HOUSE OF LORDS

HOUSE OF LORDS AUDIT AND RISK ASSURANCE COMMITTEE

Thursday 17 July 2025, 09.00
(Hybrid Meeting – MS Teams and Committee Room 1)

MINUTES

Present:

Charlotte Moar (Chair)
Lord Brownlow of Shurlock Row
Lord Cromwell
Baroness Ford
Lord Lemos
Viscount Thurso
Chris Wood

Officials:

Simon Burton (Clerk of the Parliaments)
Andy Helliwell (Chief Operating Officer)
Paul Thompson (Head of Internal Audit)
Fehintola Akinlose (Director of Finance)
Simon Helps (Engagement Director, National Audit Office)
Greg Walsh (Audit Lead, National Audit Office)
Cynthujaa Satchi (Clerk to the Committee)
Kirsty McAskill (Governance Support Officer)
Erin Young (Assistant Private Secretary to the CoP)
Aisha Bi (Head of Governance)
Jonathan Smith (Head of Finance)
Saeka Parkar (Head of Financial Reporting)

Officials attending for specific items

John Hunt (Director of the Enterprise Management Portfolio Office)
Chris Elliot (Managing Director of Strategic Estates)
David Leach-Thomas (Director of Strategic Estates Portfolio Management Office)
Steve Mayes (Head of Assurance, Audit & Compliance, Strategic Estates)
Mark Lyons (Chief Technology Officer, Parliamentary Digital Service)
Mathew Chandler (Director of Estates and Facilities)
Darren Tulley (Head of Fire Safety Assurance)

1. Declaration of interests for the meeting on 17 July 2025

1.1 The Chair noted her role on the Audit and Risk Committee of the Equality and Human Rights Commission (EHRC).

2. Matters arising from the meeting on 8 May 2025

2.1 In discussion, the following points were raised:

- The Chair would be meeting with the Chairs of Finance and Services Committees to discuss the speed of completion of projects versus the level of disruption, amongst other topics.
- The Fraud risk assessment and policy update would be presented to the Committee in November 2025.
- The Fire Safety action would remain open given the Committee's ongoing interest.
- The action for Finance and National Audit Office (NAO) to review the accounting approach and the principles for major projects would be addressed by the next meeting.
- The External Quality Assessment (EQA) report on the Internal Audit function had been delayed but no major concerns had been flagged.
- The Terms of Reference had been approved by the Commission with no amendments needed for Parliamentary Works Estimate Grant (PWEG) accounts.

2.2 The Committee agreed the minutes of the previous meeting with the amendment that Lord Lemos had been present.

2.3 The Committee noted progress with the actions arising from previous meetings.

3. Updates from the Chair

3.1 The Chair noted the following:

- the Committee had held its annual private meeting with the NAO
- the Chair had attended the House of Commons' Estimate Audit and Risk Assurance Committee (AERAC). The Chair and the Commons' Chair of AERAC agreed to focus on oversight of commercial and counter fraud arrangements; data security; and major estates projects delivery for future joint meetings.
- The House of Lords Audit and Risk Assurance Committee agreed to extend an invitation to the Commons Chair to attend a future Audit and Risk Assurance Committee (ARAC) meeting.
- The Chair had approved the Parliamentary Works Estimate Grant's Annual Report and Accounts by email on behalf of the Committee on the basis of a clean audit by the NAO.

3.2 The Committee *noted* the updates and agreed to extend a formal invite to the Chair of the House of Commons' Administration Audit and Risk Assurance Committee.

4. Updates from the Accounting Officer

4.1 The Accounting Officer updated the Committee on the review of Peers' Entrance being undertaken by Lord Morse for the Commission; a review of Strategic Estates (SE) commissioned by the House of Commons, a review of organisational effectiveness of the Administration and the Commission, the increase in average daily attendance of the House; the Restoration and Renewal (R&R) Client Board meeting; the formation of the joint Parliamentary Commercial Department (PCD) and Chief Commercial Officer recruitment; the Management Board awayday; and the Supreme Court judgment.

4.2 In discussion, the following points were raised:

- The Committee supported the approach of management to applying the Supreme Court judgement by ensuring compliance with the law on the basis of professional legal advice, whilst supporting individuals – staff and the public - and being true to its value of respect
- The current governance arrangements for Restoration & Renewal (R&R) provided assurance but the Committee remained interested in safety and resilience in the interim. The Committee would determine its involvement in the assurance process following the R&R decision.
- The importance of providing assurance on the security risk and its mitigations, including its cost, effectiveness and value for money. The forthcoming deep dive on physical security would provide an opportunity to understand whether the mitigations effectively reduced the risk.

