

MINUTE Meeting date: Monday 19 July 2021

IN ATTENDANCE ONLINE

- Mike McCormick (Chair)
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Claire Gardiner, Senior Audit Manager, Audit Scotland
- Asim Ali, Auditor, Audit Scotland
- Andy Munro, Head of Internal Audit, Scottish Parliamentary Corporate Body (SPCB)
- Steve Robb, Financial Accountant, SPCB

ITEM	CONTENT	ACTION
STANDING ITEMS		
1.	<p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>Mr McCormick welcomed all attendees. Apologies for absence were received from Sarah Nicholson, Office Manager.</p> <p>No declarations of interest were made.</p>	
2.	<p>DRAFT MINUTE OF PREVIOUS MEETING</p> <p>The draft minutes of the meeting on 17 May 2021 were approved.</p>	
3.	<p>MATTERS ARISING</p> <p>The Committee noted the all matters arising had been completed.</p>	
BUSINESS ITEMS		
4.	<p>RISK REGISTER 2021/22</p> <p>The Committee reviewed the contents of the Risk Register and agreed to recommend to the Standards Commission that:</p> <ul style="list-style-type: none"> • The overall score for risk four (being that the Standards Commission has insufficient resources to meet its adjudicatory timescales) should remain at 8. The Committee noted that while the recruitment, training and induction of a new Caseworker and a replacement Office Manager had been completed successfully, the Acting ESC had confirmed that his office has a backlog at investigation stage due to staff vacancies. The Committee noted that the Acting ESC had recruited three new investigators, but they were not yet in post. The Committee noted that it was anticipated that when the investigators commenced and had been trained fully, the backlog would clear quickly which, in turn could result in a number of cases being referred to the Standards Commission in quarters three and four, being the period during which the Standards Commission anticipated only having four members in post (see the information on risk nine below). • The overall score for risk six (being a loss of confidence in the overall ethical standards framework as a result of a lack of consistency between Standards Commission and ESC in their respective approaches to interpreting the Codes and dealing with complaints) be reduced to 8. This was in light of the ongoing engagement between the Acting ESC with Standards Commission on issues, cases and the interpretation of the Codes. 	Chair

	<ul style="list-style-type: none"> • The overall score for risk seven (which concerned a disruption in the normal engagement with stakeholders) being reduced to 4, in light of the actions taken by the Acting ESC to normalise relationships and engage in regular and constructive discussions with the Standards Commission. • The overall score for risk nine (being an inability to hold a Hearing timeously due to having insufficient available Members to form a Hearing Panel) should remain at 12. This was because the SPCB had advised that it was unable to start work to recruit a new member to replace the Convener (whose term of office ended on 31 August 2021) until September 2021. The Committee noted that this meant that it was likely that the Standards Commission would only have four members for at least two months, during a period when it expected a number of cases may be referred. 	
5.	<p>ANNUAL ACCOUNTS 2020/21</p> <p>a) Review Draft Annual Report & Accounts 2020/21</p> <p>The Committee reviewed the draft Annual Accounts for 2020/21 and agreed they should be submitted for final review and approval by the Standards Commission at its meeting on 26 July 2021. The Committee thanked Mr Robb for his assistance in the preparation of the accounts.</p> <p>b) External Audit: Independent Auditor’s Report Management Letter</p> <p>Mrs Gardiner introduced the external auditor’s report on the Standards Commission’s Annual Report and Accounts 2020/21. Mrs Gardiner 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 2021, that 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 26 July 2021.</p> <p>c) Draft Audit Report 2020/21</p> <p>Mrs 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. Mrs Gardiner confirmed that the independent audit had concluded that the Standards Commission had adequate short, medium and long-term financial planning and governance arrangements and plans in place.</p> <p>The Committee noted that the audit report contained a recommendation that the Standards Commission should disclose the interests of close family members on its registers of interest. The Committee agreed with the Executive Team’s proposed response which was to explain that the Standards Commission’s Members’ Code of Conduct (based on the Model Code of Conduct for Members of devolved Public Bodies approved by the Scottish Parliament) did not require the registration of the interests of close family. However, the Code required Members to declare any such interests if they met the objective test. This requirement was further reinforced in the Standards Commission’s Guidance on the Model Code. If such an interest is declared, it was minuted and the Standards Commission Member in question did not take part in the discussion or decision-making on the matter (including any cases). The Committee noted that the minutes are published on the Standards Commission’s website and are, therefore, publicly available. The Committee further noted that Standards Commission’s Members did not know what cases are to be referred and, as such, would not be in a position to register, in advance, any interest a close family member may have in the matter.</p>	Executive Director

	<p>The Committee nevertheless noted that it may be good practice for the Standards Commission to include a 'catch all' type category in its registers of interest requiring Members to record the interest of any close family member who has transactions with the organisation or was likely to have transactions or do business with it. The Committee agreed to put this proposal to the Standards Commission to consider. The Executive Director further agreed to raise, with the Scottish Government, the possibility of such a provision being included in the revised Model Code of Conduct. The Committee agreed that it would recommend the adoption of registration of close family interests if this practice was included in the Model Code by the Scottish Government.</p> <p>The Chair thanked Mrs Gardiner and Mr Ali for their assistance and attendance at the meeting.</p>	<p>Chair</p> <p>Executive Director</p>
<p>6.</p>	<p>INTERNAL AUDIT SERVICES</p> <p>a) Annual Internal Audit Assurance Report</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 2020/21. 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 2020/21.</p> <p>b) Response to Covid-19 Pandemic Report</p> <p>Mr Munro then introduced his report on the Standards Commission's response to the COVID-19 pandemic. Mr Munro advised that he could provide substantive assurance that the arrangements and measures to respond to Government Regulations and Guidance had been robust and had operated effectively, thereby ensuring risk was maintained at an acceptable level.</p> <p>Mr Munro explained that he had recommended that the Standards Commission investigate any potential benefits identified from its response to the global health emergency by way of a lessons learned report, following the removal of Government Regulations and Guidance and the lifting of the work from home directions. The Committee noted that this work had been added to the Standards Commission's workplan.</p> <p>The Chair thanked Mr Munro for his assistance and attendance at the meeting.</p>	
<p>ANY OTHER BUSINESS</p>		
<p>7.</p>	<p>PAYROLL PROVIDER PROJECT</p> <p>The Committee noted that the contract with the new payroll provider had been signed and was effective from 1 August 2021. The Committee noted that the Executive Team was due to meet with the new payroll provider, the following week, to discuss the schedule and the Standards Commission's reporting requirements.</p>	
<p>NEXT MEETING</p>		
<p>8.</p>	<p>The Committee noted that it was next scheduled to meet on Tuesday, 25 January 2022. It was agreed that further meeting dates in 2022 would be arranged when the new Member had been recruited, as it was anticipated that they would replace Mr Walker on the Committee.</p>	<p>Executive Team</p>