

Scottish Parliamentary Corporate Body

Annual report on the 2010/11 audit

Prepared for the Scottish Parliamentary
Corporate Body and the Auditor General for
Scotland

November 2011

The logo for Audit Scotland, featuring a stylized 'A' with a checkmark inside a circle to its left.

AUDIT SCOTLAND

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds

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Key messages

2010/11

Financial statements

The Auditor General for Scotland has provided an unqualified opinion, confirming that the financial statements for the Scottish Parliamentary Corporate Body (SPCB) give a true and fair view of its state of affairs and its net operating costs for the year. This audit opinion also concluded that, in all material respects, the expenditure and receipts in the financial statements were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Financial position

In 2010/11 SPCB's total costs for the year were £81.8 million, which was £9.7 million within the funding of £91.5 million approved by the Scottish Parliament. A significant part of the variance between outturn and budget related to non-cash items: a reduction of £2.8 million in the depreciation charged from that anticipated following the revaluation of the Parliament building; and the *net* movements in MSP's pension scheme expenditure, which resulted in a credit to (reduction of) expenditure of £3.9m.

As part of their Future Resource Plan SPCB created a provision of £2 million for the cost of staff leaving under a restructuring scheme; this comprises £1.7 million of costs arising from agreed early severance/ early retirements and further restructuring costs of £0.3 million relating to business area reviews which are underway. Also, there is a significant reduction in MSP pension liabilities and related charges, the largest element of which is a £4.7 million reduction reflecting the past service effects of the change in indexation of pensions from using the Retail Price Index (RPI) to the Consumer Price Index (CPI). This follows the Chancellor's June 2010 budget statement that pensions from public sector schemes would in future be increased in line with the CPI rather than RPI. As CPI increases are assumed to be lower than RPI increases, this change reduces the liabilities of the MSPs' pension scheme.

The comparative figures for 2009/10 have been restated to reflect a UK wide change in accounting policy to remove the notional charge for cost of capital (£11.0 million in 2010). The restated 2010 figure for total costs was £87.1 million against a budget of £92.6 million. The main elements of the difference between 2009/10 and 2010/11 are the depreciation charge, MSP pensions and restructuring costs identified above.

Governance and accountability

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall, the high level corporate governance and control arrangements for the SPCB operated satisfactorily during the year, as reflected in the Statement on Internal Control. We noted that planned

further developments in governance arrangements, including enhancing the current strategic risk register procedures and the further development of Key Performance Indicators have been delayed due to the implementation of the Future Resource Plan. We also carried out a review of the internal audit function and concluded we could place reliance on their work.

Outlook

The SPCB's Future Resource Plan to 2014/15, which aims to reduce expenditure in real terms by 12% between 2010/11 and 2014/15, provides a financial framework for SPCB activity but implementing the consequential changes, while maintaining levels of service, will provide further challenges.

SPCB are reviewing their planning and reporting arrangements. A Strategic Plan for the Parliamentary session to March 2016 was approved by the Corporate Body in September 2011. The Plan records the SPCB's vision, purpose and values; identifies what these mean for the Parliament's main stakeholders; and lists the main delivery objectives and areas for continuous improvement in arrangements.

We will continue to monitor progress against the Future Resource Plan and the SPCB's performance against the Strategic Plan.

Sir Neil McIntosh's review of the scheme for the Reimbursement of Members' Expenses recommended that the SPCB's external auditors should undertake a specific exercise scrutinising and assessing the arrangements for the reimbursement of MSPs' expenses at least once in each parliamentary session. As part of the 2011/12 audit, the SPCB and Audit Scotland will consider the practical implementation of this recommendation.

We gratefully acknowledge the assistance and co-operation provided by the members of the Leadership Group and SPCB staff during our audit.

