

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

**Minutes of the meeting held via Teams
on Monday 22nd March 2021**

Members of the Committee present:

Dr Rima Makarem (Chair)	Frances Done
Sir Charles Walker 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
 Marianne Cwynarski, Managing Director of the Governance Office
 Malin Eliasson, Director of Corporate Finance and Performance, Finance, Portfolio and Performance
 Alex Mills, Chief Accountant and Head of Financial Capability, Finance, Portfolio and Performance
 Ian Ailles, Director General
 Dr Richard Stammers, Head of Internal Audit and Risk
 Rachel Harrison, Head of Corporate Risk Management
 Hannah Bryce, Committee Secretary
 Liz Fox, National Audit Office
 Ioana Stefu, National Audit Office
 Marc Nuttall, National Audit Office

In attendance for item 3:

Penny Young
 Bryn Morgan

In attendance for item 4 and 5:

Mandy Eddolls

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 of the January meeting were agreed.

2.2. No declarations of interest were made.

3. Research and Information – Priorities and risks

- 3.1 Penny Young, Managing Director of Research and Information, attended the Audit Committee to brief the Committee on current risks and challenges facing R&I. Penny introduced the paper and briefed the Committee on Library 2020, a project that looked at the future of the Library, that has risk management built into it, and used as a means to galvanise staff around the collection of service evolution initiatives. She highlighted the customer risk which captures the need to understand MPs and what they want and the challenge of measuring this. And she highlighted the reputational risk and the need to engage with staff particularly on issues of diversity.
- 3.2 Rima Makarem asked if Penny could explain the risks around GDPR and how they had been impacted by having to work remotely and she asked if Penny could talk more about the anti racism programme within the Library. Penny explained that Information Rights and Information Security (IRIS) lead on GDPR and that management of information more widely it is quite broadly distributed between the two Houses. Penny as lead on the Information Authority, helps ensure overall compliance within the House of Commons, although responsibility sits with each MD. One of her key observations in this capacity is that MPs do not always see themselves as data controllers. With regards working from home there was an expedited approvals process when setting up everything last year which was necessary and done in close collaboration with PDS colleagues, to ensure appropriate information and cyber security.
- 3.3 In terms of the anti-racism programme Penny explained that was based on understanding and listening to staff that it was not enough not to be racist but that as a team the Library needed to work proactively to be anti-racist as a clear signal to staff that the issue is taken seriously. One of the challenges for the Library is to be truly representative and they are drawing on work done by the Chamber and Committee Team (CCT) and the Workplace Equality networks (WENs) on measures that can be taken to ensure the team is as truly inclusive as possible for Black, Asian and minority ethnic staff. The Library is also looking at the Library collection and displays and considering if they can be diversified. Bryn Morgan, Director of Strategy and Service Development, noted that they are very aware of low Black, Asian and minority ethnic representation but that over time that will change with more inclusive recruitment. The team is therefore thinking about how to present jobs in a more inclusive way internally and externally. He noted that the Library only recruited 22 people last year and around 14% of those identified as Black, Asian and minority ethnic. Sir Charles Walker challenged the initiation of an anti-racist programme as the right approach as he considered this language to be very negative. He also challenged the use of the term BAME and the assumption that all people of Black, Asian and minority ethnic background feel oppressed. Penny noted these issues.
- 3.4 Frances Done questioned how, if the Library can't measure digital users, they can measure their success and effectiveness. Penny agreed that it is important that the Library make more use of their online resources and make available their publication where more general information is not available. She agreed that if the number of requests for bespoke briefings fell in line with an increase with online usage then that could speak to a direct correlation. She noted that requests had dropped by 20% from 25,000 to 20,000 during the last year but that it is not currently possible to identify the difference between Member usage and public usage online as this relies on individuals accepting cookies. Work is underway with the website steering group and PDS to look at ways to measure usage of those who access the intranet which will help give more accurate indications of usage. It

is hoped that there will be improved data within approximately 6 months.

4. Whistleblowing policy update

4.1 Mandy Eddolls, Managing Director of People and Culture, updated the Audit Committee on the Whistleblowing policy. She noted that there have been two cases in the year which is quite low for an organisation of this size. She said this could be due to the other well-known and well used routes that are available to raise issues. The two people who have raised issues have done so as part of disciplinary action. She noted that the House had started a Guardian scheme which trains and provides a network of support for individuals who feel they have been subject to harassment.

4.2 Rima Makarem asked how many other routes are available and how often are they used? Mandy explained the other routes include tribunals, Independent Complaints and Grievance Scheme (ICGS), disciplinary action, formal mediation, informal mediation, etc. She noted that it is very difficult to quantify but that there are around 6-10 grievances at any time and around 8 tribunals at present with all but one being post-employment. Rima asked whether staff had been surveyed about their confidence in the process as she is concerned that people may feel it is not taken seriously. Mandy said that this was not currently surveyed but could be in future. She also highlighted that there is an option for external reporting but agreed that more communication to staff on this is required.

