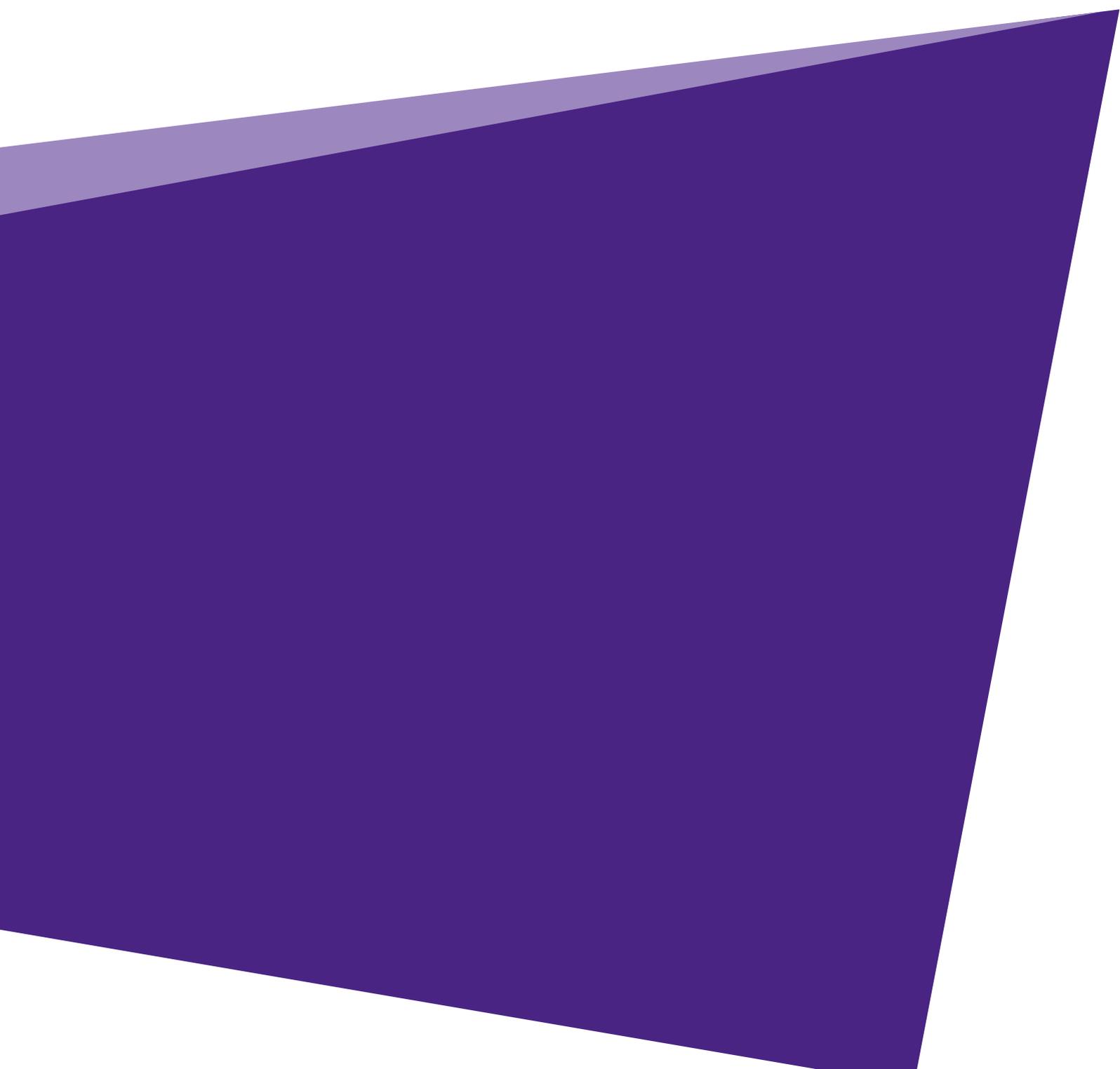


# Annual Report and Accounts 2014–2015



Independent Parliamentary  
Standards Authority

Annual Report and Accounts for 2014-15

Presented to Parliament pursuant to Schedule 1 of the Parliamentary Standards Act 2009  
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# IPSA in 2014-15

**£10.8million**  
**99.63%**

total value of business costs and expenses  
accuracy of determinations on claims

**455**  
**19 seconds**  
**470**

average number of phone calls received each week  
average call waiting time  
average number of letters and emails received each week

**3,800**  
**99.90%**

average number of MPs and their staff salaries paid each month  
accuracy of salary payments

**206,000**  
**173**  
**235,000**

claims published online  
Freedom of Information requests received  
responses received to public consultations

# Chair's Introduction



This year was one of steady progress in achieving our aims coupled with very significant preparation for the year 2015-16. The management of our responsibilities in relation to the General Election of May 2015 loomed large, as did the initiatives designed to improve our operational efficiency and the support given to MPs and their staff. Also occupying us throughout the year was the overhaul of the remuneration of MPs and the response to litigation brought under the Freedom of Information Act.

As regards the last of these, we decided that the issues at stake were sufficiently important for them to be tested in the higher courts. We took and take the view that what was involved is important not just for IPSA but across Government and the public sector.

With regards to MPs' remuneration, we agreed in 2013-14 that it was right that some aspects of MPs' remuneration should be scaled back, particularly what were called "resettlement allowances", while MPs' pay should be increased. In our consultation we set out the basis for our decisions and the reasons and evidence to support them. After considering the responses that we received, we announced that we would introduce immediately after the General Election all of the various changes consulted upon except for that relating to pay. As regards pay, given that we are under a statutory duty to review pay in the first year

of a new Parliament, we announced that we would carry out one further review immediately following the General Election. In the event, after consultation, we introduced the increase in pay with effect from 31 July 2015, backdated to 8 May 2015.

For IPSA, the overhaul of remuneration was a significant test of our commitment to independence and to reasoned argument and analysis. We understood that the pay element of our determination was not popular (the other elements were). But we also sought to make clear that our responsibility was to effect changes which were defensible and would last, beyond the exigencies of the moment.

The second part of the year saw us devoting a very considerable amount of energy to the management of our responsibilities to MPs, their staff and the public in the run-up to the General Election. A whole new team of staff was assembled. The Board was deeply impressed by their commitment and ability. They were led outstandingly by the Executive. The Board had made it clear that the preparations for the General Election were very important in their own right, but equally as important as a means of challenging existing ways of working, identifying weaknesses and introducing change. Much has been learned. We are confident that the support that we provide will be improved even further through this process.

This was the first year of Marcial Boo's tenure as Chief Executive. He has served IPSA well. He is surrounded by staff at all levels whom he has led with skill and to whom we owe a great debt of gratitude. We have seen in our colleagues a commitment to public service which has been outstanding.

Professor Sir Ian Kennedy,  
Chair, IPSA



# Strategic Report

# Part I: Strategic Report

## A Who We Are and What We Do

- 1 This section provides information on the statutory framework under which IPSA operates, our strategic aims and statutory objectives covering the financial year ended 31 March 2015. The Independent Parliamentary Standards Authority's (IPSA's) accounts have been prepared to meet the standards of the *Parliamentary Standards Act 2009* and in accordance with the *Government Financial Reporting Manual* (FReM), as specified in the direction issued by HM Treasury.

### Statutory Framework

- 2 IPSA is a statutory body, independent from Parliament, Government and political parties. It was established by the *Parliamentary Standards Act 2009* (PSA). Parliament legislated to establish IPSA in the wake of the MPs expenses scandal.
- 3 IPSA's role is to provide independent regulation of MPs' pay, pensions, business costs and expenses. IPSA sets and regulates the *MPs' Scheme of Business Costs and Expenses* ('the Scheme'); administers the Scheme; determines the salaries and pensions of MPs and pays the salaries of MPs and their staff.
- 4 Following a series of recommendations from the Committee on Standards in Public Life, the then Government, with the support of the three largest parties at the time, agreed to make early revisions to the PSA. Those revisions were made through the Constitutional Reform and Governance Act 2010 (CRAG). The principal additional function passed to IPSA by that Act was the responsibility

to determine MPs' salaries and pension arrangements.

- 5 Our aim is to assure the public that MPs' use of taxpayers' money is well regulated and that MPs are resourced appropriately to carry out their parliamentary functions.

### How We Will Achieve Our Aim

- 6 We will achieve our aim **effectively** by:
  - being an intelligent and open regulator, working in the public interest;
  - ensuring that our rules are clear and enforceable;
  - making better use of IT to bring about change;
  - making independent, fair decisions about MPs' pay and costs;
  - listening to the public and all other interested parties; and
  - providing clear guidance to MPs about their responsibilities.
- 7 We will achieve our aim **efficiently** by:
  - always seeking the best value for money in our own processes;
  - paying MPs' business costs, expenses and salaries accurately and on time;
  - enabling MPs to do their job;
  - encouraging MPs to adopt efficient working practices and to spend money well; and

- making our expenses and payment systems as straightforward as possible.
- 8 We will achieve our aim **transparently** by:
- being open about our own costs and processes;
  - routinely publishing the business costs and expenses of all MPs; and
  - communicating with and providing the public with evidence about MPs' expenditure.
- 9 As IPSA staff we will work **collaboratively**, espouse our values of **independence, transparency** and **fairness**, develop our **diverse talents** and take pride in our **work for the public interest** as part of a **high-performing organisation**.

### Estimate Subheads

10 IPSA's budget for the financial year is scrutinised and approved by the Speaker's Committee for IPSA (SCIPSA), who gave parliamentary approval for IPSA's 2014-15 spending plans through its Supply Estimate (HC124). The Estimate consists of five subheads:

- Subhead A: MPs' direct costs
  - MPs' salaries
  - MPs' staff salaries
  - MPs' business costs and expenses
- Subhead B: IPSA's core operational costs
  - Staff and non-staff costs (set out in detail in notes 4 and 5 of the accounts)

- Costs relating to the Compliance Officer for IPSA
- Income relating to the sub-letting of IPSA's accommodation
- Subhead C: IPSA's project costs
  - Preparation for the General Election
  - Auto Enrolment
  - Review of MPs' accommodation
  - Pay and pensions review
  - Publication policy review consultation
- Subhead D: Additional expenditure arising from the *Freedom of Information Act* (FOIA)
  - Appeal against the Information Commissioner's ruling relating to the publication of receipts
- Subhead E: Recruitment of IPSA's Board

### B IPSA's Strategic Objectives

- 11 For the financial year 2014-15, IPSA strategic objectives can be found in full at Annex A.
- 12 At the end of the financial year, we reviewed, and published, our longer term strategy which set our direction for the full period of the 2015-2020 Parliament. A copy of this Strategy can be found on our website at the following address: [http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/IPSA%20Strategy%202015%20\(booklet\).pdf](http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/IPSA%20Strategy%202015%20(booklet).pdf)

## C Our Work in 2014–15

- 13 This report covers activities undertaken by IPSA during the financial year 2014-15.
- 14 On 3 June 2014, we welcomed Marcial Boo as IPSA's Chief Executive following the retirement, on 2 April, of Andrew McDonald, who had been in position as Chief Executive since IPSA was established in 2010. In the interim period, Paul Hayes acted as Chief Executive.
- 15 Professor Sir Ian Kennedy's first term of office as Chair came to an end in November, and he was reappointed until 1 June 2016 by Her Majesty on 22 October 2014.
- 16 Our Corporate Plan for 2014-18<sup>1</sup> established three dominant themes for 2014-15, as follows:
  - prepare for and efficiently manage the transition from one Parliament to the next at the time of the General Election;
  - deliver high levels of quality, at a reduced cost, as regards the administration of the Scheme; and
  - provide effective and proportionate regulation of the Scheme.

Each is considered in turn.

### Preparation for the General Election

- 17 Building on the planning work carried out in 2013-14, our preparations for the 2015 General Election represented the largest single project we have undertaken since our establishment. We are responsible for helping MPs leaving Parliament to conclude their financial arrangements in

good time and for the swift and effective induction of newly-elected MPs.

- 18 The lease on IPSA's office accommodation was due to come to an end in March 2015. Given the size and scale of the General Election project, and in order to avoid a disruptive move in the run up to the General Election, we brought forward our move to new, cheaper, accommodation. We moved to new premises in Millbank in April 2014, which provided us with sufficient space to accommodate the General Election team.
- 19 We also extended our principal contracts for IT services by 12 months to April 2016, so that we could focus effectively on preparation for the General Election.
- 20 Additional work was undertaken in 2014-15 to recover all debts, loans and other sums outstanding from MPs before year-end and the General Election.
- 21 These preparations led to the successful achievements of our objectives during the General Election in 2015-16.