Introduction

1. This report is the summary of our findings arising from the 2010/11 audit of the Scottish Parliamentary Corporate Body (SPCB). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and conclusions and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. During the year we have issued an interim report on the audit and reported progress to the Advisory Audit Board. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the SPCB.
3. Our audit did not identify any high level risks which required action by SPCB. However, given the funding challenges faced by the public sector, we have included a number of issues throughout the report which the senior management of the SPCB may wish to consider going forward.
4. This report is addressed to the SPCB and the Auditor General and should form a key part of discussions with the Advisory Audit Board, either prior to or as soon as possible after the formal completion of the audit of the financial statements. Reports should be made available to stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the SPCB and the Advisory Audit Board.
6. The management of the SPCB is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to our attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
 - the regularity of the expenditure and income (except for local government bodies).
9. Auditors review and report on, as appropriate, other information published with the financial statements, including the management commentary, statement on internal control and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit on the financial statements.

Audit opinion

10. The Auditor General for Scotland has provided an unqualified opinion, confirming that the financial statements for SPCB give a true and fair view of its state of affairs and its net operating costs for the year; and that they have been properly prepared in accordance with the Government Financial Reporting Manual and the accounts direction issued by the Scottish Ministers under the Public Finance and Accountability (Scotland) Act 2000.

Regularity

11. In accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has also provided an opinion, that in all material respects, the expenditure and receipts in the financial statements were incurred or applied in accordance with applicable enactments and guidance.

Remuneration report and statement on internal control

12. The audit opinion also confirms that the audited part of the Remuneration Report has been properly prepared and the remaining elements of the remuneration report and management commentary are consistent with the financial statements; and that there are no issues to report on the Statement on Internal Control and its compliance with Scottish Ministers' guidance.

Accounting issues

Accounts submission

13. The financial statements were submitted for audit on 16 July, in accordance with a pre-agreed timetable. The audit fieldwork was completed on 2 September and matters arising were discussed on a regular basis with the SPCB staff including the Financial Controller and the Head of Financial Resources.
14. A small number of presentational changes were required to the annual report and accounts as a result of our review of the disclosures required by the Government Financial Reporting Manual (FReM) and the audited financial statements have been adjusted to reflect this.

Prior year adjustments

15. All central government bodies have been affected by the removal of the requirement for a cost of capital charge under the 2010/11 FReM. This change is identified in the SPCB's accounting policies and appropriate amendments have been made to the prior year statements.

Pension costs

16. As a result of the Scottish Parliamentary Pensions Act 2009, from 2009/10 the SPCB has accounted for the assets and liabilities arising on the MSPs Pension Fund on its Statement of Financial Position; and the resource cost (rather than cash cost) through the Statement of Comprehensive Net Expenditure.
17. It was announced in the Budget on 22 June 2010 that the UK Government will adopt the Consumer Price Index (CPI), rather the Retail Prices Index (RPI), for the indexation of public service pensions from April 2011. As CPI increases are assumed to be lower than RPI increases, this change reduces the liabilities of the MSPs pension scheme. It has also affected the Statement of Net Comprehensive Expenditure, the largest element of which is a net reduction of £4.7 million recorded as past service costs. Past service costs reflect the effect of decisions implemented in the current year, which change the pension entitlements related to (earned in) previous years.

Outlook

18. The main change in the financial reporting framework (FReM) next year (2011/12) is that grants and funding for donated assets should be recognised immediately, unless there is a condition that the recipient had not satisfied that would lead to repayment. Most grants and donated assets funding should be recognised as income and, as a consequence, the government grant reserve and donated asset reserve will no longer be used.
19. Looking further ahead, from 1 January 2013 changes to international financial reporting standards (IFRSs) will become effective. This includes the introduction of:
 - IFRS 9 - financial instruments (replacing IAS39)

- IFRS 10 - consolidated financial statements (replacing IAS27)
 - IFRS11 - joint arrangements (replacing IAS31)
 - IFRS12 - disclosure of interest in other entities (replacing IFRS12)
 - IFRS 13 - fair value.
20. Revisions to the FReM for 2013/14 are included in the Financial Reporting Advisory Board (FRAB) forward work programme for 1 December 2011.

