

# Annual Report and Accounts 2011–2012

Independent Parliamentary Standards Authority Annual Report and Accounts 2011–2012



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Independent Parliamentary  
Standards Authority  
Annual Report and Accounts 2011–2012

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# IPSA in numbers

In 2011–12 we:

- 1 Handled over **184,000** claims for business costs and expenses, of which:
  - 99.8%** were paid correctly
  - 95.2%** of reimbursable claims were processed within the target of 10 working days.
- 2 Paid business costs and expenses to the value of over **£22m** to MPs and their staff.
- 3 Received an average of nearly **500** phone calls each week, answering 25,798 calls over the year.
- 4 Handled around **18,000** written enquiries from MPs and their staff – and responded to 91.5% of correspondence within 5 days.
- 5 Published details of some **196,635** claims, with an accuracy rate of 99.98%.
- 6 Processed an average monthly payroll for **3,400** MPs and their members of staff, including 1,161 new starters and 984 leavers.
- 7 Ran **3** public consultations and one online survey, receiving 548 responses.
- 8 Answered **98** requests under the Freedom of Information Act as well as 62 Parliamentary Questions from MPs.
- 9 Ensured the online costs and expenses system was available for **99.98%** of the time.

# Chair's Introduction



IPSA has completed its second year and its first full year of operation. In that time much has been achieved. On behalf of the Board, I am keen to thank those who work in IPSA, for their contribution to IPSA's achievements. This progress would not have been possible without the active co-operation of many MPs and their staff and of the Speaker's Committee for IPSA, and I gladly acknowledge this.

When we began, the idea of introducing a new Scheme of business costs and expenses was daunting. But we did it. There is now a Scheme in place which is efficient and stable. Claims are made. They are processed. They are paid. The taxpayer gets value for money. MPs and their staff get on with their jobs. Everyone can see from our website where their money is going and what it is being spent on.

In the autumn of 2011, Parliament extended our remit beyond business costs and expenses to take in the whole of the package of remuneration which MPs receive. This is a very significant constitutional development. The House of Commons has accepted that it should no longer decide on its own pay and pensions. That responsibility has been passed to IPSA. We shall discharge it with the greatest care. We shall seek to involve both MPs and those who elect them in a public conversation which will guide us towards a fair and lasting settlement.

In carrying out our statutory functions, it is only proper that we are held accountable. The legislation that governs us (the Parliamentary Standards Act 2009, as amended) provides that the mechanism of accountability is the Speaker's Committee for IPSA. But, during 2011-12, we were subject to additional scrutiny from the Public Accounts Committee, as well as from a Committee (the Committee on Members' Expenses) which the House of Commons revived solely to examine IPSA's operation of its statutory duties. This level of scrutiny of an organisation barely a year old, quite apart from the burden it placed on an organisation already under pressure, is unusual. It reflects, perhaps, the tensions associated with replacing centuries-old self-regulation with independent regulation, tensions which are as much cultural as operational.

A key responsibility of IPSA and the Board is to manage risk. Risks come in many forms. Perhaps the greatest risk is that IPSA's independence, our compact with the public to take account of and represent their interests, will be undermined. This is a constant challenge, given the context in which we work. It is also a constant claim by one group or another that we have "caved in", surrendered our independence on this or that matter. The fact is that we listen to all arguments put to us, assess them, weigh them against the risks associated with

any particular course of action, and then make up our minds. Clearly, we will often prefer one set of arguments to another. But, doing so does not represent any betrayal of independence, though those pressing the counter-arguments may see it as such. It is merely making the best judgement on what we see as the best evidence.