### Quality and Cost

- 22 Part of our work to prepare for the General Election involved reviewing all our systems and processes and assessing their quality and level of preparedness. This led to various immediate quality improvements and a longer term programme of changes for implementation in 2015-16.
- 23 Preparation was undertaken for our appeal against the Information Commissioner's ruling that we should release images of receipts, as opposed to just the written information contained on them, in response to Freedom of Information requests. This was an important test case on a point of law that has wide-ranging implications for the

<sup>1</sup> A copy of the Corporate Plan is available online at: <http://parliamentarystandards.org.uk/transparency/Pages/Corporate-reports-and-publications.aspx>

whole public sector. The issue was heard at the Court of Appeal on 24 February 2015. The Court determined in April 2015 that IPSA should release the images requested.

- 24 As a publicly funded organisation we have a duty to the taxpayer to ensure that we are cost-effective and provide value for money. In 2014-15 we have continued to make savings in line with our public commitment.

### **Effective, Proportionate Regulation**

- 25 The Scheme of MPs' Business Costs and Expenses now offers a stable and consistent set of rules on payments to MPs. Our annual review this year therefore focused only on a small number of amendments, primarily relating to MPs' staff pension arrangements, subsistence for MPs' staff and various budget limits. As part of the review, we carried out a public consultation between November 2014 and January 2015. These changes came into effect on 1 April 2015. The latest edition of the Scheme, and reports on the reviews we have carried out, can be found on our website.
- 26 In September 2014, we launched a public consultation on the Third Edition of the Procedures for Investigation for the Compliance Officer for IPSA. The Compliance Officer is an independent office holder, and IPSA is required to provide him with procedures and guidance to assist him in these functions. The previous procedures and guidance were published in November 2011, and since that time the Compliance Officer had identified potential areas for improvement. The proposed changes received widespread attention and a small number of amendments were made to the proposed procedures. The

revised procedures were published in December 2014 and came into effect on 1 January 2015.

- 27 Work was also conducted during 2014-15 to prepare for the statutory review of MPs' pay that we conducted in June 2015.
- 28 Work began, and will continue, on further developing our approach to the regulation of business costs and expenses, making effective use of the data and experience of the last five years. Our aim is to provide regulation that combines a rigorous assurance programme with a balanced, proportionate approach.

### **D Basis of Accounts**

- 29 The accounts for the year ended 31 March 2015 have been prepared under a direction issued by HM Treasury in accordance with the Parliamentary Standards Act 2009.

### **E Performance Against Key Performance Indicators**

- 30 The Corporate Plan identifies key performance indicators and associated targets, each of which is owned by a senior manager. Performance against key indicators is measured and reported monthly to the Board and published on IPSA's website. Operational performance targets for the reporting period were all achieved, as set out in the table below.

Key performance targets	Key Performance Indicators	Target metrics	Result for Year
<b>Objective 1: Independent, fair and effective regulation</b>			
<b>To provide high levels of assurance that claims are made in accordance with the Scheme</b>	The assurance programme, developed in line with the principles set out in HMT's guidance, provides the Board with appropriate levels of confidence	Fewer than 1% of claims are identified as not having been made in accordance with the Scheme	0.5%
<b>Objective 2: To deliver workable systems that support the Schemes</b>			
<b>To efficiently pay and process MPs' claims, maintaining against and seeking to improve 2010-11 service levels</b>	Time taken to process and reimburse MPs' business costs and expenses claims	Claims are reimbursed within an average of 12 working days	7.0 days
<b>To support MPs in the execution of their parliamentary functions, with appropriate guidance and training; and</b>	Users' surveys results	Users' surveys show an increase in satisfaction levels in each year, measured against NAO survey baseline (May 2011)	Achieved
<b>To pay 100% of the salaries of MPs' and their staff correctly and on time</b>	Number of payroll adjustments per month resulting from errors by IPSA as a percentage against total salaries paid	Payroll accuracy levels of over 99.75% in any one month (based on information provided)	99.9%
<b>Objective 3: To build public confidence in the execution of its duties</b>			
<b>To operate a transparent Scheme that is easily understood by MPs and the public</b>	Accuracy of published information on MPs' claims	Published information on MPs' claims maintains accuracy levels of over 99.75%	100.0%
<b>To operate a Scheme that accurately pays and processes MPs' claims</b>	Percentage of processed claims identified as validated in error during regular assurance and review programme activities	Errors identified on review account for under 1% of all validated claims	0.4%
<b>Objective 4: To build a cost-effective organisation with engaged and motivated staff</b>			
<b>To build and support an engaged and motivated workforce</b>	Staff engagement survey	Survey results show increased staff engagement against 2010 baseline	Achieved
<b>To demonstrate cost-effectiveness and provide value for money</b>	IPSA's annual expenditure	Continue to show savings on cost on a like-for-like basis	Achieved

## **F Capability and Capacity**

- 31 We expanded our staffing capacity significantly during the second half of the financial year on a short term basis to ensure we were capable of successfully delivering the General Election project. Further information on the General Election, and IPSA's staffing arrangements, can be found below within the Chief Executive's report.

## **G Risk Management**

- 32 Effective risk management is critical to the achievement of our strategic objectives. We continually assess our exposure to strategic risks and seek to ensure that risks are appropriately mitigated. Our Audit and Risk Assurance Committee, attended by all Board members, formally reviews strategic risks and the associated mitigation actions quarterly.

## **H Going Concern**

- 33 The Statement of Financial Position shows net liabilities. However, in common with other independent bodies funded by HMT, the future financing of our liabilities will be met by Grants of Supply and the application of future income approved annually by Parliament. Our Supply Estimate for 2015-16 has been agreed by the Speakers Committee for IPSA and there is no reason to believe that future approvals will not be forthcoming.
- 34 Accordingly, it is considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

## **I Policy for Payment of Suppliers**

- 35 We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 and meet the normal terms of payment

of invoices of 30 days from receipt, except where different terms have been agreed with suppliers. Although independent we are treated as a small department and so the Government's five-day target for small and medium enterprises (SME) to receive payment is not mandated, but we continue to pay valid invoices from SMEs within ten days.

- 36 Payment of trade and other payables is reported on a creditor-days basis. This is calculated as a proportion of the amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year. We paid suppliers within an average of 18.3 creditor days in 2014-15. This includes small and medium enterprises as well as larger enterprises. No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2013-14: £nil).

## **J Sustainability**

- 37 IPSA achieved the majority of its sustainability targets for 2014-15 and has a strong commitment to reduce further controllable impacts on the environment in future.

## **K Future Priorities: Plans for 2015-16**

- 38 Our primary focus for the 2015-16 financial year was the successful delivery of the General Election project. This ran for the first half of the year, and had three core functions:
- New MPs were offered an induction, training and assistance to ensure the smooth setting up of their offices and recruitment of their staff;

- All departing MPs were allocated an election contact to help them wind-up their financial affairs;
  - Returning MPs were offered training and assistance.
- 39 Following the General Election we conducted a final statutory review of MPs' pay. This review included a public consultation which posed the question of whether there was any new and compelling evidence that could have led us to amend our determination regarding MPs' pay, made in December 2013.
- 40 We will also review our performance over the life of the first Parliament, in particular in relation to the challenges of a General Election, and ensure that any changes to regulation or administration have been suitably embedded.

## **L Events after the Reporting Period**

- 41 There has been one non-adjusting event after the reporting period and this relates to the Court of Appeal hearing in relation to the Freedom of Information receipts case. Judgement was passed on 28 April 2015 in favour of the Information Commissioner.

## **M Disclosure of Audit Information to the Auditors**

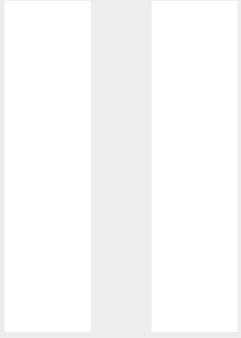
- 42 As far as I, the Accounting Officer, am aware, there is no relevant audit information of which IPSA's auditors are unaware. As Accounting Officer, I have taken all the steps that should be taken to make myself aware of any relevant audit information and to establish that IPSA's auditors are aware of that information.

Marcial Boo  
Chief Executive and Accounting Officer

2 November 2015

# Statement of Accounting Officer's responsibilities

- 43 Under the Parliamentary Standards Act 2009 (PSA), HM Treasury directed IPSA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction at Part II. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of IPSA and of its net resource outturn, changes in taxpayers' equity and cash flows for the financial year.
- 44 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* (FReM) and in particular to:
- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the FReM have been followed and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going-concern basis.
- 45 The IPSA Board have appointed the Chief Executive as the Accounting Officer of IPSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records and for safeguarding IPSA's assets, are set out in *Managing Public Money*, published by HM Treasury and with which IPSA broadly complies.



# Remuneration Report

# Part II: Remuneration Report

46 The following information provides details of the remuneration and pension interests of IPSA's Board Members, IPSA's Directors and the Lay Members of the Speaker's Committee for IPSA (SCIPSA).

## (1) Chief Executive

47 Following the retirement of Andrew McDonald in April 2014, Paul Hayes was appointed by IPSA's Board Members as an interim Chief Executive. Marcial Boo was appointed as the permanent Chief Executive from 3 June 2014.

48 IPSA Board and Remuneration Committee determines the Chief Executive's terms and conditions of employment including salary which is in line with Civil Service guidelines.

## (2) Chair and Board Members

49 The Speaker determines the daily rate for the members of IPSA Board which was set in 2009 at £700 for the Chair and £400 for ordinary members. The daily rates have remained unchanged since 2009.

50 The remuneration for the Chair and Board Members is non-pensionable.

51 The anticipated time commitment from IPSA Chair is approximately two to three days per week and from the ordinary Board members two to three days per month, but greater commitment may be needed at certain times.

## (3) IPSA Staff

52 The Parliamentary Standards Act 2009 (PSA) provides that the remuneration and other terms and conditions of the Chief Executive and his or her staff should broadly be kept in line with those in the Civil Service.

53 The majority of IPSA's staff are directly employed by IPSA on either permanent or fixed-term contracts. In line with the public sector pay rise, IPSA authorised a 1% pay increases to employees in 2014-15.

54 The remuneration of all Executive Directors is decided by the Remuneration Committee of the Board, chaired by Elizabeth Padmore.

## (4) Lay Members of the Speaker's Committee for IPSA (SCIPSA)

55 In addition to being responsible for paying its executive and non-executive members, IPSA is also responsible for paying the Lay Members of SCIPSA. The Lay Members appointed under the PSA are not employees of IPSA. The Lay Members are paid at a rate of £300 per day.

56 The following tables provide details of the remuneration and pension interests of IPSA's Chair, Board Members and Directors, and of the Lay Members of SCIPSA. The information in the following tables has been audited.

## Disclosure of IPSA Chair and Board Members' Remuneration for 2014-15

Name	Appointed	End Date	Total Remuneration in 2014-15 [1] £'000	Total Remuneration in 2013-14 £'000	Expenses Reimbursed in 2014-15	Expenses Reimbursed in 2013-14 [3]
Prof Sir Ian Kennedy <b>Chair</b>	04/11/09	01/06/16	35-40	40-45	Nil	Nil
Sir Neil Butterfield <b>Board Member</b>	11/01/13	10/01/16	5-10	15-20	£1,700	£2,600
Elizabeth Padmore <b>Board Member</b>	11/01/13	10/01/18	10-15	15-20	£400	£700
Anne Whitaker <b>Board Member</b>	11/01/13	10/01/18	5-10	10-15	Nil	Nil
Prof Anthony Wright <b>Board Member</b>	11/01/13	10/01/16	1-5	5-10	£700	£900

### Notes:

[1] Total remuneration reflects payments made for Board time claimed by the Board members and not necessarily the total time contributed by that member in performing their role on IPSA Board.

[2] No benefits in kind were paid.

[3] In accordance with 2014-15 approach to reimbursed expenses, the 2013-14 figures have been rounded to the nearest £100.