4.3 The Committee noted the updates.

5. Annual Office Assurance Summary Report (2024-2025)

5.1 The Head of Governance introduced the report and noted that the Annual Office Assurance was an iterative process and would continue to improve.

5.2 In discussion, the following points were raised:

- The possibility of optimism bias in the self-assessment. The Committee noted that the validated data and standardised request significantly reduced the chance of optimism bias.
- The Head of Internal Audit was involved in the assurance process to prevent misalignment with audits and the Annual Opinion.
- It would be useful to have a full list of corporate policies to understand compliance and usage, particularly in providing assurance for commercial, digital and Strategic Estates. The Accounting Officer was responsible for providing assurance as he was accountable for all areas, including bicameral areas. The statements where most moderate ratings were assigned provided a cross-cutting way to provide assurance on a thematic and on an individual-level across offices.

5.3 The Committee *noted* the context of the annual, end of year assurance processes and noted the work undertaken to date in strengthening the House of Lords end of year assurance process and the findings from the 2024-2025 assurance round.

6. Estates Project Process – Request, Design, Approval

6.1 The Managing Director of Strategic Estates, the Director of Enterprise Portfolio Management Office (EPMO) and the Director of Strategic Estates Management Office joined the meeting. The Director of EPMO introduced the paper and noted that the size of the portfolio had almost doubled due to a combination of large-scale projects and number of projects. The Director of Strategic Estates Management Office Project noted that projects were prioritised by Strategic Portfolio Board (SPB) based on health and safety, accessibility, and security.

6.2 In discussion, the following points were raised:

- Whether the assurance and risk management arrangements are sufficiently mature management as the number of projects in the pipeline increases.
- The Committee wanted clarity on the scale of the projects in the pipeline and SE's ability to effectively triage projects, and evidence to show that the projects were scored against strategic objectives.
- The Committee discussed how the procurement process intersected with effective project delivery and the need for SE to work closely with the Parliamentary Commercial Department (PCD) to support works in the lead up to R&R. The Committee wanted to understand who ensured the appropriate equipment and goods were being purchased and would return to this at a later date.
- The projects which were about to be underway i.e. Victoria Tower, roofs and security would be a useful test of whether the approach worked our sustaining House activity.
- The Committee had wider questions around decision making, including transparency on how, where and by whom decisions were made to better understand the parameters and challenges. It was important that the relevant information was made available for decision-makers. It was noted that this also applied to commercial strategy and change control. The Committee would like to return to decision making at a future meeting.
- The Committee discussed similar project processes outside of Parliament and noted that the NAO review of the Buckingham Palace refurbishment could provide cross over learnings for the Palace of Westminster.

6.3 The Committee *noted* the paper.

7. Annual Opinion and Report 2024-25

7.1 The Head of Internal Audit introduced the paper and noted that assurance had improved from limited assurance to moderate. Significant progress had been made in arrangements around health and safety; and improvements made in Parliamentary Digital Services (PDS) with further work to do in PCD The Accounting Officer confirmed he had accepted the report, and the Lords Management Board had considered it.

7.2 In discussion, the following points were raised:

- The audience for the Annual Opinion and ensuring the language used in the report was sufficiently direct to ensure that focus on those areas which needed to be improved further. The Committee noted that the results of the External Quality Assurance exercise might comment on this.
- The Moderate Assurance was acknowledged as an improvement and demonstrated that the Administration had the tools and information needed to maintain an effective governance and control framework. However, there remained areas where assurance was limited, particularly around Strategic Estates and the delivery of major projects, and aspects of digital and commercial. It was important that progress continued to be made on improving assurance in these areas.
- The audit plan provided assurance across the risk landscape and exposure. It was noted that there were areas where mitigating risks had improved, but other areas required further improvement. There was a need to focus on larger scale risks such as cyber security and infrastructure in the future to ensure comprehensive assurance.

7.3 The Committee *noted* the paper.

8. Outstanding Management Actions

8.1 The Head of Internal Audit introduced the paper and noted that there were zero outstanding management actions.

8.2 The Committee *noted* the position.

9. Fraud: Annual Update 2025

9.1 The Head of Internal Audit introduced the paper and noted that the fraud risk was trending downwards based on progress made in strengthening counter-fraud arrangements and particularly in improving current risk assessment processes. The fraud risk heat map currently under development within the Finance Department and the proposal for regular deep dives into specific risks would considerably improve the Administration's understanding of current exposures. However, the inherent risk of fraud remained high with ongoing challenges from the external environment. A planned audit against the Government's Functional Standard for 2026/27 would provide end to end assessment of fraud controls. A joint assessment with the House of Commons would provide a stronger assessment on fraud and controls across the whole of Parliament.