A separate area of risk which we have to address relates to the Scheme of Business Costs and Expenses. The Scheme must be cost-effective from the taxpayer's point of view. It must be efficient to meet the needs of MPs and their staff. It must also provide assurance to all that the public's money is being appropriately disbursed and used. Meeting these aims entails a judgement of risk: what degree of administering and checking claims (and hence cost) is appropriate so as to provide the necessary level of assurance? As the Scheme and IPSA have evolved we have regularly evaluated this risk. We have adjusted the Scheme and our operations as a consequence, in the light of our assessment of the proper balance to be struck. In all this, the responsibility of the individual MP remains a fundamental principle: MPs must satisfy themselves that the claims they make for business costs and expenses are within the Scheme; thereafter, they are subject to processing by IPSA.

There have also been a range of improvements in our administration of the Scheme over the past year. They are all designed to enable us



to meet our statutory responsibilities. For example, we have extended the facility by which goods can be purchased through the use of payment cards, thereby removing the need for MPs to purchase the goods out of their own pockets and then reclaim the cost. Another example is the arrangement that we have made with the online booking firm Trainline whereby MPs may now visit a dedicated area of the website to arrange their travel, within the rules of the Scheme, with the invoice coming directly to IPSA. One challenge that IPSA still wrestles with, however, is how to encourage MPs to make use of these operational developments. Around 70% of all business costs and expenses incurred by MPs can now be dealt with through payment cards or by direct settlement; and while there has been some increase in take-up during the year, unfortunately, less than 40% are in fact paid this way. We will continue to seek ways to improve the take-up of these opportunities, not least because having to pay and then reclaim the cost was an area in which MPs called for more assistance from IPSA.

We now look forward to our next year with confidence; a year in which we will be working hard to engage as many as wish in the question of MPs' pay and pensions. We do not expect the going always to be smooth; there will be bumps in the road. We will, as ever, need to guard our independence. But, reaching a fair and lasting settlement on MPs' pay and pensions will be a prize for all, as well as a major constitutional development.

Professor Sir Ian Kennedy,  
Chairman, IPSA



1

# Annual Report

# 1. Chief Executive's report

## A Summary

1 This report covers activities undertaken by IPSA during the financial year 2011-12. This was IPSA's second year of existence and its first full year of operation.

2 In the previous year, 2010-11, IPSA focused on setting up its operations, delivering a series of improvements in its administration, and carrying out its first main review of the MPs' Scheme of Business Costs and Expenses (which had been established before IPSA became operational in May 2010). By the end of the year, we were providing a stable level of performance, regularly meeting our performance targets, and we had addressed a number of issues within the Scheme rules which needed to be changed to ensure MPs were effectively supported to carry out their parliamentary duties.

### **IPSA Achievement**

IPSA was set up rapidly from a standing start and in a challenging political environment. An OGC Gateway Review in June 2010 said "*the impossible has been delivered*".

3 In 2011-12, we have built on this foundation. We published our first Corporate Plan ([www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk)), covering the period 2011-2015. This set out our strategy and corporate objectives, the detailed plans for delivering them and fifteen performance measures against which our progress could be judged. In parallel, we prepared an Estimate for 2011-12, setting out our funding requirements to deliver the first year of the Plan. The Speaker's Committee for IPSA (SCIPSA) approved the Estimate in June 2011.

4 Our strategy and objectives are summarised in Section 2. The report below is structured around the objectives and plans set out in the Corporate Plan, and each part covers associated performance targets. Key outcomes in 2011-12 were:

- In May and October 2011, Parliament expanded IPSA's remit by giving us responsibility for setting MPs' pay and pensions respectively. In February 2012, we announced that we would be continuing the pay freeze for MPs in 2012-13. In March 2012, as an interim measure, we announced an increase in pension contribution rates of 1.85 percentage points. In 2012-13, we will carry out a full review of both pay and pensions, including extensive engagement and consultation with statutory consultees, MPs and the public.

### **IPSA Fact**

IPSA's remit expanded in 2011 when we were asked by Parliament to take on responsibility for MPs' pay and pensions.

