standards Commission at its meeting on 24 February 2020.</p> <p>The Committee noted that the Executive Team had updated the Risk Register to include specific actions taken to date in quarter one. The Committee reviewed the contents of the Risk Register and agreed that:</p> <ul style="list-style-type: none"> • In respect of risk 2, the Standards Commission's intention to issue directions to the Ethical Standards Commissioner (ESC), under Section 10 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, in respect of what she should have regard to when interpreting the Codes of Conduct, be added as a control. The Committee agreed that the probability score for the risk should be increased to a 3, (meaning the overall risk score was 12), in recognition of the Standards Commission's understanding that the ESC wishes to adopt an independent and separate approach to investigations and Code interpretation without consultation with the Standards Commission. • Issues relating to staff availability as a result of the impact of the Covid-19 crisis be added to risk 4 (which concerns the sufficiency of resources). The Committee agreed, however, that the planned actions to mitigate this meant that the risk score should remain at 9. • An inability to hold Hearings in a timely, fair and appropriate manner due to restrictions in place as a result of Covid-19 outbreak be added to risk 6. <p>The Committee agreed that the overall score for risk 6 (being a loss of confidence in the overall ethical standards framework), should remain at 12, in light of recent non-breach</p>	<p>Executive Team</p>

	<p>decisions and correspondence issued by the ESC, which indicated that she was taking a separate and independent approach to the Standards Commission on whether complaints about bullying and harassment should be considered as part of a course of conduct, and on the extent of the applicability of the Councillors' Code of Conduct. In addition, the Committee agreed that the Covid-19 crisis and associated lockdown could continue to have an impact on the Standards Commission's ability to adhere to the timescales outlined in its Service Standards and Hearing Rules in respect of the cases referred to it in quarter one.</p>	
ANNUAL ACCOUNTS 2019/20		
<p>5.</p>	<p>The Committee reviewed the draft Financial Statements provided by the Scottish Parliamentary Corporate Body's (SPCB) Finance Office and the accompanying commentary prepared by the Executive Team.</p> <p>The Committee noted the verbal report provided by Steve Robb, the SPCB's Accountant, in respect of the information detailed within the financial statements and, in particular, when compared with the figures from 2018/19 that:</p> <ul style="list-style-type: none"> • 'Staff Costs' had increased from £206,000 to £229,000. The Committee noted that this was in line with expectations and reflected increases in salaries and employer contribution costs; • There had been a £23,000 decrease in 'Other Administrative Costs'. The Committee noted this reflected the fact that there had been no expenditure on legal fees for advice and representation in respect of any appeals in 2019/20, whereas there had been such expenditure in the previous year in respect of the appeal lodged against a Hearing decision in case LA/Fi/2050; and • There was some £11,000 in respect of 'Operating Income'. The Committee noted this income comprised of a sum recovered in respect of expenses incurred in relation to the unsuccessful appeal on case LA/Fi/2050. <p>The Committee questioned why 'staff travel and expenses costs' had increased from £2,000 in 2018/19 to £6,000 in 2019/20. The Business Manager explained that the heading covered expenditure on training for both staff and members, as well as staff travel and expenses costs. The Business Manager advised that the majority of the £6,000 had been spent on 'On Board' training courses for three Members and the Executive Director. The Committee agreed that, to avoid confusion, the title of the heading should be amended to reflect the fact that it also covered training costs for Members and staff.</p> <p>The Chair thanked Mr Robb for providing the financial report and for his continued provision of accountancy services to the Standards Commission.</p> <p>The Committee noted that the final draft of the Annual Accounts would be being considered at the Audit & Risk Committee at its meeting on 21 July 2020 and would be presented thereafter to the Standards Commission for approval at its meeting on 27 July 2020.</p>	<p style="text-align: center;">Executive Team</p> <p style="text-align: center;">Executive Team</p>
INTERNAL AUDIT REPORT 2019/20		
<p>6.</p>	<p>Mr Munro, the Head of Internal Audit, advised the Committee that his report regarding the Standards Commission's payroll and pension services contract arrangements would be provided for review and comment by the Executive Team shortly. Mr Munro indicated that, in light of the work undertaken by the Executive Team (as outlined under item 8 below, he expected to be able to provide the Standards Commission with independent assurance that appropriate measures were being taken to ensure that the pension and payroll contract reflected requirements and best value.</p> <p>Mr Munro advised that, following discussions about the payroll and pension services provision with the Executive Team, he had advised SPCB colleagues of the situation. Mr</p>	<p style="text-align: center;">Mr Munro</p>

