

# MINUTE Meeting date: Monday 20 January 2020

## IN ATTENDANCE

- Mike McCormick (Chair)
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Elaine McLean, Business Manager
- Inire Evong, Senior Auditor, Audit Scotland
- Asim Ali, Auditor, Audit Scotland

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 22 July 2019 were approved.</p>	
3.	<p><b>MATTERS ARISING</b></p> <p>The Committee noted that the Executive Team was continuing to explore options for the provision of payroll services. The Committee noted that the Business Manager would ask the Internal Auditor for information as to when the Scottish Parliamentary Corporate Body's contract for payroll services was due to end, or be reviewed, so that the possibility of including the Standards Commission in any new contract provision could be explored.</p>	<b>Business Manager</b>
<b>EXTERNAL AUDIT: STANDARDS COMMISSION - ANNUAL AUDIT PLAN AND FEE 2019/20</b>		
4.	<p>Mr Ali introduced the draft Annual Audit Plan 2019/20 and advised that the key risk areas that Audit Scotland would consider, in respect of the Financial Statements, were generic ones relating to the possibility of management overriding controls to change the position disclosed and to the possibility of fraud in respect of expenditure. The Committee noted that the possibility of fraud would always exist as the small number of staff employed by the Standards Commission meant that there could not be a complete separation of duties. Mr Ali further advised that Audit Scotland intended to review the Standards Commission's procurement processes and its compliance with the requirements of the Equality Act 2010.</p> <p>Mr Ali 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 2019/20 audit of the Standards Commission.</p> <p>The Committee thanked Mr Ali and confirmed it was content with the proposed approach, timetable and fee. The Committee noted the assurances provided by the Executive Team that the proposed timetable for submission of the Annual Accounts was achievable. The Committee noted, however, that the layout of the cover page to the plan gave the impression that it was a document produced by the Standards Commission, not Audit Scotland. The Committee also identified some minor typographical errors in the</p>	

	<p>plan. Mr Ali agreed to amend these and to advise Audit Scotland's Communications Team of the Committee's feedback in respect of the layout of the front page.</p> <p>The Committee agreed the Chair should recommend the Annual Audit Plan, including the timetable and fee, to the Standard Commission at its meeting on 27 January 2020.</p>	<p><b>Mr McCormick</b></p>
<p><b>INTERNAL AUDIT PLANNED ACTIVITIES 2020/21</b></p>		
<p><b>5.</b></p>	<p><b>Internal Audit Plan 2020/21</b></p> <p>The Committee noted that the Internal Auditor had advised the Executive Team that he intended to review the Standards Commission's compliance with its Finance and Procurement Policy and Procedures. The Committee noted the Finance and Procurement Policy and Procedures document had been agreed by the Standards Commission at its meeting on 16 December 2019 and that it consolidated various finance and procurement related processes already in place. The document also contained a Scheme of Delegation, which outlined who had the authority to make decisions in respect of all matters concerning finance, procurement and contract management. The Committee welcomed the Internal Auditor's proposal and agreed that such a review would help provide assurance that all appropriate steps were being taken to ensure the Standards Commission ensured best value in its procurement activities and that there was consistency, diligence and probity in all its finance related activities.</p>	
<p><b>RISK REGISTER 2019/20: REVIEW</b></p>		
<p><b>6.</b></p>	<p>The Committee conducted a review of the 2019/20 Business Risk Register and, in particular, agreed to recommend to the Standards Commission that:</p> <ul style="list-style-type: none"> <li>• the probability score for risk one (being that advice and guidance provided by the Standards Commission was incorrect, insufficient and inadequate), be reduced to a two, given the level of service and experience the Commission members and staff have accrued, the endorsement for the quality of SCS Decision making provided through the recent appealed case as well as the training events held in the year to date and educational material produced;</li> <li>• the probability score for risk six (being the inability to deliver Standards Commission business effectively due to having insufficient members), be increased to a two in light of legal advice received to the effect that the Standards Commission's governing legislation did not allow for the appointment of substitute members (in the event that the organisation found itself inquorate due to members having declared interests in cases);</li> <li>• the wording of risk eight be amended to read 'a loss of confidence in the overall ethical standards framework', with the root causes to include the fact that there were delays at the investigation stage and a lack of engagement with the Standards Commission by the Ethical Standards Commissioner; and</li> <li>• the probability score for risk nine (being that expenditure could substantively exceed the budget), be reduced to a one given that the Standards Commission had recovered £13,000 in expenses from the Appellant in respect of the unsuccessful appeal against its decision on case LA/Fi/2050. The Committee noted that after solicitors' fees and other outlays were deducted, £10,871.44 had been remitted to the Scottish Parliament on 13 December 2019 and coded against the Standards Commission's budget.</li> </ul> <p>The Committee asked the Executive Team to make the proposed amendments, via track changes, for consideration by the Standards Commission at its meeting on 27 January 2020.</p>	<p><b>Executive Team</b></p>
<p><b>ANY OTHER BUSINESS</b></p>		
	<p>The Committee noted that, following a suggestion made by Mr Ali, the Executive Team was now publishing approved minutes of the Audit &amp; Risk Committee on the Standards</p>	

	Commission's website. The Committee agreed that publishing the minutes increased transparency and, therefore, that doing so reflected good practice.	
<b>NEXT MEETING</b>		
7.	The Committee noted that it was next scheduled to meet on 18 May 2020.	