9.2 In discussion, the following points were raised:

- The Chair noted that the annual assurance report on counter fraud from management would be presented to the November meeting.
- It was important that the work around countering fraud was aligned with the House of Commons particularly in relation to bicameral services. The Committee noted their support for a joint assessment with the House of Commons on fraud and controls, particularly to understand the end-to-end controls around procurement, contract management for major projects.
- The Whistleblowing Policy was well publicised and fit-for-purpose. The Committee noted that there would be an annual update on compliance with the policy.

9.3 The Committee *noted* the paper.

10. Progress against the Internal Audit plan for 2025-26 and update on completion of the 2024-25 plan

10.1 The Head of Internal Audit introduced the paper and noted that the audit plan was underway. Four final reports from 2024/25 would be presented to the Committee in November.

10.2 The Finance Director noted that the new HR and payroll systems would be going live in October and provided assurance that the necessary checks and balances were in place.

10.3 The Committee *noted* the paper.

11. Category B Projects General Control Framework – Limited Assurance

11.1 The Managing Director of Strategic Estates, the Director of Strategic Estates Project Management Office and Head of Assurance (Audit & Compliance) joined the meeting. The Head of Internal Audit noted that the audit addressed issues on excessive controls of Category B projects, which had the potential to hinder project delivery particularly where they were smaller projects. The Director of Strategic Estates Project Management Office noted that that Project Delivery Handbook had been streamlined, and the team were working on greater rigour at Gateway returns and an integrated assurance strategy.

11.2 The Managing Director of Strategic Estates noted that SE had the resources to deliver the proposed recommendations made within the audit and the reduction in controls for smaller projects should enhance project delivery. The broader transformation plan for Strategic Estates was underway and covered leadership, culture and behaviours, but there remained work to be done.

11.3 In discussion, the following points were raised:

- The importance of the HOL being an effective client with effective scoping of customer requirements and good change control processes to limit delays and excess costs on projects by late decision making.

- A review of Strategic Estates had been commissioned by the House of Commons and the Committee should see this for assurance.

11.4 The Committee *noted* the paper.

12. Key IT User Access Control: Follow-up Report – Limited Assurance

12.1 The Chief Technology Officer joined the meeting. The Head of Internal Audit introduced the paper and noted that the audit followed-up on the recommendations from 2023. Progress had been made but the audit remained limited.

12.2 *[Additional data – restricted access]*

12.3 The Committee *noted* the paper.

13. Fire Safety: Follow-up Report – Substantial Assurance

13.1 The Director of Estates and Facilities and the Head of Fire Safety Assurance joined the meeting. The Head of Fire Safety Assurance noted the improvement in assurance from Moderate to Substantial and that all recommendations would be complete by the end of the year.

13.2 In discussion, the following points were raised:

- The Committee commended the significant progress which had been made on fire safety and the high levels of assurance that the Committee was now receiving from the Fire Safety Committee, independent fire safety reviews and internal audit.
- The ongoing risk around fire given the age and condition of the building.
- Services Committee continue to press for all Members to complete fire safety training.
- The Committee requested assurance around the arrangements for people with Personal Emergency Evacuation Plans (PEEPs). It was noted that individuals with PEEPs were asked to go to the nearest refuge area from where fire wardens would support their exit.

13.3 The Committee *noted* the paper.

14. Network and Wi-Fi Project – Substantial Assurance

14.1 The Committee *noted* the paper.

15. Managed Print Services Project – Substantial Assurance

15.1 The Committee *noted* the paper.

16. New Palace Yard Security Construction (Project Area A) – Moderate Assurance

16.1 The Committee *noted* the paper.

17. Business Continuity Planning – Relocation Plans (HoC IA) - Moderate Assurance

17.1 The Committee *noted* the paper.

18. Late Night Transport Arrangements – Moderate Assurance

18.1 The Committee *noted* the paper.

19. Investment Business Case Process (HoC IA) – Moderate Assurance

19.1 The Committee *noted* the paper.

20. Management of Joint Contracts: Follow-up Report

20.1 The Committee *noted* the paper.

21. Low Value Contract Management: Follow-up Report

21.1 The Committee noted the paper.

22. Contract Lifecycle Management: Follow-up Report (HoC)

22.1 The Committee *noted* the paper.

23. Members' Financial Support – Management Letter

23.1 The Committee *noted* the paper.

24. Bicameral Safety Risk - Joint Commons Executive Board and Lords Management Board paper

24.1 The Committed welcomed the alignment of the safety risk and mitigating actions with the House of Commons.

24.2 The Committee *noted* the paper.

25. Draft Annual Report and Resource Accounts 2024-25

25.1 The Head of Governance, the Head of Finance and Head of Financial Reporting joined the meeting. The Head of Finance introduced the paper and noted that feedback from the Committee from the readthrough had been incorporated.

