

MINUTE

Meeting date: **Tuesday 25 July 2023**

IN ATTENDANCE ONLINE

- Suzanne Vestri (Chair)
- Anne-Marie O'Hara
- Lorna Johnston, Executive Director & Accountable Officer
- Sarah Nicholson, Office Manager
- Gillian McCreddie, Audit Manager, Audit Scotland
- Liz Maconachie, Senior Audit manager, Audit Scotland
- Andy Munro, Head of Internal Audit, Scottish Parliamentary Corporate Body (SPCB)

| ITEM | CONTENT | ACTION |
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| STANDING ITEMS | | |
| 1. | <p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>Ms Vestri welcomed all attendees.</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 23 May 2023 were approved.</p> | |
| 3. | <p>MATTERS ARISING</p> <p>The Committee noted that all matters arising had been completed or were due to be discussed at the meeting as one of the items below.</p> | |
| BUSINESS ITEMS | | |
| 4. | <p>RISK REGISTER 2023/24</p> <p>The Committee reviewed the risk register for 2023/24 and noted the actions taken, in the year to date, to mitigate the risks identified.</p> <p>In particular, the Committee reviewed whether the probability scores for the risks concerning whether there were sufficient resources for Standards Commission to fulfil its statutory duties and meet its business objectives could be reduced in light of actions undertaken to date. While the Committee was pleased to note that the two new members had been successfully inducted, it acknowledged that further case referrals were expected as a result of the Ethical Standards Commissioner continuing to clear a backlog and, as such, staff capacity remained an issue. The Committee agreed, therefore, to recommend to the Standards Commission that no changes to the risk scores be made for time time-being.</p> | Chair |
| 5. | <p>ANNUAL ACCOUNTS 2022/23</p> <p>a) Review Draft Annual Accounts 2022/23</p> <p>The Committee reviewed the draft Annual Accounts for 2022/23 and, subject to some minor amendments, agreed they should be submitted for final review and approval by the Standards Commission at its meeting later on 25 July 2023.</p> <p>b) External Audit formalisation: Independent Auditor's Report Management Letter</p> <p>Mrs Maconachie introduced the external auditor's report on the Standards Commission's Annual Report and Accounts 2022/23. Mrs Maconachie advised that Audit Scotland was satisfied that the annual accounts had been properly prepared in accordance with applicable</p> | Executive Team |

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| | <p>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 2023, 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 later on 25 July 2023.</p> <p>c) Draft Audit Report 2022/23</p> <p>Mrs Maconachie 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 Maconachie 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. Mrs Maconachie further confirmed that she was satisfied that the disclosures in the Governance Statement were consistent with the financial statements and the statement had been prepared in accordance with the relevant statutory guidance. Mrs Maconachie advised that the draft audit report contained one recommendation, that the Standards Commission work with the SPCB to refresh the existing service level agreement with IT to ensure this reflects current services, including cyber security.</p> <p>The Chair and Executive Director both thanked Mrs Maconachie and Mrs McCreddie for their attendance at the meeting and for their support with this year’s audit.</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 2022/23. Mr Munro reported that he was satisfied that he could offer a satisfactory 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 2022/23.</p> <p>b) Review of General Financial Control Environment</p> <p>Mr Munro then introduced the internal audit report on the general financial control environment. Mr Munro advised that the overall objective of the audit was to review and evaluate key financial transaction processing controls to thereby offer assurance that these are in place and are operating effectively, consistent with internal policies and procedures, service agreements and contractual requirements.</p> <p>Mr Munro reported that based on the audit work performed, there is sufficient audit evidence in place to confirm that the Standards Commission has robust systems and key controls in place to ensure accurate, reliable and complete financial information. Separation of duties and single point of failure risks are managed by way of service level arrangements with the Finance Office of the Scottish Parliament and an external contract with a specialist payroll provider. It was further confirmed that information provided to third parties is subject to sufficient controls, checks and balances. There are no significant risks or improvement recommendations arising from this review.</p> <p>Overall, based on the detailed testing and conclusions reached, a substantial level of assurance is offered over the systems, controls and process in place with regards to financial controls.</p> | |
| <p>ANY OTHER BUSINESS</p> | | |

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| 7. | None. | |
| NEXT MEETING | | |
| 8. | The Committee noted that it was next scheduled to meet on Tuesday, 23 January 2024. | |