

**Meeting of the  
Advisory Audit Board  
of the  
Ethical Standards Commissioner**  
held on  
26 February 2025 at 14.30

**Present:**

David Watt, Advisory Audit Board (AAB) – Chair  
Siobhan White, AAB (SW)

**In Attendance**

Ian Bruce, Ethical Standards Commissioner  
Karen Elder, Head of Corporate Services, Ethical Standards Commissioner  
Anne MacDonald, Senior Audit Manager, Audit Scotland  
Stephen Pringle, Director for Internal Audit, WBG (joining via MS Teams) (WBG)

Jenni Green, Governance & Finance Officer, Ethical Standards Commissioner  
Alice Malone, Governance & Finance Officer, Ethical Standards Commissioner

**Agenda**

**1. Welcome, including any declaration of interests**

- a) The Chair invited those attending to declare any actual or perceived conflicts of interest that have not already been declared. No further conflicts of interest were declared.

**2. Previous minutes (02 October 2024)**

- a) The Head of Corporate Services (HCS) confirmed that seven of the eight actions were complete. A revised format for the annual report and accounts is being developed and will be provided to Audit Scotland for comment in March 2025. The HCS confirmed that after consideration a, Petty Cash facility, will be retained. The Chair suggested developing an action tracker, which can be updated and provided with the agenda and papers in advance of the next meeting.
- b) The meeting agreed the minutes.

**Action:** HCS to develop an AAB action tracker – April 2025.

**Action:** HCS to publish minutes from previous meeting – March 2025.

**Action:** HCS to finalise revised format annual report and accounts and provide to Audit Scotland for comment – March 2025.

**3. Update from the Commissioner**

The Commissioner provided the meeting with an update on the work of the office.

- a) Since the previous meeting, ESC has made significant progress on its strategic and business plans, including implementing the internal auditor's recommendations.

- b) In November, ESC republished its communications strategy, incorporating feedback on the 2024–2028 strategic plan.
- c) ESC launched five new Easy Read guides on its complaint-handling functions and formed a cross-office accessibility working group to develop the next BSL plan.
- d) The Commissioner reported that complaints have decreased slightly compared to 2023/24, though still not falling to 2022/23 levels.
- e) The Commissioner reported that ESC had introduced new measures to improve efficiency, such as a revised complaint allocation plan and a new duty IO system, which are currently being piloted. These initiatives, along with dedicated senior management resources, have significantly reduced waiting times for initial assessments. Most new complaints are now being assessed in real-time, with decisions provided within two months.
- f) The Commissioner reported that ESC has successfully recruited two new Public Appointments Advisers (PAAs), bringing the total to 12, providing additional resilience. ESC contracted Leading Kind to refresh the "Diversity Delivers" initiative. They produced a micro-report on the "State of the Nation," and ESC is seeking support from the Cabinet Secretary and SPPA Committee for the project.
- g) The Commissioner also reported that ESC transitioned successfully to M365 and SharePoint in October, improving cyber resilience and disaster recovery measures.
- h) The Commissioner has been actively engaged with various stakeholders, including the Ethical Standards Network, local authority Monitoring Officers, parliamentary officeholders, the Standards Commission, COSLA, the Improvement Service and Parliamentary Committees.
- i) ESC is conducting a national survey of board Chairs and members to assess the appropriateness of advertised board roles, including time commitment, remuneration, and support. Focus groups will be held to gather deeper insights and qualitative feedback.

#### **4. Progress report from internal audit**

- a) Management responses to individual reports
 

WBG confirmed there was one report to be considered by the meeting, that being the "Review of the Public Appointments process - use of information used to inform decision-making."

  - WBG stated that a review was conducted on the information used for decision-making, to evaluate its effectiveness and identify improvements for storage, search and access. The review also assessed how decisions are recorded and the suitability of databases. The overall conclusion was a strong level of assurance was provided.
  - The Chair welcomed the assurance given by the report and recognised the value in covering public appointments work.
  - SW noted that the sole recommendation covered improvements to the search facility in the database holding this information and suggested this would be an ideal area to employ AI. The Commissioner and Chair noted a number of AI tools, such as "Perplexity" might be useful.
- b) Progress against prior year recommendations
  - The HCS reported on progress against internal audit recommendations from the prior year. Of the ten recommendations, five are complete, one superseded and four are partially complete.
- c) Introducing the internal audit plan for 2024/25

