Minutes of the meeting held on Tuesday 17 January 2017

Members of the House of Commons Administration Estimate Audit Committee present:
Dame Janet Gaymer DBE QC (Chair)
Sir Paul Beresford MP
Jane McCall
Bob Scruton

Apologies: Rt Hon Tom Brake MP, Rt Hon Rosie Winterton MP DBE

Members of the House of Lords Audit Committee present:
Liz Hewitt (Chair)
Lord Carter of Coles
Baroness Cohen of Pimlico
Lord Shutt of Greetland
John Beckerleg

Apologies:
Lord Fink
Baroness Fritchie

In attendance:
David Beamish, KCB, Clerk of the Parliaments
David Natzler, Clerk of the House of Commons
Ian Ailles, Director General, House of Commons, SRO for R&R Programme
Andrew Makower, Finance Director, House of Lords
Simon Burton, Senior Information Risk Owner, House of Lords
Carl Woodall, Director of Facilities, House of Lords, Deputy SRO for R&R Programme
Paul Thompson, Head of Internal Audit, House of Lords
Catherine White, Interim Programme Manager, Restoration & Renewal
Adam Badger, National Audit Office
Elisabeth Thornton, National Audit Office
Liz Hewitt took the Chair.

1. **Restoration & Renewal programme assurance framework [RESERVED]**

1.1 The Chair reminded the two Committees that the purpose of the paper was to answer the question of what role the Audit Committees were supposed to play in relation to the programme for the Restoration & Renewal of the Palace of Westminster (the R&R programme). Carl Woodall introduced the paper.

1.2 Bob Scruton asked about the role of the two Clerks: where did they fit into the arrangements on slide 5. Carl Woodall explained that the arrows from the Audit Committees to the two Houses were in effect to the two Clerks.

1.3 John Beckerleg asked whether there was sufficient challenge in the model. Carl Woodall answered that the programme was subject to external health checks, one of which had been completed before Christmas. Ian Ailles added that the presence of non-executives on the programme board provided additional challenge.

1.4 Lord Shutt of Greetland asked about the absence of contractors on slide 5 and who would hire them, and who would agree the spend. Ian Ailles said that the model was based on the report of the Joint Committee on the Palace of Westminster, which had recommended a sponsor body being created as a separate legal entity. It would have its own audit function. The sponsor body would create the delivery authority which would also have its own integrated assurance group. It would be important to ensure that the agreements between the two Houses and the sponsor body, and between the sponsor body and the delivery authority, were sufficient to enable an arm’s length relationship.

1.5 Lord Shutt said that the two Audit Committees needed to be absolutely certain at the outset that the framework would work. Ian Ailles agreed that the first two years would be critical.

1.6 Jane McCall said it was critical that the two Audit Committees remained involved at the highest level of governance. It appeared from the paper, and especially from slide 5, that their role would be at the second tier, or at the tier of the delivery authority. Jane McCall also asked how non-executives fitted into the framework. Ian Ailles said that the sponsor body and delivery authority would be made up of non-executives and executives: the delivery authority would have a non-executive chair and a number of non-executive members.

1.7 Jane McCall asked what was the purpose of the internal audit function of the sponsor body. Janet Gaymer said that the two Audit Committees would seek assurance from the audit committee of the sponsor body about whether the assurance framework was working.

1.8 The Chair reiterated that the purpose of the paper was to explain what role the Audit Committees should have in relation to the Restoration and Renewal Programme. It was not clear that the paper had answered that question. The first slide should be amended to reflect the fact that the Audit Committees reported to the two Commissions, not to the two Houses. While it was their duty to advise the Accounting Officers, they reported to the Commissions. The Chair asked for a paper setting out the
terms of reference of the R&R programme, the governance structures, the responsibilities of the SRO, and the budget spent so far. Further, the paper should set out what role the Audit Committees should play in relation to the R&R programme until the decision in principle is made. This should include who will report to the Committees, and what resources the Committees could draw on if needed. There should also be a one page summary of what role the Audit Committees were expected to play after the decision in principle has been taken.

1.9 Ian Ailles answered that R&R was no different to any other programme, except for its scale. It had been running for three years and had spent approximately £15 million.

1.10 Baroness Cohen asked whether it was possible to conduct internal audits of the programme to which Ian Ailles answered yes. Baroness Cohen said that the role of Audit Committees prior to the decision in principle needed to be clear as it now seemed that the pre-decision phase could go on for some time.

1.11 Lord Shutt asked whether the Audit Committees could instruct the audit committee of the delivery authority to conduct specific work. Ian Ailles answered that such requirements could be added to the agreement between the sponsor body and the delivery authority.

1.12 Janet Gaymer asked that the committees be kept informed on a rolling basis of the significant risks to the programme.

1.13 The Chair concluded that there was substantive work being undertaken as part of the programme but that the Audit Committees didn’t have enough information to judge whether they should be auditing that work. This information gap needed to be addressed, in order to determine whether the committees should be auditing the programme now. The SRO and deputy SRO for the programme were invited to return to the Committees with a presentation on the work currently undertaken for the programme, including budgets and forecasts.

Dame Janet Gaymer took the Chair.

2. Update on security

2.1. Eric Hepburn said that he had been in post for 4 months – his role was to cover physical and cyber security across the wider Parliamentary Estate. He worked bicamerally, although he reported for line management purposes into the Director General of the House of Commons. The current scope of the role of Director of Security for Parliament was created in January 2016 with the transfer of some functions from the Serjeant at Arms and Black Rod. Metropolitan Police security staff had then been transferred to the House in April 2016, although some MPS staff still remained on site. The PSD had a £34.7m budget, which included the mail screening contract.

2.2. His predecessor had done a very good job in difficult circumstances and had put together a good team. Security was taken very seriously. [More information – restricted access].

2.3. [More information – restricted access].
2.4. [More information – restricted access].

2.5. [More information – restricted access].

2.6. [More information – restricted access].

2.7. [More information – restricted access].

2.8. [More information – restricted access].

2.9. [More information – restricted access].

2.10. [More information – restricted access].

2.11. [More information – restricted access].

2.12. [More information – restricted access].

2.13. [More information – restricted access].


Future meetings

3. The Chair noted that the Committee would want to revisit the issue of R&R assurance at the next joint meeting, and that further information would be sought from the EPMO and the efficiencies programme on the outcomes of their work.

4. The Committees approved these suggestions and agreed that the final agenda could be confirmed between the two Chairs.

For information

3 Enterprise Portfolio Management Office – update

3.1 The Committees took note and agreed that further information would be sought from the EPMO at the next meeting about what the changes overseen by the office had delivered.

4 Update on Efficiencies programme

4.1 The Committees took note.
<table>
<thead>
<tr>
<th>Action point</th>
<th>Owner</th>
<th>Completion date</th>
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<tbody>
<tr>
<td>To provide the two Committees with an overview of the work of the R&amp;R Programme to date, the significant risks facing the programme, and the role of the Audit Committees in relation to the programme prior to the decision in principle.</td>
<td>Carl Woodall/ Ian Ailles</td>
<td>July 2017</td>
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<tr>
<td>To provide a brief one page summary of what role the Audit Committees should play after the decision in principle.</td>
<td>Carl Woodall/ Ian Ailles</td>
<td>July 2017</td>
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