5. Annual report and Accounts – Key Issues

The order of items 5 and 6 on the agenda were reversed due to availability of key attendees

5.1 Mostaque Ahmed, Managing Director of Finance, Portfolio and Performance, presented a paper that outlined the key issues that are likely to be raised in the Annual Report and Accounts. Rima Makarem asked if internal audits with a Limited opinion would be noted. Mostaque confirmed they would. Frances Done asked around the lack of clarity on divisions of responsibility in the Transforming Digital programme. Mostaque explained that this pertained to the split between the Chief Digital and Information Officer (CDIO) and Managing Director for PDS and that with a big structural change such as this it was very important to have roles and responsibilities clearly communicated to staff. Rima raised on behalf of Jane McCall who was absent, if the core metrics would be covered and whether the timeframe for completing the annual report process was realistic. Mostaque confirmed that the core metrics would be included and Malin Eliasson confirmed that they were working closely with the NAO to complete the annual report on time. As this is the second year of doing the process remotely the NAO have begun looking at things earlier. Sir Charles Walker noted that establishing the new Members staff HR team had been very successful.

6. Workforce planning post pandemic

6.1 Mandy Eddolls briefed the Committee on the plans for staff working practices post pandemic. She noted that based on the results of two staff surveys it was clear that increased flexibility was desirable though recognised that this may change over the course

of time. In December 2020 the Commons Executive Board (CEB) agreed a set of principles to guide the work of the Moves team who have led in drawing together a post pandemic working model. The CEB considered that a more flexible working approach could potentially help reduce staff turnover, improve the UK wide recruitment pool, provide cost savings on office space. Managing Directors have been asked to consider what can work for their teams within the confines of business need. The approach will run on a trial basis for an 18 month period. More surveys will be conducted to help gauge how staff are finding these arrangements and new workspaces such as 64 Victoria Street will be set up with a view to making spaces more collaborative.

- 6.2 The corollary for those that business need does not allow such flexible working is also being carefully considered. Security guards for example may be able to have more flexibility with different rotas, improved communal areas and better access to information. Members and Members staff are outside of the House Service's approach but the House can provide guidance to their staff and assist with conversations that they are likely to have. Questions are also being asked about whether post pandemic activities that have not been carried out need to be reinstated. As turnover has been very low most of the recruitment team are looking at redeploying teams which haven't been able to carry out tasks. Sir Charles Walker MP noted that with such low staff turnover this shows that it is a good place to work. He went on to note that as paid employees attending the Estate was a requirement of their role and not an imposition. He acknowledged that how colleagues want to work is important but it is not the only consideration and the business need of the organisation is a key driver.
- 6.3 Frances Done asked if the new HR system will include MPs' staff also. She also noted there is a reference to showing that the organisation would be able to demonstrate that it is more than a London employer but she questioned how that will happen. Mandy Eddolls explained that IPSA holds the data for MP staff and not the House of Commons and therefore that is data that cannot be held, and in relation to the second question, that there was a plan to advertise some roles entirely remotely which would mean that people outside of London would be able to fill them. Rima asked if there is confidence that the new data system would capture the right data and whether capability of both middle and senior managers is a key risk. Mandy explained that a data expert on the team is assisting with the procurement of the system and that there were only a limited number of suppliers in the market. She confirmed that regarding management skills there are programmes for both middle and senior managers and executive leadership.

7. Financial Thresholds update

- 7.1 Alex Mills presented the fourth iteration of the scheme of financial delegations with adjusted thresholds and the process for referral via the Finance Committee which can choose to elevate items to the House of Commons Commission. This paper will be taken to the Finance Committee in April 2021.
- 7.2 Frances Done noted that this paper is extremely important and that it should be made clear to the Finance Committee that the proposal is strongly supported by the Audit committee. Sir Charles Walker noted that any costs caused by delays to the process should be clear and that where possible these should be built into the budget. Rima Makarem considered that the risk of cost increases due to delay were overblown and that this was unlikely to be an outcome of this new process. John Benger disagreed and

noted that there were recent examples of delays to the delivery of programmes that had an impact and cost associated with them.

- 7.3 The Audit Committee agreed that they were content with the proposed scheme of financial delegations to go forward to the Finance Committee and Commission.

8. Estate Valuation Update

- 8.1 Malin Eliasson updated the committee on the Estate valuation and the Gross Replacement Cost element of the valuation. She explained that the finance team from both Houses and representatives of In-House Services and Estates had been through the reports made by the Valuation Office Agency and Cluttons LLP and they were assured of the process taken for the valuation. That report has now been shared with the NAO, to look at with their external reviewers.

