

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

**Minutes of the meeting held
on Tuesday 19 May 2020**

Members of the Committee present:

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

In attendance for items 2-12:

Dr John Benger, Clerk of the House and Accounting Officer

Ian Ailles, Director General

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:

Richard Blake, Director of Parliamentary Procurement and Commercial Services, (Item 7)

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 Committee agreed the minutes of the previous meeting on 15 January 2020.

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

- The Committee considered the compliance rates in relation to fire safety training. These will continue to be updated and reported on, and Clive Betts suggested targeting new MPs to make sure they are aware of the training resource.
- All other actions were agreed as completed.

2.3. Declaration of Interests – the following interests were declared:

Walker, Sir Charles (Broxbourne)

Support linked to an MP but received by a local party organisation or indirectly via a central party organisation

Name of donor: Bill Moores

Address of donor: private

Amount of donation or nature and value if donation in kind: £3,500

Donor status: individual

(Registered 08 April 2020)

Family members employed and paid from parliamentary expenses

I employ my wife, Fiona Walker, as Office Manager.

Baldwin, Harriett (West Worcestershire)

Support linked to an MP but received by a local party organisation or indirectly via a central party organisation

Name of donor: Paul Farrer Address of donor: private Amount of donation, or nature and value if donation in kind: £2,000 Donor status: individual (Registered 17 December 2019)

3. COVID update

- 3.1 John Benger gave an update to the Audit Committee on the COVID-19 pandemic's impact on expenditure and risk assessment. He noted that the House of Commons had had to make a number of rapid decisions whilst under intense public scrutiny and he commended the House service for rising to the challenge.
- 3.2 He highlighted that in the case of getting the broadcasting infrastructure and resourcing that was required the procurement process was expedited. He referred to the Accounting Officer memo that was published (as set out in Standing Order 22C) as the costs incurred exceeded £50,000. The intention is to move towards a more sustainable and less expensive way of running this facility if required.
- 3.3 In terms of risk John Benger highlighted the use of Zoom as an example of accepting a higher degree of risk during the COVID-19 pandemic. Whilst Zoom was the best platform for use in the hybrid Parliament it had higher risks attached to it. Those risks were mitigated by obtaining use of a more secure version of Zoom and issuing clear guidelines to the MPs about its use. In terms of minimising physical risk, Public Health England (PHE) have been engaged at all stages and are confident that the House of Commons are taking necessary steps to minimise risk to House staff.

- 3.4 Clive Betts praised the achievements of House staff and asked how PHE are engaged to give advice, whether if it is offered by PHE or sought after by the House Service for particular issues. John Benger confirmed that PHE engage in both ways. Rima Makarem asked whether there had been changes for the better. John Benger confirmed that he was investigating the benefits (and otherwise) of home working for staff. Charles Walker stressed that there would likely be variation in the experience of home working and that we should not assume that home working has been a positive experience for all staff.

4. NAO Update

- 4.1 The NAO presented two papers:
- Members: Interim Report on the 2019-20 audit
 - Administration: Interim Report on the 2019-20 audit

The NAO provided a brief update on their audit work. They noted that COVID-19 would be included in the audit and highlighted the issue of the valuation of the Parliamentary Estate. Damian Brewitt noted that the paperwork for the basis of the valuation was not available from 2008. They are content to complete the audit this year without conducting a full valuation and have used external property experts as an interim measure. They will expect to see a full valuation in the next financial year.

- 4.2 Jane McCall asked whether the House of Commons has relaxed any rules around finance processes in light of COVID-19. Mostaque Ahmed confirmed that the existing rules which allow different actions in exceptional circumstances had been applied particularly where supply chains were under pressure or where there was a real need to move quickly (such as with broadcasting). Damian Brewitt noted that the Treasury has relaxed application of the IFRS16 standard (concerning leases). Rima Makarem asked about the timing of the valuation and if it would depend on R&R. Alex Mills confirmed that the valuation would be a three month project which had been planned over summer recess but would be rescheduled in light of COVID-19.

- 4.3 Damian Brewitt went on to confirm that the NAO would also consider the valuation of capital expenditure including on joint services with the House of Lords and the Met Police provision. With regards the transfer of the R&R programme to the Sponsor Body the NAO will look at disclosures at time of transfer, the Parliamentary Relationship Agreement (PRA), and will reflect on the strategic review that the R&R programme is undertaking to ensure they understand all those issues. Damian confirmed that the NAO would be looking at the impact of COVID-19 on receivables and revenues during the year ahead. He noted the very good cooperation with the House of Commons finance team on the audit process.

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

- 5.1 The Head of Internal Audit and Risk Management, Richard Stammers, reported to the Committee that his opinion for the FY2019-20 will be *Moderate*. He provided an

update on how the Internal Audit team have been managing their work around the constraints presented by COVID-19.

- 5.2 Rima Makarem asked for an update on the response to the GDPR audit (which was given a *Limited* opinion). Richard Stammers confirmed that IRIS had put guidance in place centrally but the responsibility to implement that guidance rests with management across teams. This makes it difficult to achieve compliance. Regular updates on the progress against recommendations has been requested by the Audit Committee. A more general point about slow management response to internal audits was raised by Rima Makarem. Richard Stammers confirmed that this is often because the managers set themselves too tight deadlines which they then fail to meet. These have been further affected by COVID-19.
- 5.3 Following an action from the January Audit Committee meeting Richard Stammers updated the Committee on counter fraud measures against the Cabinet Office framework. He noted that whilst communication of the House's position on counter fraud was lacking, it is broadly in line with the guidance. However, he is continuing to discuss this with Mostaque Ahmed.

Action: Richard Stammers to provide regular updates to the Audit Committee on outstanding audit recommendations from internal audits.

6. Risk Assurance

- 6.1.1 The top ten risks listed in the risk register were shared and an update was provided as to how the risk team are supporting other teams in reassessing their risk profile in light of COVID-19. Jane McCall requested that the risk register be updated to reflect the risks generated by COVID-19 and its response. Harriet Baldwin highlighted the increased risk to cyber security and whether training should be provided to Members, and Charles Walker highlighted the difficulties of balancing risks of COVID-19 with the need for Members to be able to attend Parliament to work. It was agreed that these comments would be passed to the COVID-19 planning group.

7. Issuing of waivers

- 7.1 The Director of Parliamentary Procurement and Commercial Services, Richard Blake, gave a brief overview on the current list of waivers in place, as agreed following the contract life cycle management audit.

8. Annual report and governance statement

- 8.1. Alex Mills and Jane Hough updated the Audit Committee on the progress and timetable of the Annual Report and Accounts. Brief comments on the initial draft were shared and it was confirmed that the Audit Committee will look at it in detail informally in June and formally at the next Audit Committee meeting in July.

9. AOB

- 9.1 The updated finance delegation paper was shared as a Take Note paper and it was requested that further clarity was provided on financial delegation authority. Mostaque Ahmed confirmed that governance rules in general were being reviewed and this would include delegations.