



FOR PUBLICATION

**JOINT MEETING OF THE HOUSE OF COMMONS ADMINISTRATION
ESTIMATE AUDIT AND RISK ASSURANCE COMMITTEE AND HOUSE OF
LORDS AUDIT COMMITTEE**

**Minutes of the meeting held on 5 July 2022
2-3pm**

Members of the House of Commons Administration Estimate Audit and Risk Assurance Committee present: Shrinivas Honap (Chair)
Harriett Baldwin
Frances Done
Sir Charles Walker MP
Louise Wilson

Members of the House of Lords Audit Committee present: Mathew Duncan (Chair)
Lord Brownlow of Shurlock Row
Lord Haskel
Lord Cromwell
Lord Palmer of Childs Hill

In attendance:

Simon Burton, Clerk of the Parliaments
Dr John Benger, Clerk of the House of Commons
Vicky Rock, Managing Director of Finance, Portfolio and Performance, House of Commons
Marianne Cwynarski, Managing Director of the Governance Office and Secretary to the House of Commons Commission
Malin Eliasson, Director of Financial Management and Performance, House of Commons
Fehintola Akinlose, Finance Director, House of Lords
Andy Helliwell, Chief Operating Officer, House of Lords
Paul Thompson, Head of Internal Audit, House of Lords
Richard Stammers, Head of Internal Audit and Risk, House of Commons
John Owen, Director of Strategic Business Resilience
Mary Savvides, Corporate Risk Management Facilitator
Aisha Bi, Risk and Governance Manager, House of Lords

Liz Fox, National Audit Office

In attendance for item I

Judith Brooke, Restoration and Renewal Director, House of Lords
Charlotte Simmonds, Restoration and Renewal Director, House of Commons
Patsy Richards, Interim CEO, Sponsor Body
Matthew Hamlyn, Strategic Director, Chamber Business Team, House of Commons

Mathew Duncan took the Chair

The Chair welcomed attendees in the room and online. He invited members of the Joint Audit Committee to declare any interests. None were declared. He noted the meeting was scheduled to be shorter than usual due to diary commitments and would focus on Restoration and Renewal as the main item, and an update on the independent finance review.

I Restoration and Renewal: Update on changes to the programme

- I.1 Patsy Richards introduced herself and her background working in Parliament. She thanked Sarah Johnson for her contribution and support whilst settling into the role. Lord Palmer asked what the course of action is regarding future proposals by the Sponsor Body and Delivery Authority and whether there will be new proposals to consider. Patsy responded that there will be a new scheme to consider and there will be more decisions and involvement by members of both Houses. She noted that in her view if the Houses decided to bring the Sponsor Body internal it would likely be quicker and more efficient to raise issues and make decisions. She noted that it would be a blended set of options rather than one or two. Lord Cromwell noted that with a new structure it would be important to clarify the roles of the audit committee within it.
- I.2 Mathew Duncan reiterated thank to Sarah Johnson from the audit committees. He invited Charlotte Simmonds to introduce the paper. Charlotte noted that there were two additional points to be aware of since the paper was circulated. Firstly, the Public Accounts Committee published their report and a response from the Accounting Officers would be published shortly. Secondly the dates for the debates on R&R have been scheduled for 12th July in the House of Commons and 13th July House of Lords.
- I.3 Charlotte Simmonds introduced the paper and explained the current context of the R&R programme. She noted that in early 2022 the Sponsor Body proposed suggested costs and timelines to complete the R&R programme which ranged between £7-13bn, taking around 18 years to complete and not starting before 2027. Following this proposal there was concern about the programme. The House of Commons and House of Lords Commissions asked for an independent panel report to assess different options for governing and approaching R&R including an earlier start date and checking that proposals meet the needs of both Houses.
- I.4 Following this work the initial proposal is that the Sponsor Body, which is made up of around 30 people, be brought in house. It is proposed that a two-tier governance structure be introduced that formalises the role of the Commissions as the Client Board, and that a Programme Board be established which would be a similar set up as the current Sponsor Board. The Commissions have stressed that health and safety is a key driving factor in their decisions. Charlotte noted that the financial governance doesn't change and that the 90% of the current estimate covers Delivery Authority costs and that this will be separate and will continue to be scrutinised by the Parliamentary Works Estimate Committee. The audit committees will include the sponsor function in its oversight capacity.
- I.5 Shrinivas Honap noted that the Audit Committee will have a more prominent role in R&R with these changes and he asked for two points of clarification: he was not clear if there would be a separate budget for R&R distinct from the budget for the rest of

the Houses work, and what exactly the joint audit committee would be required to monitor. He noted that he would like there to be more information provided on the current spend and any nugatory spend. Mathew Duncan asked whether there would be a third audit committee. Charlotte explained that there is already an audit committee for the Delivery Authority and that this would remain. Lord Cromwell noted that the Audit Committee's role was to check the processes but not the math and that the budget and value for money (VFM) was not the responsibility of the audit committee to assess. Shrinivas Honap suggested that the Audit Committee should give a view on VFM and that while the committee doesn't check the maths it should check the processes that assure that VFM is achieved.

