

MINUTE Meeting date: Tuesday, 21 July 2020

IN ATTENDANCE ONLINE

- Mike McCormick, Chair
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Elaine McLean, Business Manager (items 1, 2, 3, 5 and 6 only)
- Claire Gardiner, Senior Auditor, Audit Scotland
- Andrew Munro, Scottish Parliamentary Corporate Body's Head of Internal Audit (items 1, 2, 3 and 6 only)

| ITEM | CONTENT | ACTION |
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| STANDING ITEMS | | |
| 1. | <p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>The Chair welcomed all attendees.</p> <p>There were no apologies and no declarations of interest were made.</p> | |
| 2. | <p>DRAFT MINUTES OF PREVIOUS MEETING</p> <p>The draft Minutes from the meeting on 18 May 2020 were approved.</p> | |
| 3. | <p>MATTERS ARISING</p> <p>The Committee noted that all the matters arising from the meeting on 18 May 2020 had been completed or were on the agenda for discussion.</p> | |
| RISK REGISTER | | |
| 4. | <p>STANDARDS COMMISSION: BUSINESS RISK REGISTER 2019/20</p> <p>The Committee noted the updates made to the Risk Register 2019/20. The Committee reviewed the risk scores for each risk and agreed that:</p> <ul style="list-style-type: none"> • the probability of risk five (concerning a failure to ensure appropriate procedures and controls in place for statutory and best practice requirements) be reduced to a two (with the overall score reduced to a six) as the external auditors have confirmed verbally that the Accounts for 2019/20 were compliant with the FReM and an equality impact assessment policy has been introduced. • that the probability of risk six, which concerned a loss of confidence in the overall ethical standards framework be reduced to a three (with the overall score reduced to a 12) as arrangements have been finalised for online Hearings to be held and livestreamed while Covid-19 related restrictions remain in place; the Standards Commission's section 16 policy has been amended to make it clear that no action will be taken if it is satisfied that breaches of the Codes are inadvertent, technical and admitted; and a direction had been sent to the Ethical Standards Commissioner requiring her to provide information about the progress of investigations to assist the Standards Commission to identify the number of cases that were likely to be referred. • that the probability of risk seven (concerning a lack of engagement with the Standards Commission) be reduced to a two (with the overall score reduced to a six) as the Respondents in all nine scheduled cases were engaging with the Hearing process. <p>The Committee agreed that the remaining risk scores should not be altered.</p> | |

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| | <p>The Committee noted that the Standards Commission had held and successfully livestreamed one online Hearing to date. The Committee noted that the hearing had been held online as social distancing restrictions in place as a result of the Covid-19 outbreak had prevented it from being held in person. The Committee agreed that the Standards Commission should discuss the possibility of holding more Hearings online, in cases where the facts were uncontested (with no witnesses being called on the question of breach) and where the alleged contravention of the Code in question was not in dispute and did not appear to be particularly serious or significant. The Committee asked the Executive Director to add the matter to the agenda for discussion at the next Standards Committee meeting.</p> | <p>Executive Director</p> |
| <p>ANNUAL ACCOUNTS 2018/19</p> | | |
| <p>5.</p> | <p>ANNUAL ACCOUNTS 2019/20</p> <p>The Committee reviewed the draft Annual Accounts for 2019/20 and agreed they should be submitted for final review and approval by the Standards Commission at its meeting on 27 July 2020.</p> <p>EXTERNAL AUDIT: MANAGEMENT LETTER AND DRAFT REPORT</p> <p>Ms Gardiner introduced the proposed annual external audit Report. She 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>Ms Gardiner then introduced the external auditor’s report on the Standards Commission’s Annual Report and Accounts 2019/20. She advised that Audit Scotland was 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.</p> <p>In light of the external report, the Committee agreed the terms of the draft ISA 580 management response letter. The Committee noted that the Executive Director was not aware of any instances involving fraud or subsequent events that had occurred since 31 March 2020, 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 Ms Gardiner for her assistance and attendance at the meeting.</p> | <p>Executive Team</p> <p>Executive Team</p> |
| <p>INTERNAL AUDIT</p> | | |
| <p>6.</p> | <p>INTERNAL AUDIT SERVICES</p> <p>Mr Munro 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 2019/20. Mr Munro reported that he was satisfied that he could offer a substantial level of assurance that arrangements, systems, processes and internal controls were robust and were operating effectively, thereby ensuring risk is maintained at an acceptable level. As such, Mr Munro was able to advise the independent auditors that they 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 2019/20.</p> <p>The Committee reviewed the Memorandum of Understanding with the Scottish Parliamentary Corporate Body for the Provision of Internal Audit Services. The Committee agreed with Mr Munro that a sentence should be added confirming that he was to have direct access to both the Executive Director and Committee Chair. The committee asked the Executive Team to update the document accordingly and to thereafter send the revised version to Mr Munro for his records.</p> | |

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| | <p>Mr Munro then introduced his report on the Standards Commission’s payroll provision arrangements. Mr Munro confirmed that, in his view, the Standards Commission had taken appropriate steps to identify an economic, effective and efficient payroll and pension service in light of the impending expiry of its existing contract. Mr Munro advised that he was recommending that the Standards Commission now formally ask the Scottish Parliamentary Corporate Body to consider a full shared service arrangement for payroll and pension services, based on an appropriate memorandum of understanding and from a mutually convenient date. The Committee asked the Executive Team to action this recommendation and to seek a realistic timetable and project implementation plan from the Scottish Parliamentary Corporate Body.</p> <p>The Chair thanked Mr Munro for his assistance and attendance at the meeting.</p> | Executive Team |
| ANY OTHER BUSINESS | | |
| 7. | <p>EXTERNAL AUDIT UPDATE</p> <p>The Committee noted that Audit Scotland’s appointment as external auditor was due to end in 2020/21 but had been extended to cover the year 2021/22, in light of the Covid-19 pandemic, to avoid any avoidable further disruption to the Standards Commission’s financial reporting.</p> | |
| NEXT MEETING | | |
| 8. | <p>The Committee noted it was next due to meet on 18 January 2021.</p> | |