

# MINUTE

Meeting date: **Tuesday 24 May 2022**

## IN ATTENDANCE ONLINE

- Mike McCormick (Chair)
- Suzanne Vestri
- Lorna Johnston, Executive Director & Accountable Officer
- Sarah Nicholson, Office Manager
- Claire Gardiner, Senior Audit Manager, 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. In particular, Mr McCormick welcomed Mrs Vestri to her first meeting.</p> <p>Apologies for absence were received from Andrew Munro, Head of Internal Audit &amp; Risk, Scottish Parliament and Steve Robb, Financial Accountant, Scottish Parliament.</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 26 January 2022 were approved.</p>	
3.	<p><b>MATTERS ARISING</b></p> <p>The Committee noted that there were no outstanding matters.</p>	
<b>RISK REGISTER 2022/23</b>		
4.	<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"> <li>• The probability score for risk two be reduced from a 3 to a 2, with the overall score decreasing from 12 to 8, in light of discussions with the Acting Ethical Standards Commissioner (ESC) about the probability of the recommendation being actioned;</li> <li>• The probability score for risk four be reduced from a 4 to a 1, with the overall score decreasing from 8 to 4. This is because while the Standards Commission lost the appeal, the Court upheld the decision to disqualify;</li> <li>• The probability score for risk six be reduced from a 3 to a 2, with the overall score decreasing from 12 to 8, in light of discussions Officeholder Services about the recruitment of new Members and willingness of the Acting ESC to provide information about when cases are likely to be referred; and</li> <li>• The overall risk score for risk seven remains at 16 until amount of expenses for which the Standards Commission is liable is known.</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 30 May 2022.</p>	<b>Executive Team</b>
<b>ANNUAL ACCOUNTS – EXTERNAL AUDIT</b>		

5.	<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 that net operating costs in 2021/22 were £320,000, compared to £307,000 in 2020/21.</p> <p>The Committee noted that:</p> <ul style="list-style-type: none"> <li>• Staff costs (which includes staff and Member salaries) were £15,000 lower than the prior year. This was a result of five Hearings being held in 2021/22 (compared to 14 in 2020/21) so Member remuneration was significantly lower as a result. Staff salaries increased in line with the SPCB pay award, but were still lower than 2020/21, due to staffing changes in 2021/22.</li> <li>• Expenditure on other administration costs increased by £28,000. The Committee noted that a total of £73,000 (compared to £42,000 in 2021/21) had been incurred in legal fees in the year and that £28,000 of this total represented the recognition of a provision in respect of expenses to be reimbursed to a pursuer following a successful appeal against a decision made by the Standards Commission in 2021/22. This significant increase in legal fees was partly offset by overall lower expenditure across all other expense categories of £3,000.</li> </ul> <p>The Committee asked the Executive Team to pass on its thanks to Mr Robb for his continued provision of accountancy services to the Standards Commission.</p> <p>The Committee agreed a few minor changes to be made to the wording of the commentary on the accounts. This included adding some commentary about whether the Standards Commission had met its quantitative targets in terms of the timescales for responding to enquiries, making decisions on case referral reports from the ESC and holding Hearings. It noted that the final draft of the Annual Accounts would be being considered at the Audit &amp; Risk Committee at its meeting on 19 July 2022 and would be presented thereafter to the Standards Commission for approval at its meeting on 25 July 2022.</p>	<p><b>Executive Team</b></p> <p><b>Executive Team</b></p>
<b>INTERNAL AUDIT</b>		
6.	<p>Members noted that Mr Munro had advised that the internal audit would be undertaken by Grant Thornton and that the internal audit report should be ready for consideration by the Committee at its next meeting.</p>	
<b>GOVERNANCE</b>		
7.	<p><b>COMMITTEE TERMS OF REFERENCE AND PERFORMANCE</b></p> <p>The Committee reviewed the Audit &amp; Risk Committee's Terms of Reference. The Committee agreed the Chair should recommend that the Terms of Reference be adopted by the Standards Commission at its meeting on 30 May 2022.</p> <p>The Committee noted the performance report detailing its activities during 2021/22, which included:</p> <ul style="list-style-type: none"> <li>• Reviewing the draft Annual Accounts for approval by the Standards Commission;</li> <li>• Reviewing the Risk Register and identifying and reviewing actions to be taken to mitigate risks;</li> <li>• Recommending changes to the Risk Register and the individual risk scores in light of developments and actions taken;</li> <li>• Suggesting risks and mitigating actions to be included in the Risk Register for 2022/23;</li> <li>• Reviewing and recommending the external audit plan (including the timetable and fee);</li> <li>• Reviewing internal and external audit reports and any management responses; and</li> </ul>	

	<ul style="list-style-type: none"> <li>• Reviewing the project to identify and introduce a new payroll services contract.</li> </ul> <p>The Committee agreed that the Chair should advise the Standards Commission of this performance report at and should also confirm that he was confident that the Committee had discharged its duties effectively in 2021/22, in accordance with the Terms of Reference.</p> <p>The Committee agreed its workplan and schedule for 2022/23.</p>	<b>Chair</b>
<b>ANY OTHER BUSINESS</b>		
<b>8.</b>	No other business was raised or discussed.	
<b>NEXT MEETING</b>		
<b>9.</b>	The Committee noted that it was next scheduled to meet online on 19 July 2022.	