Audit appointment for 2011/12

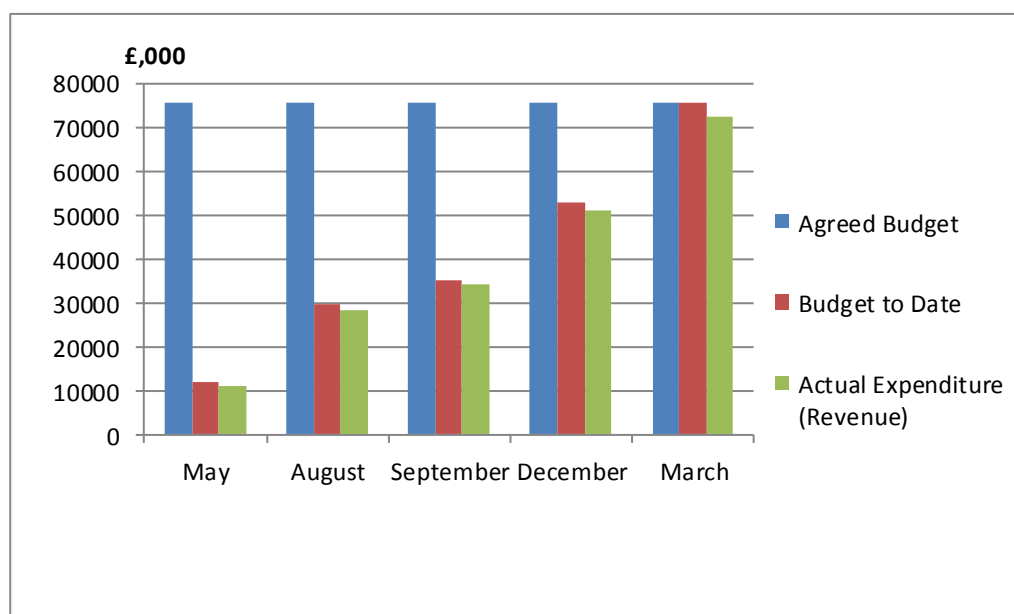
21. Audit appointments are made by the Auditor General, either to Audit Scotland staff or to private firms of accountants for a five year term. 2010/11 is the last year of the current audit appointment and we can confirm that the Auditor General for Scotland will continue to be the appointed auditor for the next five years. As part of the consequential changes from the procurement exercise there will be a significant change in the audit team, but there will be a managed changeover process including limited continuity of staffing. We look forward to continuing the good working relationship that exists and thank officers and members of the SPCB and the Leadership Group for their assistance during the last five years.

Financial position

22. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
23. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
24. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results 2010/11

25. The SPCB is required to work within its resource budget approved by the Parliament. The annual budget approved by the Scottish Parliament was £91.5 million for 2010/11 (a net revenue budget of £88.5 million and a capital budget of £3.0 million). The SPCB reported an outturn that was £9.7 million within budget, being split £9.6 million revenue and £0.1 million capital. The outturn reported by the SPCB includes the cost of staff leaving under severance or retirement arrangements (£1.7 million), which taken with other costs anticipated as part of the restructuring total £2.0 million.
26. A significant part of the variance between outturn and budget related to non-cash items: a reduction in depreciation following the revaluation of the Parliament building (£2.8 million); and changes in pensions charges (net £3.9 million) - mainly reflecting the Government's decision to adopt the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) for the indexation of public service pension schemes.
27. The remaining revenue variance is net £2.9 million below budget, of which £0.4 million relates to Commissioners, £1.3 million relates to MSPs costs, with the remaining variance occurring within the Parliamentary service spend.
28. Excluding non-cash items, the agreed revenue budget was £75.7 million. Exhibit 1 is based on the SPCB's management accounts and shows the outturn against the revenue budget on this basis. The final position at the year-end was a net expenditure of £72.5 million which was £3.2 million within the budget. This broadly equates with the overall position on the net cash requirement (including capital), which at an outturn of £75.4 million was £3.3 million within the agreed budget set by Parliament.

Exhibit 1**SPCB revenue budget and actual expenditure**

SPCB management accounts and Chief Executive's Reports 2010-11

Budgetary control

29. We have previously reviewed the SPCB's budget setting and monitoring arrangements, which were found to be satisfactory. Our audit work this year confirmed that these arrangements continued to operate satisfactorily, including senior management receiving budget monitoring reports (management accounts) on a regular basis, supported by a financial paper to explain key variances against the budget.