## Disclosure of Lay Members' Remuneration for 2014-15

Name	Appointed	End Date	Total Remuneration in 2014-15 £'000	Total Remuneration in 2013-14 £'000
Dame Janet Gaymer <b>Lay Member</b>	26/01/11	25/01/16	0-5	0-5
Sir Anthony Holland <b>Lay Member</b>	26/01/11	25/01/14	0-5	0-5
Elizabeth McMeikan <b>Lay Member</b>	26/01/11	25/01/15	0-5	0-5
Professor Monojit Chatterji <b>Lay Member</b>	26/01/14	26/01/17	0-5	0-5
Ken Batty <b>Lay Member</b>	28/01/15	27/01/19	0-5	Nil

## Disclosure of IPSA CEO and Directors' Remuneration for 2014-15

Name	Appointed	Notice Period	End Date (when not ongoing)	Salary 2014-15 £'000	2013-14 bonuses paid in 2014-15 £'000	Pension Benefits 2014-15 £'000	Total 2014-15 £'000
<b>Marcial Boo CEO</b>	03/06/14	3 months	N/A	95-100 (120-125 full year equivalent)	Nil	37	135-140
<b>Andrew McDonald CEO [1]</b>	14/09/09	Seconded	02/04/14	5-10 (125-130 full year equivalent)	Nil	0	5-10
<b>John Sills Director of Policy and Communications [2]</b>	01/02/10	3 months	N/A	90-95	Nil	25	115-120
<b>Judith Toland Director of Operations and Change [3]</b>	11/02/14	3 months	N/A	120-125	Nil	45	165-170
<b>Philip Lloyd Director of Finance and Operations [4]</b>	27/03/13	3 months	24/07/15	75-80 (105-110 full year equivalent)	Nil	9	85-90
<b>Paul Hayes Interim CEO</b>	08/04/14		02/06/14	15-20	Nil	0	15-20
<b>Belinda Brown Director of People, Performance and Pay [5]</b>	01/06/13	3 months	24/07/15	55-60 (70-75 full year equivalent)	Nil	22	80-85

**Notes:**

[1] Andrew McDonald was seconded from the Ministry of Justice and resigned due to ill health in April 2014.

[2] John Sills was seconded from the Ministry of Justice. He was Director of Policy until 2 June 2012 when he became Director of Policy and Communications. He became a permanent member of staff in March 2015.

[3] A Director of Change was appointed on a two-year fixed term contract (subsequently changed to a permanent contract) to lead the various projects being undertaken in the coming years, particularly planning and delivery for the general election.

[4] Philip Lloyd's salary included £42,325 for compensation payment in lieu of notice and he also received a redundancy payment of £15,000.

[5] Belinda Brown's salary included £30,858 for compensation payment in lieu of notice and she also received a redundancy payment of £79,448.

## Disclosure of IPSA CEO and Directors' Remuneration for 2013-14

Name	Appointed	Notice Period	End Date (when not ongoing)	Salary 2013-14 £'000	2012-13 bonuses paid in 2013-14 £'000	Pension Benefits 2013-14 £'000	Total 2013-14 £'000
Andrew McDonald [1] <b>CEO</b>	14/09/09	Seconded	Seconded	125-130	10-15	183	325-330
John Sills [2] <b>Director of Policy and Communications</b>	01/02/10	Seconded	Seconded	85-90	Nil	23	105-110
Philip Mabe <b>Acting Director of Finance and Corporate Services</b>	12/11/12	1 month	26/04/13	5-10 [105-110 full year equivalent]	Nil	0	5-10
Philip Lloyd [3] <b>Director of Finance and Operations</b>	27/03/13	3 months	N/A	105-110	Nil	4	110-115
Belinda Brown [4] <b>Director of People, Performance and Pay</b>	01/06/13	3 months	N/A	60-65 [70-75 full year equivalent]	Nil	15	75-80
Judith Toland [5] <b>Director of Programmes</b>	11/02/14	1 month	05/02/16	15-20 [115-120 full year equivalent]	Nil	3	20-25

**Notes:**

[1] Andrew McDonald was seconded from the Ministry of Justice. His salary for the reporting period has been reported in the table. The Board conducted a review, including benchmarking and approved a revised salary to reflect the duties and responsibilities associated with the role. An interim CEO, Paul Hayes, was appointed in April 2014 following Andrew McDonald's retirement and was in post until Marcial Boo took up the permanent role in June 2014.

[2] John Sills is seconded from the Ministry of Justice. He was Director of Policy until 2 June 2012 when he became Director of Policy and Communications.

[3] There was a four week handover period between Philip Mabe, acting Director of Finance and Corporate Services and Philip Lloyd, the permanent Director of Finance and Operations. This was to ensure as smooth a transition as possible during the busiest time of year for the Finance Team when improvements to the financial management environment were also a priority.

[4] The Board appointed Belinda Brown as Director of People, Performance and Pay effective from 1 June 2013 to ensure that senior leadership included representation across all areas of the organisation.

[5] Judith Toland was appointed as Director of Programmes on 10 February 2014 on a two-year fixed term contract to lead the various projects being undertaken in the coming years, particularly planning and delivering for the next General Election.

## IPSA's Directors received the following expenses:

Name	Expenses reimbursed in 2014-15	Expenses reimbursed in 2013-14 [1]
Marcial Boo	Nil	NA
Andrew McDonald	Nil	Nil
John Sills	Nil	Nil
Philip Lloyd	Nil	£300
Belinda Brown	Nil	Nil
Judith Toland	Nil	Nil

**Note:**

[1] In accordance with 2014-15 approach to reimbursed expenses, the 2013-14 figures have been rounded to the nearest £100.

## Benefits in Kind

- 57 The monetary value of benefits in kind covers any expenditure incurred by IPSA which is treated by HM Revenue and Customs as a taxable emolument.
- 58 During the period to 31 March 2015, no benefits in kind were given to the Chair, Board Members, Lay Members, CEO or Directors.

## Pay Multiples

- 59 Reporting bodies are required by the Government Financial Reporting Manual (FRM) to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.
- 60 The banded remuneration of the highest paid director in IPSA in the financial year 2014-15 was £120,000-£125,000 (2013-14 £140,000-£145,000). In 2014-15, this was 3.9 times the median remuneration of the workforce, which was £31,113 (2013-14 £30,800). The ratio has decreased due to a combination of a reduction in the base salary of the directors recruited in year and the lack of bonus payments.
- 61 In 2014-15, no employee received remuneration in excess of the highest paid director.

Remuneration Ratio	2014-15	2013-14
Band of Highest Paid Director's Remuneration (£'000)	120-125	140-145
Median Remuneration (£'000)	31.1	30.8
Ratio	3.9	4.6

- 62 The total consultancy and contingent labour expenditure in 2014-15 was £565,000 (2013-14 £471,000). Expenditure in 2014-15 was largely incurred on short term support for the

Finance and Operations Teams pending the recruitment of permanent staff and temporary support staff for the General Election work.

## Pension Liabilities

- 63 Non-seconded employees of IPSA are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a defined benefit scheme and liability rests with the Scheme, and not IPSA. Benefits are paid from the Civil Superannuation Account to which IPSA makes contributions calculated to cover accruing pension entitlement for staff employed. Details of the PCSPS can be found at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

## Cash Equivalent Transfer Values

- 64 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.
- 65 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any

additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the *Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008* and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real Increase in CETV

66 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Pension Information for Directors

67 The figures given below have been supplied by My Civil Service Pension (MyCSP), the pension administrator for IPSA staff, after liaising with the relevant administrator for those who are secondees.

### Off-Payroll Engagements

68. IPSA had one new interim (off-payroll via an agency) between 01 December 2014 and 31 March 2015, for more than £220 per day on a contract lasting longer than six months. IPSA has received assurance that their Income Tax and National Insurance obligations are being fully met.

Name	Real increase in pension 2014-15 (£'000)	Real increase in lump sum 2014-15 (£'000)	Pension at end date 31 March 2015 (£'000)	Lump Sum at end date 31 March 2015 (£'000)	CETV at start date (£'000)	CETV at end date (£'000)	Real increase in CETV as funded by employer (£'000)
Marcial Boo	0-2.5	0-2.5	0-5	0-5	0	25	16
Andrew McDonald [1]	0-2.5	0-2.5	45-50	145-150	860	860	0
John Sills	0-2.5	2.5-5	25-30	75-80	473	521	22
Judith Toland	2.5-5	0-2.5	0-5	0-5	5	41	25
Belinda Brown	0-2.5	2.5-5	10-15	35-40	205	229	18
Philip Lloyd	0-2.5	0-2.5	0-5	0-5	30	41	3

**Note:**

Pension information has been supplied by MyCSP. The figures may be different from the closing figures in the 2013-14 Accounts due to the CETV factors being updated to comply with the *Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008*.

[1] Ill health retirement costs are met by the pension scheme not by IPSA or the Ministry of Justice.

Marcial Boo  
Chief Executive and Accounting Officer

2 November 2015



# Chief Executive's Report

# Part III: Chief Executive's Report

## A IPSA's Board

- 69 IPSA's Board is responsible for deciding the policies that form the *MPs' Scheme of Business Costs and Expenses* and setting the remuneration of MPs. The Board is also responsible for setting IPSA's strategic direction. The Board meets at least monthly. Attendance records for individual Board members are included in the Governance Statement and minutes of Board meetings are published on IPSA's website, under the 'Transparency' banner on the home page.
- 70 In line with requirements of the Parliamentary Standards Act 2009, the Chair and Members of IPSA are as follows:
- Professor Sir Ian Kennedy**, Chair  
**Sir Neil Butterfield**, former holder of high judicial office  
**Elizabeth Padmore**  
**Anne Whitaker**, statutory auditor  
**Professor Tony Wright**, former member of Parliament

## B Company Directorships and Other Significant Interests Held by Board Members

- 71 No significant interests are held by IPSA's Board Members. Details of all interests held can be found on IPSA's website, at the following address: <http://parliamentarystandards.org.uk/transparency/Pages/IPSA-facts-and-figures>.

## C IPSA's Senior Management

- 72 IPSA's Senior Leadership Team is led by the Chief Executive who is responsible for delivery in line with the policy

direction set by the Board. The Directors of IPSA during 2014-15 were as follows:

- Marcial Boo**, Chief Executive. Appointed June 2014.  
**John Sills**, Director of Policy and Communications.  
**Judith Toland**, Director of Operations and Change.  
**Andrew McDonald**, Chief Executive. Retired in April 2014.  
**Paul Hayes**, Interim Chief Executive. April – May 2014.  
**Belinda Brown**, Director of People, Performance and Pay. Left July 2014.  
**Philip Lloyd**, Director of Finance and Operations. Left July 2014.

## D Staffing

- 73 The Civil Service Order in Council 1995 provides the legal basis for our recruitment policies, and the Civil Service Commission sets mandatory principles for recruitment. During 2014-15, IPSA employed an average of 88 full-time equivalent staff, including permanent, agency and fixed-term staff, plus five Board Members. As at 31 March 2015, 49% of staff were male and 51% of staff female, and 28% of employees stated that they were from an ethnic minority background. We monitor the background of our staff by reference to each of the "Protected Characteristics" set out in the Equality Act 2010 to improve representation and take action as necessary.
- 74 All IPSA employees are offered access to Health Management, an independent occupational health service which provides expert advice, counselling and support.

75 In March 2015, we implemented a new Equality and Diversity policy, which covers IPSA's commitment to encouraging equality and diversity, as well as eliminating discrimination.

76 We adhere to the principle that all Government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £58,200 (equivalent to £220 per day), that tax due on contract payments will be paid. As at 31 March 2015 all such contractors engaged by us met these conditions.

## **E Sickness Absence**

77 Over the 2014-15 financial year, sickness absence rates within IPSA (monitored monthly) were an average of 8%. Excluding long-term absence which comprised of 2 members of staff, the sickness absence rate was 2.15%.

## **F Health and Safety**

78 We are committed to providing a safe and healthy working environment. We have updated our Health and Safety Policy and have introduced a Health and Safety training module for new staff. We have continued to maintain a regular health screening at work programme. This includes regular work station assessments and we provide access to a confidential health service providing advice and counselling.

79 There was one incident reported which involved medical intervention and one formal Health and Safety audit.

## **G Pensions**

80 Our employees are covered by the provisions of the Civil Service Pension Scheme. Information on pension

entitlements is provided in the *Remuneration Report*. For details of IPSA's accounting treatment for pension liabilities please refer to page 57 of the Accounts.

## **H Personal Data Related Incidents**

81 During the reporting period there was one personal data related incident, which was the result of human error.

## **I Complaints and Customer Service**

82 During the year 2014-15 we handled 16 formal complaints, all of which were resolved within 30 working days.

83 We aim to acknowledge complaints within 2 working days and provide a final response within 10 working days. During 2014-15 we reviewed our complaints procedure and will be implementing an updated procedure in 2015-16.

## **J The Compliance Officer for IPSA**

84 The *Constitutional Reform and Governance Act 2010* created provision for a statutory office-holder, the Compliance Officer, whose principal functions are to investigate claims that an MP may have been paid an expense to which he or she was not entitled and, upon request, to review a determination by IPSA to refuse an MP's expenses claim.

85 Peter Davis has held the post since December 2011. He reports to IPSA's Board and acts wholly independently of IPSA's executive. His separate report is at Part VII.

86 During the financial year, IPSA referred four cases to the Compliance Officer, and one MP requested that the Compliance Officer review a determination by IPSA to refuse claims for business costs and

expenses. Further details on these cases can be found in the Compliance Officer's separate report.