	<p>Munro advised that it was likely that they would support any proposal to extend the existing shared service agreements with the Standards Commission to include payroll and pension processing. Mr Munro advised that the only difficulty was that the SPCB's contract with its supplier was not due for renewal until 2023, which was after the Standards Commission's contract with its supplier was due to expire. Mr Munro noted that as the three Standard Commission staff members were on similar terms to SPCB staff, it would be relatively easy to extend the contract to include them. Mr Munro advised, however, that as the terms and conditions for Standards Commission Members were distinct, there could be costs associated with adding their payroll provision to the existing SPCB contract. Mr Munro confirmed that he would explore the matter further and report back in due course.</p>	<p>Mr Munro</p>
<p>INTERNAL AUDIT PLAN 2020/21</p>		
<p>7.</p>	<p>The Committee noted that Mr Munro intended to review and report on the Standards Commission's adherence to its Finance and Procurement Policy and Procedures as the basis for the 2020/21 internal audit.</p>	
<p>PROVISION OF PAYROLL AND PENSION SERVICES</p>		
<p>8.</p>	<p>The Committee noted that the Standards Commission had received notification from the payroll and pension services provider that it could no longer provide a service to the Standards Commission. The provider had indicated that the earliest it would withdraw its service would be October 2021, as this would avoid breaking the terms of the existing contract and any associated early exit costs. The provider had indicated that the Standards Commission could remain under contact until October 2022, however, with no extra costs if it wished to do so (albeit the provider advised there could be costs associated with the transfer of data to any new supplier). The Committee noted that that the Executive Team intention would be to ask for any data transfer costs to be waived, given it was the provider's decision to end the contact and also given the low level of data involved. If this could not be agreed, the Standards Commission could simply ask the provider to destroy the data it holds and provide the new supplier with the data it required directly.</p> <p>The Committee noted that work to identify an alternative supplier was underway. This has involved the Executive Team having discussions with other Officeholders on their contracts and specifically:</p> <ul style="list-style-type: none"> • Who their payroll supplier was; • Any issues or advantages they have identified with their contract; and • When their contract was due to expire and whether they would consider the possibility of a shared service contract with the Standards Commission and any other Officeholder. <p>The Committee noted that, as outlined under item 6 above, Mr Munro was also exploring whether the shared service arrangements between the SPCB and Standards Commission could be extended to include the Standards Commission's payroll and pension services provision.</p> <p>The Committee asked the Executive Team to keep it updated on the progress of the work to secure an alternative payroll and pension servicer provider.</p>	<p>Executive Team</p>
<p>COMMITTEE TERMS OF REFERENCE AND PERFORMANCE</p>		
<p>9.</p>	<p>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 existing practice, the Human Resources Committee's Terms of Reference and the Finance and the Procurement Policy and Procedures. 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 26 May 2020.</p>	<p>Executive Team</p>

	<p>The Committee noted the performance report detailing its activities during 2019/20, which included:</p> <ul style="list-style-type: none"> • Reviewing the draft Annual Accounts for approval by the Standards Commission; • Reviewing the Risk Register including the forecast scores and identifying and reviewing actions to be taken to mitigate risks; • Reviewing and recommending to the Standards Commission the external audit plan (including timetable and fees); • Reviewing internal and external audit reports; • Reviewing the management of the Standards Commission’s payroll services contract. <p>The Committee agreed its workplan and schedule for 2020/21.</p>	
NEXT MEETING		
10.	The Committee noted that it was next scheduled to meet on 21 July 2020.	
ANY OTHER BUSINESS		
11.	No other business was raised.	