House of Commons Administration Estimate Audit and Risk Assurance Committee and Members Estimate Audit Committee

Minutes of the meeting held on Wednesday 8 July 2020

Members of the Committee present:

Dr Rima Makarem (Chair)	Bob Scruton
Harriett Baldwin MP	Sir Charles Walker MP
Clive Betts MP	

In attendance for items 2-12:
Dr John Benger, Clerk of the House and Accounting Officer
Mostaque Ahmed, Finance Director and Managing Director, Finance, Portfolio and Performance
Alex Mills, Chief Accountant and Head of Financial Capability, Finance, Portfolio and Performance
Jane Hough, Head of Business Planning and Performance
Dr Richard Stammers, Head of Internal Audit and Risk
Rachel Harrison, Head of Corporate Risk Management
Hannah Bryce, Committee Secretary
Damian Brewitt, National Audit Office
Marc Nuttall, National Audit Office
Ioana Stefu, National Audit Office

In attendance for other items:

1. Matters to be raised before officials invited in

1.1. The Committee had a private discussion about the agenda and issues arising from the previous meeting.

2. Minutes, matters arising and interests

2.1. The minutes from the May meeting will be circulated ahead of the next Audit Committee meeting.

2.2. The Committee considered the actions arising from previous meetings:

- John Benger updated the Committee that going forward he would write to Members on an annual basis regarding fire safety, and ensure that clear and concise information was provided to Member's offices. Online training will remain available to everyone but will not be a requirement for Members. The Commission and the Admin Committee have agreed this in principle.

- Rima Makarem requested an update on the financial delegations work which Mostaque Ahmed confirmed as ongoing. It was agreed this will be raised in the next Audit Committee meeting.

3. NAO Audit Completion Report

3.1 Damian Brewitt confirmed that it has been challenging to complete the audit under the circumstances presented by COVID-19 but that the audit team and House of Commons finance team have worked hard to ensure it was completed. He noted the issue of the valuation and that a revised valuation will be required next year. He noted the audit would include an emphasis of matter to draw attention to the valuation issues but that they will still provide an unqualified opinion. He also noted that granularity of reporting assets was an issue that will be highlighted.

3.2 Bob Scruton questioned whether other departments are likely to have an emphasis of matter on their accounts and the NAO confirmed that they would, including the NAO. It follows a recommendation of the Royal Institute of Chartered Surveyors who advise this caveat. Bob Scruton asked whether COVID-19 will be included in the post balance sheet. Mostaque Ahmed confirmed that they will aim to include this in the final section and that they will also need to include other factors such as the R&R strategic review.

3.3 Damian Brewitt informed the Audit Committee that as their focus has been on completing the Administration Estimate accounts they have not had time to complete their work on the Members Estimate account. This will be done over the Summer and it is expected that it can be completed in the first week that the House returns in September. He noted that historically the Members account has required very few adjustments.

4. Administration Estimate Annual Report and Accounts 2019-20

4.1 The Audit Committee reviewed the final draft of the Annual Report and Accounts for the Administration Estimate. Rima Makarem noted that Audit Committee members had provided feedback on an earlier version of the report in detail in June and that Bob Scruton had provided detailed feedback on the current version directly to the finance team prior to the meeting. It was noted that the process for bringing the report together remains slow and convoluted, but it was acknowledged that particularly given the circumstances this year the team had done well to finalise it. It was agreed that the final amended version of the report would be circulated for final approval by the Audit Committee before 14th July and the report would be signed off on the 14th July.

5. Members Estimate Annual Report and Accounts 2019-20

5.1 No further comments were made in relation to the Members Estimate Annual Report and Accounts.

6. Internal Audit progress report and 2020/21 Audit plan

6.1 Richard Stammers noted that his team have started their audit programme and produced audit reports. A Parliamentary Digital Service (PDS) internal audit report received an unsatisfactory opinion. The management response had been slow but they have now responded.

A survey of internal audit stakeholders had been undertaken and the results had shown largely positive feedback about the team. They will work with management however to improve areas of performance. In terms of the counter fraud work the IA team is working with finance to set up a workshop and are meeting to discuss the required strategy and actions.

6.2 Rima Makarem noted her concern regarding the unsatisfactory opinion and asked that all audit reports with a less than Moderate opinion should be circulated and raised in the following Audit Committee meeting. It was noted that as PDS is bicameral it would be appropriate to raise this specific internal audit report in the Joint Audit Committee. Rima also raised concerns related to the poor response rate to outstanding audit actions. John Benger agreed with these concerns and questioned whether longer deadlines might be more realistic but with more serious consequences if those deadlines are missed.

6.3 The Audit Committee approved the updated Internal Audit Charter. Bob Scruton however noted that it should be updated so that references to the Executive Committee were replaced with the Commons Executive Board.

Action: Any internal audit report with an opinion of less than Moderate will be raised at the following Audit Committee meeting.

7. Risk assurance

7.1 An update was provided on the principal risk register and the ongoing work the team is doing to support the COVID-19 planning group. Mostaque Ahmed noted that financial risks had increased due to the emergency response and there is a higher likelihood of breaching the resource estimate for the year.

8. AOB

8.1 It was noted that this is the last meeting that Bob Scruton will attend of the House of Commons Audit Committee. He was thanked for his work and contribution to the Committee by the Chair.

A new external member has been identified.