Marcial Boo  
Chief Executive and Accounting Officer

2 November 2015

# IV

## Governance Statement

# Part IV: Governance Statement

## A Introduction

- 87 The *Parliamentary Standards Act 2009* (PSA) provides that IPSA is a body corporate, independent of Government and Parliament and that the Chief Executive is the Accounting Officer for IPSA.
- 88 As Accounting Officer, I am required to maintain a sound system to manage and control the resources used to support the achievement of IPSA's policies, aims and objectives and to safeguard the public funds and the Authority's assets in accordance with the responsibilities assigned to me under the PSA and by IPSA Board. In doing so, I follow broadly the standards set out in *Managing Public Money* and have established a governance structure in line with HM Treasury and Cabinet Office guidelines.
- 89 Following the retirement, due to ill health, of Andrew McDonald, Paul Hayes was appointed as the Interim Chief Executive and Accounting Officer for April and May 2014. I was appointed as the permanent Accounting Officer by IPSA Board effective from 3 June 2014.

## B Governance

- 90 The PSA provides that IPSA's funding is subject to scrutiny by the Speaker's Committee for IPSA (SCIPSA) whose role includes ensuring that the Estimate is consistent with the efficient and cost-effective discharge by IPSA of its functions. Chaired by the Speaker of the House, SCIPSA comprises seven MP Members and three Lay Members.
- 91 The PSA appointed the Comptroller and Auditor General, Head of the National

Audit Office, as the external auditor for IPSA.

- 92 Since 1 April 2013, internal audit services have been provided under a co-sourced arrangement. IPSA's Head of Internal Audit is supported by the services of KPMG in the delivery of the agreed programme of Internal Audit reviews. The co-sourced arrangement enables the Internal Audit plan to be more closely aligned to IPSA's objectives and allows for a comprehensive framework of assurance. The Internal Audit service reports to the Audit and Risk Assurance Committee.

### *IPSA's Board: Scope of Responsibility*

- 93 As set out above, IPSA's Board comprises the members of IPSA as appointed under the PSA. As Chief Executive, I am responsible for carrying out the administration functions on behalf of the Board in accordance with its general directions.
- 94 The regulatory functions are carried out separately from the administration functions with the Board retaining overall responsibility for the preparation and revision of the *MPs' Scheme of Business Costs and Expenses* and setting MPs' pay and pensions.
- 95 IPSA's Board has set out the strategic vision for IPSA and has approved the priorities and key performance indicators as detailed within the Corporate Plan. The Board monitors and reviews the performance of the organisation regularly on the basis of the management information provided at Board meetings.

### *The Board: Performance*

96 In March 2014, the Board carried out a review of its effectiveness, taking account both of the assessments of individual Board members and feedback from the senior leadership and wider IPSA team. The Board reviewed its performance in a number of areas and identified where it worked well and where it could work more effectively. It subsequently agreed an action plan for implementation in 2014-15 so as to address the improvement areas identified. The action plan has been implemented throughout the year, and is in the process of being reviewed by IPSA's internal auditors.

### *The Audit and Risk Assurance Committee: Scope of Responsibility*

97 The Audit and Risk Assurance Committee (ARAC) comprises all the members of the IPSA Board and is chaired by Anne Whitaker, the member who is qualified to be a statutory auditor. This ensures that the Committee has professional, qualified direction in matters relating to the consideration of IPSA's risk management and assurance arrangements.

98 The ARAC supports the work of the Board and my role as Accounting Officer

in maintaining an effective system of control. It meets regularly throughout the year and as necessary, when considering the Annual Report and Accounts. The Committee assesses the executive's management of risk and the assurance framework in place, and advises me as Accounting Officer of its adequacy.

99 The ARAC met five times during the reporting period.

### *The Remuneration and Nominations Committees*

100 IPSA Board is also supported in its role by the Remuneration Committee and the Nominations Committee. These meet as required. The Remuneration Committee, chaired by Elizabeth Padmore, met twice during 2014-15, and is responsible for setting the remuneration of the Chief Executive and all Directors. The Nominations Committee is chaired by Professor Sir Ian Kennedy and is responsible for the appointment of the Chief Executive and the Compliance Officer. The Nominations Committee had no business to consider during 2014-15.

101 The table below shows the attendance of each member at Board, ARAC, Remuneration Committee and Nomination Committee meetings.

	<b>Board</b>	<b>Audit and Risk Assurance Committee</b>	<b>Remuneration Committee</b>	<b>Nominations Committee</b>
		1 April 2014 – 31 March 2015		
Member	(16 meetings)	(5 meetings)	(2 meetings)	(0 meetings)
Prof Sir Ian Kennedy <b>Board Chair, Nominations Committee Chair</b>	16	5	2	0
Sir Neil Butterfield	16	5	2	0
Elizabeth Padmore <b>Remuneration Committee Chair</b>	16	5	2	0
Anne Whitaker <b>Audit and Risk Committee Chair</b>	16	5	2	0
Prof Tony Wright	16	5	2	0

102 Together with internal audit, external audit, and the Head of Finance, I am invited to attend ARAC meetings. My Directors and members of the Senior Management Team (SMT) are also regularly present.

#### *Leadership Team: Scope of Responsibilities*

103 There are a number of established arrangements in place that provide scrutiny and management oversight of the delivery of IPSA's operations. These derive their authority from the SMT which comprises all my Directors and senior managers. The SMT meets regularly to manage current and emerging business issues.

## **C Risk and Control**

### *Risk Management*

104 IPSA maintains a register of the top risks that might impact on the achievement of its objectives. The register sets out IPSA's risk appetite and each risk has a designated owner who is accountable for implementing appropriate and proportionate control measures. It is reviewed regularly by the Senior Management Team and as a standing item by the Audit and Risk Assurance Committee.

105 Emerging risk areas are reflected in our corporate planning process and our programme of work for the coming reporting period. Most notably for 2014-15 these included preparing for the General Election in May 2015 and ensuring that IPSA is adequately staffed with the capacity and capability to continue to deliver its mandate.

106 Risk management arrangements were reviewed by Internal Audit in 2014-15 who confirmed that the actions identified on the risk register are being followed up regularly. Overall internal audit

concluded that the risk management arrangements provided a satisfactory level of assurance. The risk management processes will be reviewed in 2015-16 to ensure that they continue to represent good practice.

### *Internal Audit and Management Assurance*

107 In 2014-15 six internal audit assurance reviews were completed to inform the Head of Internal Audit and Assurance's annual opinion on the adequacy and effectiveness of IPSA's system of governance, risk management and control as required by the Government Internal Audit Standards. These were on:

- pensions administration;
- the client relationship management system upgrade;
- risk management;
- core financial controls;
- debt management; and
- adjustments to 'Expenses at Work' (the system for paying MPs' expenses).

108 Three of the reviews concluded that arrangements and controls in the areas examined were satisfactory but two concluded that they were weak and one that they were unsatisfactory. The weak and unsatisfactory conclusions related to financial and associated systems including those relating to debt management. These systems were put under greater pressure in 2014-15 as, for example, overpayments and loans made to MPs were due to be repaid before the General Election. This, combined with an increased openness in IPSA around identifying issues that needed to be addressed, brought to the surface issues that had not previously been fully

addressed. Progress towards addressing these issues will be monitored by the Audit and Risk Assurance Committee in the coming year.

- 109 In addition, one advisory review was completed on IPSA's readiness for the General Election. It found that preparation had been robust and comprehensive.
- 110 As well as the internal audit reviews, the Assurance Team conducted additional procedures over internal controls and data quality. The verification of the eligibility of payments to MPs under the Scheme was a fundamental area of internal control on which I received monthly assurance assessments from the Assurance Team. This work confirmed that the approach taken provides a good level of control.

#### *Data and Information Security*

- 111 The Director of Policy and Communications is the Senior Information Risk Owner and advises me on the effectiveness with which IPSA manages the risks associated with the information that IPSA handles. Each senior manager involved in the running of key IPSA processes acts as an Information Asset Owner, responsible for managing the risks associated with his or her information assets. This accountability ensures appropriate data protection is maintained.
- 112 During the reporting period there was one significant lapse in protective security, which was a result of human error. While IPSA followed its procedures correctly, there was an unintentional release of data. An investigation and review was carried out internally and the Information Commissioner's Office was informed. Staff were reminded of the importance of data security.

During 2014-15 all new staff completed mandatory information protection training and all staff confirmed their agreement to IPSA's System Operating Procedures.

- 113 In January 2015 IPSA achieved re-accreditation of its information systems under the Risk Management Accreditation Document Set (RMADS) standard in accordance with the Government's Information Assurance Guidance Standard No 2, which informs our data security strategy. This assurance is maintained in accordance with the risk profile throughout the service life of the information system, and by regular post-implementation information assurance reviews, which also constitute best business practice.

#### **D Corporate Governance Code**

- 114 The Corporate Governance Code ("the Code") issued by HM Treasury and the Cabinet Office is designed specifically for central government departments. It is essential that IPSA is seen to uphold the highest standards in its own operations, and I am satisfied that IPSA is compliant with the material requirements of the Code where they are relevant to its statutory position, in most cases complying with both the letter and the spirit of the Code's provisions. Where the requirements of the PSA differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament.
- 115 Provision 3.3 of the Code states that the terms of reference of the audit committee, including its role and the authority delegated to it by the Board, should be made available. However as the chairmanship and composition of IPSA Board are determined by the PSA, there is no requirement for IPSA to adhere to this Code.

116 Provision 2.5 of the Code provides for some activities to be exercised by committees of the Board including, as a minimum, committees responsible for audit and risk assurance, remuneration and nominations. In these respects, IPSA complies with the Code. IPSA does not have a separate Governance Committee as this is included in the role of the Audit and Risk Assurance Committee (see page 32).

## **E Assessment of Effectiveness**

117 By relying on the framework described above I am able to assess the effectiveness of the control environment in place to ensure that the resources for which I am responsible are subject to sound management and control.

118 I am satisfied that the governance framework, corporate governance compliance and risk assessment arrangements ensure that no material or significant risks threaten the achievement of IPSA's key objectives and policies. We are, however, vigorous in identifying weaknesses and addressing them. IPSA's financial and associated systems were for good reason, set up quickly when IPSA was established and now need to be improved if we are to reflect best practice and deliver improvements in service to MPs. I am satisfied that IPSA's response to highlighted weaknesses is sufficient and robust and has been well-managed, with my directors and senior managers being held to account for the progress of remedial action.

119 In particular, IPSA is now embarking on a significant two year programme of change that will seek to make not just remedial actions but drive fundamental improvements to financial management systems and will build on the high levels

of service that we gave to MPs in the General Election period and afterwards.

120 My assessment of the internal controls in place has been informed by the independent work completed by internal audit and the opinion provided by the Head of Internal Audit; comments made by the NAO as our external auditors in their management letter and other reports; and IPSA's management assurance processes under the internal control framework, including regular reports from the Head of Internal Audit. In addition I have received an assurance statement from each of my Executive Directors confirming the adequacy of the controls within their areas of responsibility.

Marcial Boo  
Chief Executive and Accounting Officer

2 November 2015

V

The Certificate of  
the Comptroller and  
Auditor General to the  
Houses of Parliament

# Part V: The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Independent Parliamentary Standards Authority (IPSA) for the year ended 31 March 2015 under the Parliamentary Standards Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective Responsibilities of the Accounting Officer and Auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and express an opinion on the financial statements in accordance with the Parliamentary Standards Act 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the IPSA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to

obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on Regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of IPSA's affairs as at 31 March 2015 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Parliamentary Standards Act 2009 and HM Treasury directions issued thereunder.

### Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Parliamentary Standards Act 2009 and HM Treasury directions issued thereunder; and

- the information given in the Chief Executive's Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Sir Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 5 November 2015

# VI

## Accounts

# Part VI: A. Accounts

## A. IPSA Accounts 2014-15

SUMMARY OF RESOURCE AND CAPITAL OUTTURN 2014-2015							
	Note	2014-2015				2013-2014	
		Estimate		Outturn		Voted outturn compared with Estimate: saving/ (excess)	Outturn
		Voted	Total	Voted	Total		
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Department Expenditure Limit</b>							
-Resource		168,391	168,391	164,137	164,137	4,254	159,359
-Capital	SOPS2	1,523	1,523	957	957	566	265
<b>Annually Managed Expenditure</b>							
-Resource	SOPS2	350	350	20	20	330	1,833
-Capital		0	0	0	0	0	0
<b>Total Budget</b>		170,264	170,264	165,114	165,114	5,150	161,457
<b>Non-Budget</b>							
-Resource	SOPS2	0	0	0	0	0	0
<b>Total</b>		170,264	170,264	165,114	165,114	5,150	161,457
Total Resource	SOPS2	168,741	168,741	164,157	164,157	4,584	161,192
Total Capital		1,523	1,523	957	957	566	265
<b>Total</b>		170,264	170,264	165,114	165,114	5,150	161,457

NET CASH REQUIREMENT 2014-2015		2014-2015		2013-2014	
	Note	Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Outturn
		£'000	£'000		£'000
Net cash requirement	SOPS4	171,002	161,690	9,312	157,370

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

Explanations of variances between Estimate and outturn are given in SOPS2 and in the Strategic Report.