- The HCS introduced and the meeting discussed initial proposals for internal audit in 2025/26 and 2026/27. It was agreed that a review of the Investigations Manual, Communications Strategy and records management would be valuable.
  - The Chair queried the number and timings for reviews and noted that there was nothing related to governance currently included.
  - SW asked for clarification on the communication strategy, specifically how ESC communicates, and the channels used. The Commissioner confirmed that ESC primarily communicates through its website with limited interaction on social media.
  - SW asked if ESC surveyed customer feedback. The Commissioner confirmed that feedback from those involved in the complaints process was sought but that response rates were low; alternative methods were being considered. Feedback on public appointments was gathered and published in our annual report and accounts.
  - AUS inquired about the scope of the Investigations Manual internal audit as external audit is undertaking a similar review this year. The outcome would be known by late summer and a final decision on the scope of the internal audit could be delayed until after this.
  - It was agreed that a review of budgeting or FOISA processes might not be as valuable as consideration of training and/or performance management.
  - A final timetable will be prepared for submission to the AAB at its next meeting.
- d) Update on annual report for 2024/25
- WBG confirmed that the Annual Report for 2024/25 will be presented at the next AAB meeting. This will allow for the finalisation of the two remaining reports for the year covering Business Continuity and the Follow-up audit.
- Action:** HCS to consider use of AI in database searches – March 2026.  
**Action:** HCS to develop a proposed internal audit assignment plan for 2025/26 and possibly 2026/27 for submission to the next AAB meeting – April 2025

## 5. Progress report from external audit

### a) External audit plan for 2024/25

- AUS provided an update on the external audit plan for the 2024/25 annual report and accounts. AUS explained that the audit is driven by materiality and the risk of material misstatement. The materiality threshold for ESC was set at a benchmark of 2%.
- AUS also discussed the audit timetable, noting that the field audit is scheduled for August, with the aim of completing clearance by 24 September.
- SW commented on ESC being a less complex organisation, referencing paragraph 16: "Due to the nature and size of ESC and its limited financial activity, it is considered a less complex body for the wider scope audit. All four wider scope areas are therefore not considered..." and queried whether, without the wider scope, best value could be considered, as set out in paragraph 19. SW asked if this section could be reworded to reflect that the audits are not a wider scope.
- Further to the above action, the meeting agreed the audit plan.

**Action:** AUS to reword or remove paragraph 19 to better reflect how best value is assessed without a wider scope audit.

## **6. Review of strategic risks**

- a) The HCS advised that the Senior Management Team (SMT) discusses emerging risks at each SMT meeting with a quarterly in-depth review. The next formal review is scheduled for 27 March 2025.
- b) The Chair highlighted that the list of risks under “horizon scanning” is lengthy and suggested that older risks could be reviewed and removed, keeping only the new and current risks on the list.
- c) The Chair also pointed out the possible emerging risk related to geopolitical issues and voter sentiment.
- d) SW inquired about the older risks listed on the register. The HCS explained that although mitigating actions have been taken, these risks are still considered to be live.
- e) DW tasked HCS with asking whether the failure to ensure best value could be considered as a risk for the next SMT meeting. This risk was added to the register in December 2024.

**Action:** HCS to ensure horizon scanning and best value risks are considered at the next quarterly risk review.

## **7. Annual Report to AAB on data protection matters**

- a) The HCS presented the first report to the AAB on data protection matters, resulting from a prior year internal audit recommendation.
- b) HCS updated the AAB on the cybersecurity conference she attended. The Chair asked HCS to include cybersecurity as part of the long-term strategic or business planning.
- c) The meeting discussed how the ESC manages and reports its data breaches. HCS noted that there were no reportable data breaches during the year. HCS confirmed that data breaches were reported to the line manager and Corporate Services Team for assessment. Depending on the initial assessment, the Data Protection Officer (DPO) may be contacted for advice. In serious cases the breach is reported to the Information Commissioner’s Office.
- d) The meeting approved the report.

**Action:** The HCS to ensure that cybersecurity is considered in long-term strategic and business plans.

## **8. Agreeing the meeting schedule for the year**

- a) The next AAB meeting is scheduled for 14.30 on Wednesday, 23 April 2025, in person at Thistle House.
- b) It was agreed that consideration of the draft annual report and accounts in July can be achieved via correspondence.
- c) The next meeting will be at 14.30 on Wednesday, 24 September 2025, in person at Thistle House.

## **9. AOB**

The Chair advised that his term of appointment ends in September 2025. The Commissioner asked what appointment plans the SPCB have underway. The Chair was not able to provide more information at this stage.

## **10. Date of next meeting**

Wednesday, 23 April at 14:30