- 1.6 Lord Palmer noted that the Audit Committee was not a decision-making body and that it could only take note of concerns. He questioned how the Audit Committee could therefore affect the decision-making process. Judith Brooke noted that the audit committee's role is to advise the Commissions and the Accounting Officers. If R&R becomes a part of their remit then the role would apply to R&R also. She noted that the Audit Committees already carry out this function with respect to the work of the Strategic Estates team. Simon Burton agreed with this and noted that he works closely with the audit committee to understand their view.
- 1.7 Mathew Duncan asked that a background paper be provided to Audit Committee members to get people up to speed. He noted that as the Audit Committees will be much more involved now than previously it was important that the members had a good understanding of the context in order to give good advice. Louise Wilson agreed and noted that there has been a gap in communication up until now. She said that the move towards communicating regularly is important and will help keep all stakeholders informed. Frances Done recognised the benefit of bringing the client function in house, however noted that there is a big risk around getting agreement and decisions made going forward as there will be much that needs to be discussed and decided on. She noted concern that this could slow the process down. She also acknowledged the importance of the work of the NAO and their continued external oversight function. Liz Fox confirmed that the Comptroller & Auditor General is keen to continue the NAO role in the R&R programme. Charlotte Simmonds noted also that the role of the NAO is written into the relevant Act.
- 1.8 Liz Fox requested clarification around the status of the DA as they have their own estimate but as a company cannot be in receipt of that estimate directly. Charlotte Simmonds confirmed that there would be no change to the current process and that existing arrangements for the estimate would be retained. Mathew Duncan asked for clarification as to whether the Sponsor Body portion of the estimate will form part of the Houses Administration estimate. It was confirmed that it does. Liz Fox agreed to look into the arrangements and agree the right process with the Houses.
- 1.9 Lord Palmer asked whether there was reputational risk to the audit committees if things go wrong with R&R. Lord Cromwell noted that it will be a challenge for the existing audit committees to have the time and capacity to focus on this major programme as it is already very busy. Andy Helliwell reiterated that the responsibilities for the Corporate Officers are not changing – they are and continue to be responsible for the buildings. He noted the only real change is the responsibility for the sponsor function which only accounts for around 10% of the R&R estimate. He agreed that there are questions to be addressed in the future but for now nothing will really change.

- 1.10 Mathew Duncan asked where the line is drawn regarding certain legal obligations. John Benger noted that the current legislation relating to R&R stays in place until it is changed and that there will not be any change until the Statutory Instruments (SIs) are agreed by both Houses. He noted that the resolutions are an expression of an opinion by the Houses but the legal situation remains in place until the SIs are agreed. These will be drafted over a longer period of time but it is expected that they will be ready in the Autumn. Matthew Hamlyn added that the SIs will be largely drafted internally but will then be checked carefully with regards implications to the primary legislation (consequential changes). He noted that all stakeholders were keen to proceed with the SIs quickly however. Lord Cromwell asked what would happen if the Houses disagree. Simon Burton confirmed that the SIs will be presented to both Houses, there will be no amendments and if anyone votes them down then the SIs will be killed. With regards the motions being considered by each House they will be asked the same question, which can be amended but ultimately, they are expressing opinions.
- 1.11 Shrinivas Honap noted that the Accounting Officer role won't change markedly but he noted that in relation to risk the role of the Audit Committee will increase. Mathew Duncan noted that the two audit committees have not yet taken on additional responsibility but there is a need to think about how an increased workload will be managed. He also noted that it will be important to reassure staff of the Sponsor Body as much as possible about the future plans.

2 Independent Finance Review

- 2.1 Marianne Cwynarski briefed the joint audit committee on the independent review into financial management that has been taking place in the House of Commons and led by Lord Morse. It has included looking at bicameral functions in Strategic Estates, Parliamentary Digital Service (PDS), Parliamentary Security Department (PSD) and the Parliamentary Procurement and Commercial Service (PPCS.) This review does not cover any services that are only provided for the House of Lords, and he was not asked to look into the R&R programme.
- 2.2 The review has four workstreams and Marianne shared some emerging findings relevant to bicameral functions. A key finding relates to the standards of commercial management across Parliament. The review team assessed Parliament's competency in this regard against government standards. Parliament scored 30% whilst the average in central government departments is around 70%. Lord Morse believes that this weakness is in part due to a lack of commercial strategy and plan, and no dedicated senior leadership in this area. He has noted that Parliament does not offer commercial careers and doesn't pay particularly well in this area and so are not attracting the talent that is required. It is likely Parliament will need to consider a commercial reset.
- 2.3 Simon Burton noted that the House of Lords is undertaking a zero-based review which may be relevant to Lord Morse's findings. Mathew Duncan asked what prompted the review. Marianne explained that coming into the role she was aware of what seemed to be recurring issues and that she and the Accounting Officer wanted to find out the reasons for them. She noted that she had been supported by the Finance Directors in carrying out the review and the report was due to be shared in Autumn.

3 Any Other Business

Nothing to report.

Cynthujaa Satchi, Clerk to the Committee, House of Lords
Hannah Bryce, Committee Secretary, House of Commons
July 2022