For Estimate purposes all IPSA's income and expenditure is classified as Programme.

IPSA has no Non-Voted Expenditure.

## Notes to the Resource Accounts (Statement of Parliamentary Supply)

### SOPS1. Statement of Accounting Policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by Her Majesty's Treasury (HMT). The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

#### SOPS1.1 Accounting Convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments and other supply funded bodies to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility.

These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

#### SOPS1.2 Comparison with IFRS-Based Accounts

There are no differences between the treatment of transactions for National Accounts and IFRS-based accounts.

#### SOPS1.3 Capital Income

Under the MPs' Scheme of Business Costs and Expenses, MPs are entitled to apply for loans to cover deposits payable for office and/or accommodation at the commencement of tenancy. The repayment of deposit loans by MPs is recognised as capital income.

#### SOPS1.4 Provisions – Programme Expenditure

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure.

## SOPS2. Net outturn

## SOPS2.1 Analysis of Net Resource Outturn by Section

	2014-15					2013-14 Outturn
	Outturn			Estimate	Net Total compared to Estimate Net Total adjusted for virements	
	Programme			Estimate Net Total		
	Gross	Income	Net Total			Total
£'000	£'000	£'000	£'000	£'000	£'000	
<b>Spending in Departmental Expenditure Limit (DEL)</b>						
<i>Voted:</i>						
<i>Of which:</i>						
A. MPs' Pay, staffing, business costs and expenses	157,679	(107)	157,572	159,432	1,860	153,606
B. IPSA operational costs (core costs)	5,301	(218)	5,083	5,112	29	5,147
C. IPSA Operations (project costs)	1,383	0	1,383	1,755	372	451
D. Information Commissioner Expenditure on receipts	67	0	67	2,052	1,985	155
E. IPSA Recruitment of IPSA Board	32	0	32	40	8	0
<b>Voted Departmental Expenditure</b>	<b>164,462</b>	<b>(325)</b>	<b>164,137</b>	<b>168,391</b>	<b>4,254</b>	<b>159,359</b>
<b>Spending in Annually Managed Expenditure (AME)</b>						
<i>Voted:</i>						
<i>Of which:</i>						
F. Provisions and Impairments	20	0	20	350	330	1,833
<b>Voted Annually Managed Expenditure</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>350</b>	<b>330</b>	<b>1,833</b>
<b>Total</b>	<b>164,482</b>	<b>(325)</b>	<b>164,157</b>	<b>168,741</b>	<b>4,584</b>	<b>161,192</b>

## SOPS2.2 Analysis of Net Capital Outturn by Section

	2014-15					2013-14
	Outturn			Estimate	Net Total compared to Estimate Net Total adjusted for virements	Outturn
	Programme			Estimate Net Total		
Gross	Income	Net Total	Estimate Net Total			Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Voted:</i>						
A. MPs' pay, staffing, business costs and expenses	92	(154)	(62)	500	562	(3)
B. IPSA Operation (core costs)	1,019	0	1,019	1,023	4	268
<b>Voted Departmental Expenditure</b>	<b>1,111</b>	<b>(154)</b>	<b>957</b>	<b>1,523</b>	<b>566</b>	<b>265</b>
<b>Spending in Annually Managed Expenditure (AME)</b>						
<b>Voted Annually Managed Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,111</b>	<b>(154)</b>	<b>957</b>	<b>1,523</b>	<b>566</b>	<b>265</b>

Capital income relates to repayment of deposit loans by MPs that they are entitled to request under the MPs' Scheme of Business Costs and Expenses.

## SOPS3. Reconciliation of Net Resource Outturn to Net Operating Cost

		2014-15	2013-14
		Outturn	Outturn
	Note	£'000	£'000
Total resource outturn in Statement of Parliamentary Supply	SOPS2	164,157	161,192
Less: Income Payable to the Consolidated Fund	SOPS5	0	0
<b>Net Operating Costs in Statement of Comprehensive Net Expenditure</b>		<b>164,157</b>	<b>161,192</b>

## SOPS4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Estimate 2014-15	Outturn 2014-15	Net total outturn compared with Estimate: saving/(excess) 2014-15
	£'000	£'000	£'000
<b>Net Resource Outturn</b>	168,741	164,157	4,584
<b>Capital:</b>			
Acquisition of property, plant and equipment	1,023	725	298
Purchase of intangible assets	0	294	(294)
Property deposits for MPs	500	(62)	562
<b>Net Outturn</b>			
<b>Accruals Adjustments:</b>			
<i>Non cash items</i>			
Depreciation	(998)	(668)	(330)
Bad Debt Written Off	0	0	0
Disposals	0	(214)	214
Auditors remuneration	(80)	(80)	0
Changes in working capital other than cash	2,166	(2,442)	4,608
Changes in provision for liabilities and charges	(350)	(20)	(330)
<b>Net cash requirement</b>	171,002	161,690	9,312

## SOPS5. Analysis of Income Payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the period ending 31 March 2015 (2013-14: £nil).

## Statement of Comprehensive Net Expenditure

FOR THE YEAR ENDED 31 MARCH 2015			
		2014-15	2013-14
	Note	£'000	£'000
		IPSA	IPSA
<b>MPs' Business costs and expenses scheme</b>			
MP and MP Staff pay costs	3	133,553	127,772
MP and MP Staff expenses	3	24,126	25,997
Income	6	(107)	(163)
<b>IPSA Operational costs (including additional FOIA expenditure and IPSA project costs)</b>			
Staff costs	4	3,384	2,929
Other costs	5	3,419	4,792
Income	6	(218)	(135)
<b>Net Operating Costs</b>		164,157	161,192
Total expenditure		164,482	161,490
Total income		(325)	(298)
<b>Net Operating Costs for the year ended 31 March 2015</b>		<b>164,157</b>	<b>161,192</b>
<b>Other Comprehensive Net Expenditure Items that will not be reclassified to net operating costs:</b>			
<b>Total comprehensive expenditure for the year ended 31 March 2015</b>		<b>164,157</b>	<b>161,192</b>

The notes on pages 51 to 66 form part of these accounts.

## Statement of Financial Position

AS AT 31 MARCH 2015					
		2014-15		2013-14	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, Plant & Equipment	7	1,434		1,485	
Intangible assets	8	343		155	
<b>Total non-current assets</b>			<b>1,777</b>	<b>1,640</b>	
<b>Current assets:</b>					
Trade and other receivables	10	2,287		2,567	
Cash and cash equivalents	11	101		2,991	
<b>Total current assets</b>			<b>2,388</b>	<b>5,558</b>	
<b>Total assets</b>			<b>4,165</b>	<b>7,198</b>	
<b>Current liabilities:</b>					
Trade and other payables	12	(7,226)		(5,002)	
Provisions	13	(2,044)		(2,024)	
Other liabilities	12	(101)		(2,991)	
<b>Total current liabilities</b>			<b>(9,371)</b>	<b>(10,017)</b>	
<b>Non-current assets plus/less net current assets/liabilities</b>			<b>(5,206)</b>	<b>(2,819)</b>	
<b>Non current liabilities:</b>					
Provisions	13	0		0	
<b>Total non current liabilities</b>			<b>0</b>	<b>0</b>	
<b>Assets less liabilities</b>			<b>(5,206)</b>	<b>(2,819)</b>	
<b>Taxpayers' equity:</b>					
General fund			<b>(5,206)</b>	<b>(2,819)</b>	
<b>Total taxpayers' equity</b>			<b>(5,206)</b>	<b>(2,819)</b>	

The notes on pages 51 to 66 form part of these accounts.

Signed

Date: 2 November 2015

Marcial Boo – Chief Executive and Accounting Officer

## Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015			
		2014-2015	2013-2014
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating cost		(164,157)	(161,192)
<b>Adjustments for non-cash transactions</b>			
Depreciation	5	668	875
Loss on disposal of non-current assets	5	214	0
Notional Audit Fee	5	80	80
Provisions not required written back	13	(95)	(95)
Increase in provisions	13	70	0
(Increase)/Decrease in trade and other receivables	10	280	(130)
Increase/(Decrease) in trade and other payables	12	2,224	1,431
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure (non-current asset accruals)	12	0	34
New provisions	13	150	1,928
Provision used	13	(105)	0
<b>Net cash outflow from operating activities</b>	SOPS4	(160,671)	(157,069)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7 & 12	(725)	(251)
Purchase of intangible assets	8	(294)	(50)
Proceeds of disposal of property, plant and equipment		0	0
Proceeds of disposal of intangibles		0	0
<b>Net cash outflow from investing activities</b>	SOPS4	(1,019)	(301)
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		158,800	158,700
From the Consolidated Fund (Supply) – prior year		0	0
<b>Net financing</b>		158,800	158,700
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		(2,890)	1,330
Payments of amounts due to the Consolidated Fund			
		0	0
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>			
		(2,890)	1,330
<b>Cash and cash equivalents at the beginning of the period</b>		2,991	1,661
<b>Cash and cash equivalents at the end of the period</b>	11	101	2,991
		101	2,991

The notes on pages 51 to 66 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

FOR THE YEAR ENDED 31 MARCH 2015			
		General Fund	Total Reserves
	Note	£'000	£'000
<b>Balance as at 1 April 2013</b>		923	923
Net Parliamentary Funding – drawn down		158,700	158,700
Net Parliamentary Funding – deemed supply		1,661	1,661
Supply payable adjustment	12	(2,991)	(2,991)
Comprehensive Net Expenditure for the Year		(161,192)	(161,192)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	5	80	80
<b>Balance at 31 March 2014</b>		(2,819)	(2,819)
<b>Balance at 1 April 2014</b>		(2,819)	(2,819)
Net Parliamentary Funding – drawn down		158,800	158,800
Net Parliamentary Funding – deemed supply		2,991	2,991
Supply payable adjustment	12	(101)	(102)
Comprehensive Net Expenditure for the Year		(164,157)	(164,157)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	5	80	80
<b>Balance at 31 March 2015</b>		(5,206)	(5,206)

The notes on pages 51 to 66 form part of these accounts.

## Notes to the Accounts

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention. There has been no revaluation of property, plant and equipment and intangibles which are considered short life and low value assets.

### 1.2 Financing and Going Concern

IPSA is resourced by funds approved by the Speaker's Committee for IPSA through the annual Appropriation Acts. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. Any income that IPSA may use in support of its activities is also approved in the Appropriation Act. The Main Estimate for 2015-16 (HC298) was approved on 07 July 2015. There is no reason to believe that future funding will not be forthcoming. The Accounts have therefore been prepared on a going concern basis.

### 1.3 Administration and Programme Expenditure

The Statement of Parliamentary Supply shows all IPSA's expenditure is classified as programme. IPSA has no administration expenditure.

### 1.4 Pensions

IPSA is admitted to Section 1 of the Principal Civil Service Pension Scheme (PCSPS) and past and present staff are covered by the provisions of the PCSPS schemes. The pension arrangements for civil service staff on secondment to IPSA are dealt with by their seconding Department. The defined benefit schemes are unfunded and are non-contributory, except in respect of dependants' benefits. IPSA recognises the expected cost of these schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for future

benefits is a charge on the PCSPS. In respect of defined contribution schemes, IPSA recognises the contributions payable for the year.

### 1.5 Property, Plant and Equipment

Expenditure on property, plant and equipment of £5,000 or more is capitalised. All assets which are of a similar nature and function (including the recognition on purchase of the component parts) whose value, when grouped together in a singular purchase/contract, exceeds the £5,000 threshold are capitalised as a grouped asset. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended.

On initial recognition, assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition. All tangible assets are deemed to be short-life or low value assets and are therefore valued on the basis of depreciated historical cost as an approximation of fair value. Tangible assets are reviewed annually for impairment. In line with IAS 37 *Provisions, contingent liabilities and contingent assets*, any capital provision made for the cost of restoring IPSA's leasehold property to its original state at the end of the lease will be recognised as part of the leasehold improvements asset and will be depreciated prospectively over the remaining lease term.

### 1.6 Intangible Assets

Expenditure on intangible assets, which are software licenses and the associated costs of implementation, is capitalised where the cost is £5,000 or more. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended. Intangible assets are reviewed annually for impairment and are stated at amortised historical cost. Software licences are amortised on a straight line basis over

the shorter of the term of the licence and the useful economic life of the asset.