Financial position at 31 March 2011

30. The Statement of Financial Position shows a net asset position of £308.7 million at 31 March 2011 (net assets of £295.1 million at 31 March 2010). This overall increase of £13.6 million is due to a £7.3 million increase in non-current assets; a £0.2 million increase in net current assets and a £6.1 million reduction in non-current liabilities.
31. Exhibit 2 shows how the £13.6 million increase in net assets in the Statement of Financial Position is reflected in the movement on reserves. The biggest component is the £14.0 million net increase in the Revaluation Reserve, mainly reflecting the indexation of the Scottish Parliament building. There is also an increase of £6.8 million relating to pensions, which reduces the deficit (net liabilities) on the MSP pension scheme from £9.9 million to £3.1 million. The main reasons for this movement are actuarial gains and the changes from RPI to CPI referred to earlier in this report. The remaining net decrease in reserves of £7.2 million comprises a mixture of effects, but primarily represents the difference between cash funding required from the Scottish Consolidated Fund and the cost of operations (excluding pensions).

Exhibit 2**Reserves**

Description	31 March 2011 £ million	31 March 2010 £ million	2010-11 Movement £ million
General Fund	271.4	278.6	(7.2)
Revaluation Reserve	40.1	26.1	14.0
Pension Reserve	(3.1)	(9.9)	6.8
Donated Asset Reserve	0.3	0.3	0.0
Total Reserves	308.7	295.1	13.6

SPCB 2010/11 financial statements

Capital investment and performance 2010/11

32. The SPCB's capital expenditure in 2010/11 was very close to its capital budget of £3.0 million and related to the implementation of a new Payroll/HR system; the installation of a new sound and voting system in the Chamber; and various IT projects including a local office technical refresh.

Financial planning to support priority setting and cost reductions

33. The UK Comprehensive Spending Review (CSR) was published on 20 October 2010 and presented UK budgets for the period 2011-2015. The figures for Scotland that were included in the CSR showed a real terms fall in Departmental Expenditure Limit (DEL) of 11.3% between the expenditure budgeted for 2010/11 and that budgeted for 2014/15 (compared to the earlier internal estimates of a 15% reduction). DEL forms the majority of the budget and is made up of the operating and capital expenditure that is planned.
34. Our interim audit report noted that the SPCB responded quickly to the funding pressures by developing and implementing a Future Resource Plan, to deliver target real term savings of 12% to 2014-15 against a 2010-11 baseline. Key savings include a pay freeze for SPCB staff and a reduction in the workforce (of up to fifty staff) by March 2013. We also reported that the SPCB had established a Change Management Programme under a Board, the main focus of which is a planned series of business area reviews intended to identify the measures required to deliver the Future Resource Plan.

Workforce reduction

35. As part of the above arrangements, in 2010-11, the SPCB undertook a restructuring exercise of their senior management and implemented a Voluntary Early Severance/ Voluntary Early Retirement (VES/ VER) scheme. As a result three staff left under compulsory redundancy

terms and thirty four staff chose to leave early under the voluntary arrangements. The total costs were £1.7 million.

36. The SPCB also embarked on a series of business area reviews and set aside (provided) a further £0.3 million to meet the costs of further restructuring. The number of staff estimated as likely to be affected by the programme of office reviews is in line with the Future Resource Plan and the related costs were estimated, and provided for, based on the costs of staff leaving under the recent VES/ VER scheme.

Overall savings

37. The SPCB estimates that the Change Management Programme will deliver annual savings totalling £5.9 million against staff and non-staff costs. It is too early to determine the actual savings achieved or the impact on the services delivered. However, SPCB acknowledged that business areas will be under pressure and that it will be a challenge maintaining key services in the face of the actual and planned budget reductions.

Action plan point 1

Outlook

2011/12 budget

38. In November 2010 the Finance Committee of the Scottish Parliament considered and recommended the approval of the SPCB's budget bid for 2011-12 of £88 million. The budget bid comprised a net revenue budget of £74 million, a capital budget of £1.3 million and £12.7 million for capital charges (depreciation). Overall it represented a 7.1% real-terms reduction from 2010-11, applying the Treasury deflators used in the Scottish Government's Spending Review.
39. Within this total reduction the staff pay budget is scheduled to reduce by £741,000 (3.2% in cash terms, 5.0% in real terms) in line with the changes identified above. Also, the overall budget submissions for the Commissioners/ Ombudsman was £8.4 million, a 4.5% cash terms and 6.3% real terms reduction on the equivalent 2010-11 budget - although there were variations in the degree of reductions with the different officeholders.