25.2 The Chair noted that she had provided presentational changes to be included within the current draft of the report which would be actioned. She also noted that the following actions had been agreed at the readthrough:

- Review the environmental section with the House of Commons to ensure that it is an easier read and with actions linked to strategy.
- Receive an update from the HR Director on our workforce profile and ambitions as part of the next deep dive into the corporate people risk.
- Consider whether the risk and issue sections should be merged.

25.3 In discussion, the following points were raised:

- There would be a debrief meeting with relevant individuals to reflect and consider changes to next year's report and the Chair would be asked to input into this.
- The organisation was statutorily compliant with the Modern Slavery Act, but resourcing issues within the Sustainability team, had delayed progress with the workplan.

25.4 Following the discussion, the Committee:

- *Noted* the paper.
- *Approved* the Audit and Risk Assurance Committee Annual Report
- *Agreed* to recommend the Annual Report and Accounts to the Accounting Officer to sign and certify before the House rises
- Thanked the NAO and House of Lords team for their work on the Annual Report and Accounts.

26. NAO Draft Audit Completion Report on the 2024-2025 financial statements audit

26.1 The Engagement Director and Audit Lead at the National Audit Office (NAO) introduced the paper. The Engagement Director noted that the audit process had gone smoothly including the valuation of the Parliamentary Estate The clarification of Management Board membership had now been agreed and it was expected that all final work would be completed by the end of the day. The NAO had not received the MyCSP pensions data due to issues with MyCSP but recognised that this was not within the control of the House of Lords.

26.2 In discussion, the following points were raised:

- The House of Lords had breached the Annually Managed Expenditure (AME) target because of a higher-than-expected valuation of House properties partly due to the revisions to the floor space arising during the 2023/24 audit. Finance had scenario planned for different valuation estimates but the higher-than-expected variation had arisen after the date for final submissions of estimates to HM Treasury.
- The need to clarify ownership of heritage assets belonging to and lent to the House of Lords as they impacted the valuation and the accounting processes.

- There might be possible press interest in the AME breach and in the increase of members daily attendance. Finance would notify HMT of the breach.
- The management letter and recommendations would be shared with management by no later than the first week of September and the final report with management response would be circulated by email to the Committee by no later than the end of September.

26.3 The Committee *noted* the paper.

27. Any Other Business

27.1 The Chair highlighted that the dates for 2026 meetings had been circulated. The difficulties of a Thursday afternoon meeting were acknowledged.

Action Log

Item	Action
Update from the Chair	Committee Clerk to extend meeting invitation to the House of Commons Audit and Risk Assurance Chair
Updates from the Accounting Officer	Chief Operating Officer to review how security project costs are appropriately disclosed with ARAC by Parliamentary Security Department and Strategic Estates
Estates Project Process – Request, Design, Approval	Committee to return to Strategic Estates/major project delivery at a future ARAC or joint ARAC meeting.
Estates Project Process – Request, Design, Approval	Circulate NAO's 'Value For Money Report on the Progress on the Buckingham Palace Reservicing programme' report with papers for November meeting
Internal audit actions	HOIA to include strategic estates actions in the update report so it is complete
Key IT User Access Control: Follow-up Report	The Chair to request the HR Director to work with PDS to ensure the process of notifying leavers and joiners for employees, members and their staff is robust.
Key IT User Access Control: Follow-up Report	PDS to confirm who received performance management information on access controls for staff, members and members staff in the House of Lords. HR to confirm whether the appropriate procedures were in place to ensure timely resolution of queries.

Key IT User Access Control: Follow-up Report	Chair to discuss audit quality and the delivery of the review with the Managing Director of PDS
Draft Annual Report and Resource Accounts 2024-25	Head of Governance to be invited to a wash-up of the Annual Report and Accounts.
Draft Annual Report and Resource Accounts 2024-25	The following actions from the readthrough to be actioned: • Receive an update on the modern slavery workplan • Receive an update from the HR Director on our workforce profile and ambitions as part of the next deep dive into the corporate people risk. • Consider whether the risk and issue sections should be merged
NAO Draft Audit Completion Report on the 2024-2025 financial statements audit	Management letter to be circulated to the Committee by the end of September.

Clerk to the Audit and Risk Assurance Committee
July 2025