### 1.7 Depreciation/Amortisation

Property, plant and equipment are depreciated at rates calculated to write them down to the estimated residual value on a straight-line basis over their estimated useful lives. No depreciation/amortisation is charged in the year of acquisition but full year of depreciation/amortisation is applied in the year of disposal. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended. The residual values of assets are reviewed on an annual basis. Intangible assets are amortised in conjunction with the IT system that they are connected with.

Asset lives are assigned as follows:

Leasehold improvements	5 years or remaining life of lease
IT and computers	5 years
Other equipment	5 years
Furniture, fixtures and fittings	5 years
Intangible Assets	5 years

### 1.8 Trade Receivables and Other Receivables

Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that IPSA will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables includes budget overspends by MPs, salary related advances and payment card receivables. MPs are given the option of repaying amounts or offsetting the amounts overspent against their budgets for the following year.

### 1.9 Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

### 1.10 Provisions

IPSA provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate.

### 1.11 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, IPSA discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.12 Value Added Tax

IPSA is not registered for VAT and, as such, all income excludes any VAT content and all expenditure is stated inclusive of VAT.

### 1.13 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them.

### 1.14 Significant Accounting Judgements and Estimates

For the year ended 31 March 2015, MPs may submit a claim up to 60 days after incurring the expenditure. The outstanding balance of claims for MPs' expenses arising out of 2014-15 has been accrued for in these accounts. Usually an estimate is made for claims allowed after the 60 day cut-off date (because they meet the criteria for exemptions), and included in the accrual. However as the 2014-15 financial statements were laid post recess actual figures were used.

### 1.15 Recognition of MPs' Claims

For the purpose of determining the timing of MPs' expenses claims for year end, individual claim lines are recognised according to transaction date, not the date at which the claim is submitted. Claims against invoices for which payment has not yet been made are recognised at the invoice date. Advance rental payments and other large items of expenditure made by MPs that involve an element of prepayment have been accrued for the period in question.

Rental and other payments which are made direct by IPSA on the MPs' behalf and which are for longer than one month in advance are accrued over the requisite period. MPs' claims are treated as a resource expense against IPSA Estimate and are recognised once payment has been approved, at which point a constructive obligation is established. IPSA is not responsible for the management of MPs' expenditure once the claim has been paid and does not for example, distinguish between expenditure on capital assets as opposed to consumable items. These are a matter for the MP concerned.

### 1.16 Impending Application of Newly Issued Accounting Standards Not Yet Effective

IPSA provides disclosure if it has not yet applied a new accounting standard, and

known or reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on IPSA's financial statements. There were six changes that were incorporated into the 2013-14 FReM. IPSA considered whether these were applicable to its accounts and determined that they were not with the exception of IAS 1 requiring a minor presentational amendment to the financial statements whereby a single Statement of Comprehensive Net Expenditure is required rather than a separate component for Other Comprehensive Expenditure. There are no further changes in 2014-15.

IPSA has also not adopted any accounting standards issued that became effective 2014-15 (in accordance with the FReM). IFRS 13 applies prospectively from 1 April 2015 and is not likely to apply to IPSA:

- IFRS 10: Consolidated Financial Statements;
- IFRS 11: Joint Arrangements;
- IFRS 12: Disclosure of Interests in Other Entities;
- IAS 27: Separate Financial Statements;
- IAS 28: Investments in Associates and Joint Ventures; and
- IFRS 13: Fair Value Measurement.

The new and amended standards are not assessed to have any impact on IPSA's Annual Accounts.

### 1.17 Income

For 2013-14, MPs were obliged under paragraph 14 of Annex A *MPs' Scheme of Business Costs and Expenses* to repay the public share of any capital gains on residential property that was subsidised through the mortgage interest provisions in the scheme. These amounts became due as at 1 September 2012 and were treated as income in the Statement of Comprehensive

Net Expenditure in 2013-14. As no new mortgages can be entered into under the scheme, no additional income was recognised in 2014-15.

IPSA has sublet the Portland House office following the move to the Millbank premises and considers the rent received to be income. The subleases contain an initial rent free period which are amortised over the life of the lease. This lease came to an end in March 2015.

IPSA also receives income from the Social Mobility Foundation for the cost of some MPs' internships.

Receipts (or reimbursements) due where MPs or IPSA have decided that an item paid for is not claimable under the Scheme are not considered to be income and are offset against the expenditure of the MP.

## 2. Statement of Operating Costs By Operating Segment

IPSA's operating segments correspond with the Subhead detail of the 2014-15 Estimate. The reportable segments are reported to the IPSA Board in its management accounts and are the components of the entity that management uses to make decisions about operating matters.

	2014-15					2013-14					
	Subhead A	Subhead B	Subhead C	Subhead D	Subhead E						
	MPs' Pay, staffing, business costs and expenses	IPSA Operations – core costs (including provisions)	IPSA Operations (Project Costs)	Information Commissioner Expenditure on receipts	IPSA Recruitment of IPSA Board	Total	MPs' Pay, staffing, business costs and expenses	IPSA Operations – core costs (including provisions)	IPSA Operations (Project Costs)	Information Commissioner Expenditure on receipts	Total
<b>Gross Expenditure</b>	157,679	5,321	1,383	67	32	164,482	153,769	7,115	451	155	161,490
<b>Income</b>	(107)	(218)	0	0	0	(325)	(163)	(135)	0	0	(298)
<b>Net Expenditure</b>	157,572	5,103	1,383	67	32	164,157	153,606	6,980	451	155	161,192

### Description of Segments

MPs' expenses scheme – the costs of MPs' pay, staffing costs and expenses including income from the Social Mobility Foundation and capital gains.

IPSA Operational Costs – the operating costs of IPSA including sublet income and provisions.

IPSA Project Costs – the non-recurring costs associated with areas of work outside of core operational tasks, was £1,383k, including General Election work this year (2013-14 £451k).

Recruitment of IPSA Board is a ring-fenced budget with a cost of £32k (2013-14, £nil). There were no Board recruitment costs in 2013-14.

Additional expenditure arising from FOI requests and from the Information Commissioner's decision that IPSA should publish receipts.

### 3. MPs' Expenses Scheme Costs

	2014-15	2013-14
	£'000	£'000
<b>MPs' Business Costs and Expenses Scheme</b>		
MP Salary cost	44,919	44,250
MP Staff Salary cost	70,934	66,407
MP National Insurance	4,844	4,771
MP Staff National Insurance	6,135	5,994
MP Staff Superannuation	6,515	6,305
MP Winding Up Costs	206	47
	<b>133,553</b>	<b>127,774</b>
<b>Capped Budgets</b>		
<b>Accommodation Expenses and Office Expenditure</b>		
Property rent	9,316	9,468
Mortgage interest	0	53
Utility costs	601	743
Council Tax	427	406
Service charges	130	125
Rates	108	120
Other premises costs	381	400
Insurance	394	466
Professional services	1,382	1,694
Stationery and other office supplies	1,838	1,919
Telephone and internet	1,158	1,312
Pooled services	1,038	1,431
Computers	307	392
Office furniture	42	76
Photocopiers and televisions	239	245
Publicity, advertising and communications	261	282
Website design and hosting	162	192
Other	518	635
<b>Total Capped Expenditure</b>	<b>18,302</b>	<b>19,959</b>
<b>Uncapped Budgets</b>		
Travel		
Car	1,351	1,492
Air	1,075	1,085
Rail	2,047	2,073
Taxi	53	53
Other	76	101
Hotels	740	783
Food and drink	81	118
Training	66	58
Parking	158	149
Other (including MP training, telephony, insurance)	177	122
<b>Total Uncapped</b>	<b>5,824</b>	<b>6,034</b>
<b>Total MPs' Business Costs and Expenses Scheme</b>	<b>157,679</b>	<b>153,767</b>

IPSA does not pay MP pension contributions; these are paid by the House of Commons. However, IPSA pays MPs' staff pension contributions.

### 3.1 Reporting of MP Staff Redundancies

Redundancy Package Summary	Number of MP Staff Departures Agreed 2014-15	Value of Redundancy Package 2014-15
>£nil – £4,999	137	379
£5,000 – £9,999	58	415
£10,000 – £14,999	37	467
£15,000 – £19,999	26	452
£20,000 – £24,999	10	231
£25,000 – £29,999	15	407
<b>Total cost/£'000s</b>	<b>283</b>	<b>2,351</b>

MP Staff redundancy costs have been paid in accordance with the provision of the Parliamentary Compensation Scheme for the staff of MPs standing down (£nil 2013-14).

## 4. Staff Numbers and Related Costs

### Staff Costs Comprise:

	2014-15						2013-14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Total	Permanent Staff	Seconded Staff	Agency Staff	Chairman & IPSA Board	SCIPSA Lay Members	Total
Wages and salaries	2,320	2,099	146	0	74	1	2,045
Social security costs	199	176	16	0	7	0	195
Other pension costs	361	328	33	0	0	0	325
<b>Sub Total</b>	<b>2,880</b>	<b>2,603</b>	<b>195</b>	<b>0</b>	<b>81</b>	<b>1</b>	<b>2,565</b>
Agency staff	504	0	0	504	0	0	364
<b>Total net costs*</b>	<b>3,384</b>	<b>2,603</b>	<b>195</b>	<b>504</b>	<b>81</b>	<b>1</b>	<b>2,929</b>
<b>2013-14</b>	<b>2,929</b>	<b>2,083</b>	<b>385</b>	<b>364</b>	<b>94</b>	<b>3</b>	

\* No staff costs have been capitalised (2013-14 £nil).

Full details of the remuneration of the Chair, Board Members and Senior Managers are detailed in the Remuneration Report.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but IPSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2014-15, employer's contributions of £327,904 were payable to the PCSPS (2013-14 £259,160) at one of four rates in the range 16.7 to 24.3 per cent (2013-14: 16.7 to 24.3 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands

and contribution rates were revised for 2010-11 and have remained unchanged this year. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Contributions due to the PCSPS at the reporting date were £43,835. Contributions prepaid at that date were £nil.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £1,653 (2013-14 £851) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2013-14: 3 to 12.5 per cent) of pensionable pay. The employer also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £99 (0.8 per cent; 2013-14: £84) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the provider at the reporting date. Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

#### Average Number of Persons Employed:

The average number of whole-time equivalent persons employed or seconded to IPSA during the period was as follows. The average was calculated as the average of people in post by month over the 12 months to 31 March 2015.

2014-15 Number								2013/14 Number
IPSA Operations	Total	Permanent Staff	Seconded Staff	Agency Staff	Fixed Term Staff	Chairman & IPSA Board	SCIPSA lay members	Total
<b>Total</b>	<b>70</b>	<b>46</b>	<b>2</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>62</b>

#### 4.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of voluntary departures agreed	
	2014-15	2013-14
<£10,000	0	0
£10,000 – £25,000	0	0
£25,000 – £50,000	1	0
£50,000 – £100,000	2	0
£100,000 – £150,000	0	0
£150,000 – £200,000	0	0
Total number of exit packages	3	0
<b>Total cost/£'000s</b>	<b>199</b>	<b>0</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Reward and Recognition Scheme

IPSA runs an individual and team reward and recognition (R&R) scheme which gives recognition to those who support IPSA's values, enhance its image, or deliver extra-ordinary service to its users or outstanding pieces of work.

In total, £262 was paid out in R&R awards during the reporting period (2013-14: £619):

Total value of rewards received	No of people in band	
	2014-15	2013-14
Under £50	9	0
£51 to £100	2	4
£101 to £150	0	1
£151 to £200	0	0
Over £200	0	0
<b>Total no. of recipients</b>	<b>11</b>	<b>5</b>

## 5. IPSA Operational Costs

	2014-15	2013-14
	£'000	£'000
Rent, rates and service charges	1,006	546
Other property costs	82	41
IT services and telephony	590	589
Legal	85	202
Pension advice and administration	65	42
Internal Audit services	50	80
Recruitment and advertising	190	92
FOIA costs	67	74
Printing, postage and stationery	61	73
Professional services	103	150
Non-cash items:		
Depreciation	563	801
Amortisation	106	74
(Profit)/Loss on Disposals	214	0
External Audit*	80	80
Bad Debts Written Off	0	3
New provisions & adjustments to previous provisions	20	1,833
Other	137	112
<b>Total</b>	<b>3,419</b>	<b>4,792</b>

\* External Audit provided no non-audit services.