- 8.2 With regards to Richmond House the finance team are considering the impact on its value if any changes to its use are made. As there is uncertainty at the moment over its use the finance team are reviewing the underlying reasons for capitalisation, and reviewing options to partially or fully impair the asset under construction. Rima Makarem asked how the finance team are planning to manage Richmond House accounting treatment from year to year and Malin explained that the team plan to impair the full value at this point and then reassess further down the line due to the uncertainty. Liz Fox noted that full impairment was a lot of work and should not be underestimated. Rima requested that the NAO look at this work in the coming weeks and also at the methodology of the GRC to check it was sound and could be used going forward.

9. NAO update

- 9.1 Ioana Stefu, taking the paper as read, noted progress with the audit in all areas of significant risk and focus. She noted that there were no new risks to highlight and that there were no major issues to highlight of the current significant risks. The NAO will review any significant or unusual transactions, accounting estimates and risky manual journals.
- 9.2 With regard the GRC, she noted there are complexities in this area and work is ongoing. The NAO will review the valuation with auditor experts in this area. The valuation report is expected to be done in early April in order to check and finalise figures before the final audit in May 2021.
- 9.3 The NAO are continuing their work on capital programme expenditure and accruals significant risk. The NAO team also requested an accounting paper on Richmond House setting out the review of costs previously capitalised as part of Richmond House project and its judgement around how much is still useable and whether impairment is required, which they are anticipating getting agreement on before May. Ioana noted that NAO team are aware of pandemic disruption costs and that some of these will be nugatory costs. The NAO also noted that they are waiting management's paper setting out its judgement on the accounting treatment of previously capitalised costs and whether any

of the activities undertaken this year by the new R&R bodies could be deemed to enhance the value of assets currently on the Houses' books.

10. Internal Audit progress report

- 10.1 Richard Stammers, Head of Internal Audit, updated the committee on the internal audit team's progress. He explained that they were finishing off audits on this year's plan and making preparations for next year also. He noted that this year there are five outstanding audits, two of which need a management response, one is in the process of finishing field work and the remaining two are at an earlier stage in the process.
- 10.2 Referring to his opinion for the year he noted that there is plenty of evidence and it indicated a Moderate opinion. Of the outstanding audits one is focussed on risk management which may affect the opinion. In terms of planning there is a three-year plan being developed, but the current risk registers need to be updated to reflect the pandemic environment, so this exercise has been delayed until June. However, for the coming year the current risk registers have been used as an interim measure. Richard asked that the Audit Committee approve and agree the plan in principle.
- 10.3 Rima Makarem, in Jane McCall's absence asked whether the health and safety risk had been updated and whether they had completed the basic compliance work. Richard responded that the last review on this was Moderate so wouldn't have triggered another audit to follow up specifically. There are plans for allergen and construction audits next year.
- 10.4 Frances Done shared her view that the main risk was R&R and she was concerned that the plan didn't pick up on the risks associated with R&R. Richard said that they would be sharing the results of an R&R audit soon and in addition the audit team would rotate through significant risks of which R&R would be included. He observed that it would be useful to wait until the Sponsor Body had got further with their plans. Frances asked if all four audit committees (House of Commons, House of Lords, Sponsor Body and Delivery Authority) managed the R&R risks and whether we were assured that some risks were not falling between the gaps. John Benger noted that the Sponsor Body is statutorily independent and that the Parliamentary Relationship Agreement (PRA) has a risk register with the risks listed and assigned. While the House of Commons has occupancy of a building the risks are ours but when occupancy is handed over to the Sponsor Body then that risk will be theirs. The R&R audit which will report soon considers the governance and resourcing in place to manage R&R in the House of Commons. He noted that he plans to commission a governance review with the House of Lords and the Sponsor Body following the audit to ensure R&R is suitably managed. Rima welcomed this as a helpful step.

11. Risk assurance

- 11.1 Rachel Harrison updated the committee on the risk register and confirmed that R&R was a key risk and had been considered in depth by the Risk Oversight Committee (ROC).

The ROC also considered security, HOL/HOC joint risks, HR, culture change and interdependencies associated with decant. It is the intention of the team to pick up risks in the annual review and horizon scanning and strengthening business planning risks remains priorities for the team.

11.2 Marianne Cwynarski updated the committee on the plans to move ROC from a stand alone meeting to a regular slot in the monthly CEB meetings. She also noted that the risk team was moving out from the internal audit team in terms of management to give greater separation between the two. Rima Makarem asked where the weaknesses are in the risk management process and whether it was working equally well across all teams. Marianne responded that there were varying level of maturity across the House of Commons. Frances Done questioned whether it would be possible to focus on risk if it was in CEB meetings. Marianne confirmed that she was confident it would work, and John Benger noted that the CEB now runs in a more structured way which can facilitate this regular feature.

11.3 Rachel Harrison explained that whilst the year had been challenging for the business it had highlighted some good risk management processes, such as things being accurately recorded on risk registers. As this year has required a lot of risk-based decisions it has been noticeable how much more people have engaged in the process.

12. Report from the Committee

Nothing was noted to report to the House of Commons Commission.

13.AOB

Nothing to report.