Significant financial risks

40. The SPCB had identified a number of key risks to the Change Management Plan and achieving budget reductions in 2011/12 and future years. The risks include: uncertainty over the number and cost of resettlement grants payable following the May 2011 elections; uncertainty regarding the level of potential severance payments for ministers and other office holders; pay settlement pressures for SPCB staff and MSPs pay from 2013-14 onwards; a lower than expected turnover of SPS staff; and UK inflationary pressures.

Action plan point 1

41. We will continue to monitor developments in this area going forward, including the delivery of actual savings against the Future Resource Plan.

Governance and accountability

42. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
43. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
44. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption
45. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

46. The Leadership Group (which replaced the Strategic Leadership Team) is responsible for ensuring that the SPCB fulfils the aims and objectives set by the members of the Corporate Body (the SPCB board). The role of the Leadership Group includes establishing the overall strategic direction, monitoring performance against agreed objectives and ensuring that the statutory requirements for the use of public funds are complied with.
47. The SPCB has put in place systems for the identification and management of risk with the adoption of an organisation wide risk register and through issuing corporate risk management policies and guidance, to managers. The strategic risk register is normally reviewed quarterly by the Leadership Group and the register is subject to review and challenge by the Corporate Body and the Advisory Audit Board.
48. We note that following a review of central functions, as part of the Change Management Programme, the responsibility for risk management transferred to the Head of Internal Audit from July 2011.

Internal control

49. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
50. Our audit approach includes a review of the high level controls operating within SPCBs key financial systems. Our overall conclusion from our 2010/11 review was that key controls were operating effectively and that SPCB has adequate systems of internal control in place.
51. The Statement on Internal Control (SIC) provided by the SPCB's Accountable Officer reflected the main findings from both external and internal audit work. The SIC records management's responsibility for maintaining a sound system of internal control and summarises the process by which the Accountable Officer obtains assurances on the contents of the SIC.

ICT data handling and security

52. Our previous reviews of developments in IT identified that SPCB continued to invest in developing a robust IT infrastructure and that the IT strategy was supported by a three-year work plan that showed how the Business Information Technology (BIT) group would implement it. In light of the developments flowing from the Future Resource Plan the BIT work plan will need to be updated.
53. Internal audit completed a review of the SPCBs Information Management and Security arrangements, which was reported to the Advisory Audit Board in June 2010. Our discussions with internal audit, and the head of Business Information Technology (BIT) confirmed that there had been little progress to date in addressing agreed actions due to a member of BIT staff being on prolonged sickness absence. We were assured by the Head of BIT that internal audits' recommendations would be appropriately prioritised and actioned for delivery during 2011 and we will continue to monitor progress in this area.
54. We previously discussed the Audit Commission checklist 'Your Business at Risk'. The checklist is a web based survey which helps organisations to focus on the business risks associated with information and communications technology. The checklist enables organisations to benchmark their arrangements against best practice and other organisations. The Head of BIT has considered the checklist and has decided not to use the tool at this point in time but he confirmed that the checklist has been used to help shape some of his on-going communications on ICT security, which are issued periodically to SPCB staff.

Internal Audit

55. A key element of our work on internal controls is the extent of reliance that we can place on the work of internal audit in terms of ISA 610 (Considering the work of internal audit). We carried out a review of the internal audit function and concluded that the work of the SPCB's internal audit service is carried out in accordance with Government Internal Audit Standards.

As a result of the review we also made some minor recommendations for improvement, which were accepted by the head of internal audit.

56. For our financial statements audit, we placed reliance on the testing of MSPs expenses, the review of MSPs local offices, the review of the general ledger and the review of the new integrated payroll and HR system.
57. The Head of Internal Audit formally reported to the Chief Executive (in September) that his overall conclusion was that a strong level of assurance can be taken on the adequacy and effectiveness of the systems of internal control reviewed.