## 6. Income

	2014-15	2013-14
	£'000	£'000
Social Mobility Foundation (cost of some MPs internships)	(107)	(163)
Sublet Rental Income	(218)	(135)
	<b>(325)</b>	<b>(298)</b>

## 7. Property, Plant and Equipment

	Leasehold Refurbishment	Information Technology	Furniture and Fittings	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2014	1,165	2,883	213	0	4,261
Additions	491	105	129	0	725
Disposals	(1,165)	0	(113)	0	(1,278)
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
<b>At 31 March 2015</b>	<b>491</b>	<b>2,988</b>	<b>229</b>	<b>0</b>	<b>3,708</b>
<b>Depreciation</b>					
At 1 April 2014	931	1,675	170	0	2,776
Charged in year	39	516	7	0	562
Disposals	(970)	0	(94)	0	(1,064)
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
<b>At 31 March 2015</b>	<b>0</b>	<b>2,191</b>	<b>83</b>	<b>0</b>	<b>2,274</b>
<b>Carrying amount at 31 March 2014</b>	<b>234</b>	<b>1,208</b>	<b>43</b>	<b>0</b>	<b>1,485</b>
<b>Carrying amount at 31 March 2015</b>	<b>491</b>	<b>797</b>	<b>146</b>	<b>0</b>	<b>1,434</b>

	Leasehold Refurbishment	Information Technology	Furniture and Fittings	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2013	1,165	2,618	211	49	4,043
Additions	0	216	2	0	218
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	(49)	0
<b>At 31 March 2014</b>	<b>1,165</b>	<b>2,883</b>	<b>213</b>	<b>0</b>	<b>4,261</b>
<b>Depreciation</b>					
At 1 April 2013	696	1,149	129	0	1,974
Charged in year	235	526	41	0	802
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
<b>At 31 March 2014</b>	<b>931</b>	<b>1,675</b>	<b>170</b>	<b>0</b>	<b>2,776</b>
<b>Carrying amount at 31 March 2013</b>	<b>469</b>	<b>1,469</b>	<b>82</b>	<b>49</b>	<b>2,069</b>
<b>Carrying amount at 31 March 2014</b>	<b>234</b>	<b>1,208</b>	<b>43</b>	<b>0</b>	<b>1,485</b>

## 8. Intangible Assets

Intangible assets comprise the software licences for the Enterprise and BACS IT solutions and also website development costs.

	Total
	£'000
<b>Cost or valuation</b>	
At 1 April 2014	385
Additions	294
Disposals	0
Reclassifications	0
<b>At 31 March 2015</b>	<b>679</b>
<b>Amortisation</b>	
At 1 April 2014	230
Charged in year	106
Disposals	0
Reclassification	0
<b>At 31 March 2015</b>	<b>336</b>
<b>Carrying amount at 31 March 2014</b>	<b>155</b>
<b>Carrying amount at 31 March 2015</b>	<b>343</b>
	Total
	£'000
<b>Cost or valuation</b>	
At 1 April 2013	335
Additions	50
Disposals	0
Reclassifications	0
<b>At 31 March 2014</b>	<b>385</b>
<b>Amortisation</b>	
At 1 April 2013	156
Charged in year	74
Disposals	0
Revaluation	0
<b>At 31 March 2014</b>	<b>230</b>
<b>Carrying amount at 31 March 2013</b>	<b>179</b>
<b>Carrying amount at 31 March 2014</b>	<b>155</b>

All assets are owned by IPSA.

## 9. Financial Instruments

IPSA's resources are met from Parliament through the Estimates process following scrutiny and approval by the Speaker's Committee.

Financial Instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. IPSA has no powers to borrow money or to invest surplus funds. Other than financial assets and liabilities which are generated by day-to-day operational activities, IPSA holds no financial instruments.

### Liquidity Risk

IPSA's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. IPSA is not, therefore, exposed to material liquidity risks.

### Credit Risk

Given the nature of IPSA's activities, the user base of MPs and their staff and the powers inherent to IPSA to recover any monies owing, IPSA believes that it is not exposed to any material credit risk.

## 10. Trade Receivables and Other Current Assets

	2014-15	2013-14
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	232	179
Deposits and advances	552	1,387
Other receivables	441	265
Prepayments and accrued income	1,062	736
<b>Total</b>	<b>2,287</b>	<b>2,567</b>

There are no amounts falling due after more than one year.

Other receivables includes budget overspends by MPs.

No provision for doubtful debts is required as all debts remaining at 31 March 2015 are considered recoverable either through deduction from MPs' pay if not re-imbursed or through repayment by the respective MP.

## 11. Cash and Cash Equivalents

	2014-15	2013-14
	£'000	£'000
<b>Balance at 1 April</b>	2,991	1,661
Net change in cash and cash equivalent balances	(2,890)	1,330
<b>Balance at 31 March</b>	101	2,991
The following balances at 31 March were held at:		
Government Banking Service	101	2,991
<b>Balance at 31 March respectively</b>	101	2,991

There were no cash equivalents held by IPSA at 31 March 2015 or 31 March 2014.

## 12. Trade Payables and Other Current Liabilities

	2014-15	2013-14
	£'000	£'000
<b>Amounts falling due within one year</b>		
Taxation and social security	1,762	1,728
Payables	1,254	1,326
Accrual for Member and Member staff expenses	3,643	1,696
Other accruals and deferred income	567	252
	<b>7,226</b>	<b>5,002</b>
Amounts issued from the Consolidated Fund for Supply but not spent at year end	101	2,991
<b>Total</b>	<b>7,327</b>	<b>7,994</b>

There are no amounts falling due after more than one year.

The increase in accruals for members and member staff expenses is due to accounting for the redundancy cost of standing down MPs' staff.

## 13. Provisions for Liabilities and Charges

	2014-15	2013-14
	£'000	£'000
<b>Balance at 1 April</b>	2,024	191
Provided for in year	220	1,928
Provisions not required written back	(95)	(95)
Provisions used in year	(105)	0
<b>Balance at 31 March</b>	<b>2,044</b>	<b>2,024</b>

	Dilapidations	Onerous lease	FOI publication costs	Total
	£'000	£'000	£'000	£'000
<b>Analysis of expected timing of cash flows</b>				
Not later than one year	0	0	1,894	1,894
Later than one year and not later than five years	150	0	0	150
Later than five years	0	0	0	0
<b>Balance at 31 March 2015</b>	<b>150</b>	<b>0</b>	<b>1,894</b>	<b>2,044</b>

In previous years a full provision of £191k was made to restore IPSA's leasehold property at Portland House to its original state at the end of the lease in March 2015. The tenants sub-letting half of the Portland House premises had extended the lease beyond IPSA's commitment therefore IPSA was no longer liable to make good that part of the property and half of the dilapidation provision was written back. IPSA also sublet its part of the property before the end of the lease term and this tenancy also continued beyond IPSA's lease period and so the dilapidations provision was no longer relevant and has been written back.

A dilapidation provision for £150k has been made to restore IPSA's leasehold property at Millbank to its original state at the end of the lease in March 2019.

In 2013-14 an onerous lease provision was raised in the sum of £98.5k to provide for the shortfall in sublease rental income in covering the Portland House lease following IPSA's move to the new Millbank premises on 28 April 2014. This was increased to £105k to cover the period to the end of the lease term, March 2015 and has been fully amortised.

IPSA also made a provision for the potential costs of implementing the publication of MP expense receipts pending a final legal appeal decision for £1,894k. The appeal has now been heard and a decision was made by the Court of Appeal requiring IPSA to publish all receipts submitted by MPs when requested. The estimated cost is based on external professional advice and is considered by management to be the best estimate of potential future costs.

## 14. Capital and Other Commitments

### 14.1 Capital Commitments

	2014-15	2013-14
	£'000	£'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	150	598
	150	598

Capital commitments at 31 March 2015 primarily relates to software upgrades.

## 14.2 Commitments Under Leases

### 14.2.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2014-15	2013-14
	£'000	£'000
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings		
Not later than one year	298	352
Later than one year and not later than five years	974	1,272
Later than five years	0	0
	<b>1,272</b>	<b>1,624</b>

IPSA relocated from Portland House to Millbank on 28 April 2014 as the rental lease at Portland House was due to expire in less than a year (March 2015). There was also a requirement for additional office space required for the General Election. IPSA sublet Portland House for the remaining 11 months of the lease at a reduced rate to offset a proportion of the £352k lease commitment.

As at 31 March 2015 there is only one lease commitment relating to the rental property at Millbank. The total rental expenditure, including a 12 month rent free period, that was recognised in March 2014-15 is £298k (2013-14: £352k, Portland House).

### 14.2.2 Finance Leases

IPSA does not hold any finance leases.

## 14.3 Other Financial Commitments

IPSA has not entered into any non-cancellable contracts or entered into any quantifiable guarantees, indemnities or provided any letters of comfort.

## 15. Contingent Liabilities Disclosed Under IAS 37

As a result of the General Election on 7 May 2015, the sum of £8m has been estimated to cover the uncertain timing and cost relating to MP resettlement claims, defeated MPs and MPs' staffs' redundancies (£nil 2013-14).

## 16. Losses and Special Payments

During 2014-15 there were no special payments made in excess of the £300k reporting threshold set out in *Managing Public Money* (2013-14: £nil).

## 17. Related-Party Transactions

IPSA has no direct or indirect sponsorship or agency relationships with any other public body, private body or company, with the exception of Parliament itself.

IPSA has had a small number of transactions with other government departments for staff secondments.

No other Board member, key manager or other related parties has undertaken any material transaction with IPSA during the year.

Details of the remuneration of the Chair, Board Members and Senior Managers are detailed in the Remuneration Report.

## 18. Third-Party Assets

IPSA currently holds £29,226 (2013-14: £29,203) as a third party asset as defined in the 2014-15 FReM. This is a rent deposit for the sub-lease of office space. This is not IPSA's asset and is not included in the accounts.

## 19. Events After the Reporting Period

As specified above, there has been one non-adjusting event after the reporting period, being the Court of Appeal hearing for the Freedom of Information receipts case where judgement was passed on 28 April 2015 in favour of the Information Commissioner.

The Accounting Officer authorised these financial statements for issue on the C&AG certification date.

VI

# Accounts Direction

## Part VI: B. Accounts Direction

Accounts directions given by the Treasury on 16 April 2011, in accordance with Paragraph 23(2), Part 2 of Schedule 1 to the Parliamentary Standards Act 2009.

- 1 The Independent Parliamentary Standards Authority shall prepare resource accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for the financial year for which the accounts are being prepared.
- 2 The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs of the Independent Parliamentary Standards Authority at 31 March 2015 and subsequent financial year ends, and of its net operating costs, changes in taxpayers' equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
- 3 Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.
- 4 This direction replaces the direction dated 29 October 2010.

Chris Wobschall  
 Head, Assurance and Financial Reporting  
 Policy, HM Treasury

2 November 2015

# VII

## Annual Report by the Compliance Officer for IPSA

# Part VII: Annual Report by the Compliance Officer for IPSA

## A Introduction

- 1 The Compliance Officer for the Independent Parliamentary Standards Authority is a statutorily independent office holder who acts independently of IPSA's executive. The Compliance Officer reports to IPSA Board, but is not directed by them.
- 2 The office was created by the *Parliamentary Standards Act 2009*, as amended by the *Constitutional Reform and Governance Act 2010*. The legislation stipulates that the Compliance Officer shall:
  - (a) upon request, review a determination by IPSA to refuse an MP's expense claim in whole or in part; and
  - (b) conduct an investigation if there is reason to believe that a member of the House of Commons may have been paid an amount under the *MPs' Scheme of Business Costs and Expenses* ('the Scheme') that should not have been allowed.
- 3 As the current Compliance Officer, I was appointed by IPSA Board following a competitive selection process in December 2011. The legislation stipulates that a Compliance Officer can only be appointed for a single fixed-term not exceeding five years and therefore my term of office will conclude in December 2016.

## B Relationship with IPSA

- 4 As Compliance Officer, I am not an employee or officer of IPSA but an independent office-holder, maintaining objectivity and neutrality in relationships

with MPs, IPSA, complainants and other agencies.

- 5 Schedule 2 of the *Parliamentary Standards Act 2009* (as amended) requires IPSA to provide the Compliance Officer with adequate resources and staff to discharge his functions. Compliance Office staff act solely on the instruction of the Compliance Officer and their functions are entirely separate from the executive branch of IPSA.
- 6 My office is staffed by one full-time equivalent (FTE) post, comprising myself, the Compliance Officer (two days) and an Investigations Officer (three days). The Investigations Officer is an IPSA employee and is afforded the same rights as other IPSA personnel.

## C Relationship with MPs

- 7 As the primary role of the Compliance Officer is to investigate allegations that there has been a contravention of the Scheme by an MP, my relationship could easily be construed as adversarial; that is not generally the case. In all appropriate cases my approach is forward looking, seeking to ensure that positive action is taken to ensure that the errors which led to the complaint are not replicated in the future.
- 8 As in previous years, during my dialogue with MPs, I have continued to emphasise the following key messages.
  - (a) Complaints will be viewed with objectivity, proportionality and common sense. The content will be scrutinised thoroughly and corroboration sought;

- (b) A significant proportion of complaints are malicious and designed to tarnish the image of the MP;
- (c) Where a claim is incorrectly submitted or paid, this is almost always due to a genuine and understandable error by the MP, their proxy or by IPSA, which can be dealt with swiftly and without fuss;
- (d) I am cognisant that publicity, especially in cases without foundation, carries an inherent risk of reputational damage. The third edition of the Procedures for Investigation of the Compliance Officer for IPSA (available at [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk)) sets out the information I am required to publish with respect to an investigation, and when this should take place. I will not deviate from this.

## **D Procedures for Investigations of the Compliance Officer**

- 9 IPSA is required, by legislation, to determine the procedures which the Compliance Officer must follow when handling complaints and requests for investigation alleging that MPs may have been paid a sum to which they were not entitled under the Scheme.
- 10 IPSA published the First Edition of the Procedures for Investigations of the Compliance Officer in July 2010. After having been in place over a year, a review was undertaken, including consultation with the public and Parliament. On 1 February 2012 the Second Edition of the Procedures for Investigations of the Compliance Officer for IPSA took effect.
- 11 The process must be iterative, building upon knowledge and experience as it is accrued. The procedures should seek to maintain confidence in the Compliance Office, ensuring that a balance is

maintained between thoroughness and timeliness. Every complainant has a right to know that their case has been diligently assessed, whilst an MP subject of a complaint has a right to expect that it will be dealt with expeditiously.

- 12 As the existing procedures were introduced shortly after my appointment, I judged that there was an opportunity to utilise the benefits of my three years of accrued experience to assist IPSA in drafting a third iteration. I made comment on the commencement of this process in my previous annual report.
- 13 Drafting by IPSA took place over a number of months and involved the Compliance Office lawyer throughout. Following consideration by IPSA Board, the draft procedures were subject to an external consultation process where feedback was sought from the public and various statutory consultees. As a consequence of the feedback received, amendments were made and the 3rd iteration of the Procedures for Investigation of the Compliance Officer for IPSA went live on 1 January 2015.
- 14 The current procedures can be viewed at [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk).

## **E Relationships with Other Interested Parties**

- 15 IPSA and the Compliance Officer are required by the Parliamentary Standards Act 2009 (as amended) to draft and agree Joint Working Agreements with:
  - The Metropolitan Police and the Director of Public Prosecutions; and
  - The Parliamentary Commissioner for Standards.
- 16 Following dialogue with IPSA and the Parliamentary Commissioner for Standards, the Joint Working Agreement has been revised. It was signed by all

parties in January 2015. The document seeks to minimise the potential for double jeopardy and to improve effectiveness and efficiency.

- 17 The Compliance Officer will seek to refresh the joint working agreement with the Metropolitan Police during 2015-16.

## F Investigations

- 18 During the reporting period I have only found it necessary to conduct one formal investigation. In every other case I have been able to resolve the matter proportionately following an assessment of the available evidence. Frequently the resolution involves guidance to the MP (or their proxy) regarding use of the online expenses system and/or interpretation of the Scheme. In other cases it involves feedback to IPSA regarding the manner in which the claim has been handled.
- 19 On 15 October 2014, following a request from IPSA, I opened an investigation into potential breaches of the Fourth, Fifth and Sixth Editions of the *MPs' Scheme of Business Costs and Expenses* ('the Scheme') by Bob Blackman MP relating to constituency Travel Expenditure.
- 20 At the conclusion of my investigation I found that Mr Blackman had made claims for constituency mileage that were not allowable under the Scheme in the following categories:
- (a) 14 claims for a home to office commute;
  - (b) 15 claims as the MP was engaged in canvassing or campaigning;
  - (c) 18 claims associated with party political fundraising events; and
  - (d) 687 claims that were inaccurate.
- 21 The total of journeys for which claims were incorrectly submitted was 734 and the total repayment required from the MP

was £1,006.20. The amount was repaid in full.

- 22 Details of all investigations undertaken by the Compliance Officer can be found on the website, at the following address: <http://www.parliamentarycompliance.org.uk/transparency/Pages/open-and-closed-investigations.aspx>.

## G Reviews

- 23 Continued expansion of the use of the payment card and direct rental payments means that in practice the Compliance Officer is increasingly called upon to review cases where an MP is already in receipt of an expense payment which has been subsequently rejected by IPSA and repayment has been requested. Review requests may therefore concern an MP who does not believe he/she should repay an expense payment, as opposed to a refusal by IPSA to pay an expense.
- 24 While this may not comply strictly with the wording of the legislation it is surely within the intended spirit and should not prevent the Compliance Officer from carrying out the intended duties of his office.
- 25 During the reporting period, I have conducted only one review, on behalf of Eric Joyce, the former MP for Falkirk. Details of this review were published on 12 May 2015.
- 26 This review was unlike any other I had previously undertaken; all previous reviews had been confined to a single claim or a group of claims relating to the same event. The review request was received after IPSA contacted Mr Joyce to request the repayment of £12,919.61. This comprised £5,850.68 of staff travel and accommodation claims and £6,204.34 of ineligible claims made by the MP using his payment card, as well as other items which fell outside the scope of my review.

27 While the review concluded that the majority of the claims were not allowable and therefore should be repaid, I utilised the prerogative provided to the Compliance Officer under Section 6A(3) of the Parliamentary Standards Act 2009 (as amended) to comment on the part played by IPSA in reaching the situation where a review was required. *The full review document can be found on the Compliance website at <http://www.parliamentarycompliance.org.uk/transparency/Pages/completed-reviews.aspx>*

## H Cases Referred to the Police

28 During the course of the reporting period I have felt it necessary for the first time during my term of office to refer requests for investigation received from IPSA to the Police. As I referred to previously, the Compliance Officer has a joint working agreement with the Metropolitan Police which states:

*“Where, in the exercise of their duties, either IPSA or the Compliance Officer is given a reason to suspect that a criminal offence may have been committed by an MP or a member of an MP’s staff, they shall seek advice from the Commissioner and notify the Metropolitan Police of their suspicions, and hand over any relevant documentation upon request.”*

29 Three cases have been forwarded to the Metropolitan Police for assessment; one has been finalised and two remain with the police.

## I Website

30 At the end of 2012-13, I secured funding for a major redesign of the website, which was originally designed in haste and was of limited assistance. During 2013-14, the website, [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk), was redeveloped to provide improved access, increased information,

more transparency and a simpler and more efficient complaints process.

31 The new website was launched on 8 April 2014, alongside an updated corporate logo to distinguish the Compliance Office from IPSA. We have only received limited feedback on the site although this has been entirely positive.

## J Accommodation

32 As previously referred to, the *Parliamentary Standards Act 2009* (as amended) requires IPSA to provide the Compliance Officer with adequate resources to discharge his functions. This includes the provision of office accommodation, IT and telephony. Since the formation of IPSA, the accommodation provided has been adjacent to that occupied by IPSA.

33 In April 2014, IPSA moved to new premises at 30 Millbank and, once again, we took up occupancy of an office adjacent to those utilised by IPSA executive and their staff.

## K Key Performance Indicators

34 Due to the size of the office, I approached IPSA Board with a view to removing the requirement for the Compliance Officer to devise and collate data in support of key performance indicators. With only one FTE member of staff they have no validity, deliver no added value and waste time in capturing and collating data. The Compliance Officer regularly produces statistics and provides both qualitative and quantitative information in his reports to IPSA Board.

35 IPSA Board endorsed the request and, as a result, the Compliance Office will no longer produce key performance indicators.

## L Statistics

- 36 Figures outlining complaints received and cases handled by the Compliance Office during 2014-15 are shown below. Statistics on the number of cases handled each quarter are published on the website, under the 'Transparency' banner: <http://www.parliamentarycompliance.org.uk>.
- 37 The majority of complaints received continue to relate to IPSA budget headings of Office Costs Expenditure and Travel & Subsistence.
- 38 The purely quantitative data is of limited value and fails to provide a complete picture. There are a number of matters that only become apparent from closer analysis of the cases, as follows:
- A significant number of complaints do not appear in the data as they do not reach the threshold necessary to be classified as an assessment under the Second or Third Editions of the *Procedures for Investigations of the Compliance Officer for IPSA*. They are malicious or frivolous; or they contain no specific allegation and/or no evidence. Complaints of this nature are received almost daily, although they increase in number during periods of high profile negative press coverage regarding MPs and in the weeks preceding national or local elections;
  - Complaints are consistently received about what MPs are allowed to claim under the Scheme. Again, this category of complaint does not appear in the figures as they do not warrant assessment. In most cases the complaints are forwarded to IPSA for a response or the complainant is encouraged to contribute suggestions to the annual review of the Scheme;
  - IPSA continues to experience a significant number of requests for information under the *Freedom of Information Act* (FOIA). In some cases, the information disclosed by IPSA is used as evidence in support of a complaint to the Compliance Officer; and
  - While the majority of assessments contained within the table below were instigated following public complaint, IPSA was the source of the request which led to the investigation of Bob Blackman MP. They have a thorough, robust and methodical Internal Audit and Assurance Team examining the submission of claims. In most cases, where issues are identified, these are handled internally. Only when the Chief Executive of IPSA judges that a case could more appropriately be handled by the Compliance Officer do I receive a formal request for an investigation.

**Table 1: Summary of the 40 cases handled during 2014-15**

Cases carried forward from 2013-14	Cases opened during 2014-15 by quarter				Total cases opened during 2014-15	Cases closed during 2014-15
	Q1	Q2	Q3	Q4		
0	9	4	8	19	40	30

**Table 2: Outcome of the 30 cases closed during 2014-15**

Assessments closed	29
Investigations closed	1

**Table 3: Breakdown of the sources of the 40 cases opened during 2014-15**

Source of the 40 cases opened	
Compliance Officer	4
IPSA	4
Journalist	1
Local Councillor	2
Member of the public	24
MP or MPs' staff	2
Member of the Scottish Parliament	1
Prospective Parliamentary Candidate	2

39 The number of cases handled has increased from 26 in 2013-14 to 40 during the reporting period, representing a 54% increase. The rise is predominately within quarter 4 and is associated with the impending General Election. Nonetheless, the rise in complaints, many of which were politically motivated and with minimal substance, is less than had been anticipated.

## M Looking Ahead

40 The post-election period represents uncharted waters for the Compliance Officer and for IPSA as, after the 2010 General Election, both were still in an embryonic state. Experience suggests that when no elections are pending, the number of complaints will fall unless there is a high profile media story which attracts attention. Nevertheless, with 182 new MPs, the opportunity for inadvertent error has increased considerably. Additionally, with the decision by the Court of Appeal requiring IPSA to publish all receipts submitted by MPs when requested, further scope exists for scrutiny and thereafter, the potential for complaints.

The complement of permanent staff will continue to be one full-time equivalent post and therefore any developments must be realistic if they are not to undermine the core role of the office. Therefore, during 2015-16, I will:

- Ensure that all assessments, investigations and reviews are conducted thoroughly and expeditiously, minimising the delay to complainants and MPs;
- Remain within the staffing and legal costs budgets allocated to the office;
- Continue to pursue efficiency improvements within office systems and procedures;
- Take every opportunity to cement the existing good relations with MPs, IPSA, the Parliamentary Commissioner for Standards, Police and the Serjeant at Arms and improve them further where possible; and
- Pursue dialogue with the Metropolitan Police Service to obtain support for revisions to the current Memorandum of Understanding.

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## Annex A

### Our Purpose and Aim

IPSA is the independent body that regulates and administers MPs' business costs, expenses, pay and pensions.

Our aim is *to assure the public that MPs' use of taxpayers' money is well regulated and that MPs are resourced appropriately to carry out their parliamentary functions.*

### How we will achieve our aim

We will achieve our aim effectively by:

- being an intelligent and open regulator, working in the public interest;
- ensuring that our rules are clear and enforceable;
- making better use of IT to bring about change;
- making independent, fair decisions about MPs' pay and costs;
- listening to the public and all other interested parties; and
- providing clear guidance to MPs about their responsibilities.

We will achieve our aim efficiently by:

- always seeking the best value for money in our own processes;
- paying MPs' business costs, expenses and salaries accurately and on time;

Our strategy 2015-2020:

- enabling MPs to do their job;
- encouraging MPs to adopt efficient working practices and to spend money well; and
- making our expenses and payment systems as straightforward as possible.

We will achieve our aim transparently by:

- being open about our own costs and processes;
- routinely publishing the business costs and expenses of all MPs; and
- communicating with and providing the public with evidence about MPs' expenditure.

As IPSA staff we will work collaboratively, espouse our values of independence, transparency and fairness, develop our diverse talents and take pride in our work for the public interest as part of a high-performing organisation.

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