Prevention and detection of fraud and irregularities

58. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
59. The SPCB has appropriate arrangements in place (based on the Scottish Public Finance Manual) to prevent and detect instances of fraud and irregularity including detailed policies in the Code of Conduct and the Staff Handbook. There were no instances of fraud or irregularity reported by the SPCB in 2010/11.

Standards of conduct and arrangements for the prevention/detection of bribery and corruption

60. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions.
61. As indicated above in relation to fraud prevention, etc, we have concluded that the arrangements in the SPCB are satisfactory and we are not aware of any specific issues that we need to identify in this report.

Outlook

62. We are aware through discussions with officers, review of minutes and attendance at Advisory Audit Board meetings, that there has been considerable organisational activity directed toward delivery of the Future Resource Plan and as a consequence some of the planned further developments in governance arrangements have been delayed, in particular the enhancement of the current strategic risk register and the further development of robust Key Performance Indicators. While recognising there are competing priorities on management time and resources, this is an area that SPCB needs to keep under review.

Action plan point 2

McIntosh Report

63. Sir Neil McIntosh's review of the scheme for the Reimbursement of Members' Expenses was published in December 2009. Sir Neil identified some additional measures which could enhance public confidence in the audit arrangements, including the introduction of a programme of visits to outlying offices. A further recommendation was that the external auditor should be invited to undertake a specific exercise scrutinising and assessing the arrangements for the reimbursement of MSPs' expenses at least once in each parliamentary session for assurance purposes; with the detailed implementation of these arrangements to be agreed between the Accountable Officer and the auditors.
64. A new Parliamentary session began in May 2011, following the Holyrood elections. SPCB and Audit Scotland will liaise on the implementation of the recommendation relating to the specific external audit exercise envisaged in the McIntosh review early in 2012.

Action plan point 3

Appendix A: action plan

Key Issues/ Risk Areas and Planned Management Action

Action Point	Issue/ Risk Identified	Planned Management Action	Responsible Officer	Target Date
1 Para's 37 & 40	<p>Implementing budget reductions and maintaining services</p> <p>The SPCB have identified a number of key risks to achieving budget reductions in 2011/12 and future years and acknowledge that business areas will find it challenging to maintain key services in the face of anticipated budget reductions.</p>	<p>Delivery of the change programme will be reported on regularly to the Change Management Board. Once review recommendations are agreed then Group Heads will update to Leadership Group as appropriate.</p>	Change Management Board	31 March 2012
2 Para 62	<p>Maintaining the momentum on governance developments</p> <p>Prioritising the delivery of the Future Resource Plan has delayed some of the planned further developments in governance arrangements, in particular the enhancement of the current strategic risk register and the further development of robust Key Performance Indicators. This carries the risk of a lack of focus on risks and performance in the longer term.</p>	<p>Now the Scottish Parliament Strategic Plan for 2011-16 has been finalised and published, work is underway to develop appropriate Key Performance Indicators for this new document. In the meantime, performance reporting continues quarterly on the previous targets.</p> <p>The Strategic Risk Register was reviewed in detail by internal audit in May 2011. While the existing risk register was found to be relevant and fit for purpose, proposals to enhance risk management arrangements, that ensure consistency with the Strategic Plan 2011-2016, will be considered by</p>	Assistant Clerk/ Chief Executive	31 March 2012

Action Point	Issue/ Risk Identified	Planned Management Action	Responsible Officer	Target Date
		The Leadership Group for approval on 28 November 2011. New risk management arrangements will be effective from 2012/13.		
3 Para 64	McIntosh review The McIntosh review of MSP's expenses recommended a specific external audit exercise once in each Parliamentary session. Indications are that this should be carried out in 2011/12 or 2012/13.	Audit Scotland reviews and reports on the work of internal audit, including the reimbursement of MSP's expenses, on an annual basis. In one year of each Parliamentary session it is expected that Audit Scotland perform a more detailed review of the reimbursement of MSP's expenses whilst continuing to place reliance on the work of internal audit in this and other areas. The timing and scope of the detailed Audit Scotland review will be agreed by the AAB, Clerk/CE, Head of Financial Resources, Audit Scotland and Head of Internal Audit.	Head of Internal Audit	31 March 2012