- In 2011, we carried out a major review of MPs' staffing requirements. The results of this were reflected in the consultation we carried out as part of the second main review of the MPs' Scheme of Business Costs and Expenses, and were fed into the revised Scheme published in March 2012.
- Throughout 2011-12, we introduced a series of improvements to the administration of the Scheme. These were aimed at reducing the amount of time MPs need to spend on making

claims and increasing the proportion of business costs and expenses for which IPSA pays suppliers directly. In 2012-13, we will focus on raising awareness and take-up of the facilities which are already in place.

- 5 Our work in the reporting period was carried out against the background of a significant amount of external scrutiny. IPSA was scrutinised by the Speaker's Committee for IPSA in relation to the approval of its Estimate, by the Public Accounts Committee (PAC) in relation to value for money and cost-effectiveness, and by the Committee for Members' Expenses in the context of the governing legislation. We worked closely with each of these bodies. We were particularly encouraged by the National Audit Office's positive report in relation to our achievements, while acknowledging that there remains scope for improvement in the future. We published our individual responses to the various reports and will continue to work with each body as appropriate. Both our work in 2011-12 and our future plans take account of our responses.

### **IPSA Achievement**

As part of its conclusion in its 2011 report on IPSA's value for money, the National Audit Office commented: *"IPSA set itself up with commendable speed, and despite initial problems, has done well to create a functioning new expenses scheme which safeguards public money and has made a significant contribution to increasing public confidence. IPSA has paid attention to increasing its own efficiency and has reduced its average cost of dealing with claims significantly."*

## **B Objective 1: Independent, fair and effective regulation**

### **MPs' Scheme of Business Costs and Expenses**

- 6 The Third Edition of the MPs' Scheme of Business Costs and Expenses came into effect at the beginning of April 2011. As well as including changes to the rules in areas like family accommodation and travel and the definition of the London Area, the Third Edition of the Scheme allowed MPs greater flexibility in the deployment of their office costs budget by merging the office rental and administrative budgets and reducing the number of prescriptive rules. These changes were broadly welcomed by MPs and their staff.
- 7 Building on these developments, the main area of the Scheme to be reviewed in 2011-12 was MPs' staffing. We conducted an in-depth review of the issues, covering workload, budgets, staff pay and progression, and IPSA's role. We gathered evidence from discussions with staff representatives, visits to MPs' constituency offices, workshops with MPs' staff and our payroll systems. Some staff representatives also conducted surveys of their members and provided us with useful data from those surveys.
- 8 The initial findings were fed into the annual review of the Scheme. Formal consultation on a number of proposals took place over ten weeks between November 2011 and January 2012. As well as receiving 76 written responses, we conducted an online survey, which received 439 responses. We also conducted an Equality Impact Assessment (EIA) of the existing Scheme and the proposals made in the consultation paper. Aside from staffing issues, the changes were mostly refinements of the existing Scheme,

which by this point was well-established. An interim resettlement payment was introduced, to allow for the possibility of some MPs losing their seats following a snap election. Guidance regarding party political activity was strengthened, reflecting discussions during the staffing review and with statutory consultees, including the political parties, as well as the views of respondents to the consultation.

#### **IPSA Achievement**

IPSA has completed two full reviews of the Scheme of business costs and expenses – widely acknowledged to have addressed issues in the initial Scheme where action was needed to ensure MPs are supported effectively to carry out their parliamentary role.

- 9 On MPs' staffing, we concluded that IPSA should not expand its role (which is to provide MPs with a budget for their staffing needs and a framework of rules setting out the conditions within which that budget can be used). We also concluded that model contracts and pay ranges should remain in place, and that budget limits should be increased to allow MPs to employ 4 rather than 3.5 full-time-equivalent staff. Some changes were made to the assumptions on office structure in the budget calculations to reflect more closely the arrangements typically seen in MPs' offices. Together, these changes resulted in an annual budget limit for non-London Area MPs of £137,200, compared with £115,000 previously. For London Area MPs an uplift of 5%, to reflect the higher costs of having all their staff based in the London area, took the budget limit to £144,000.

#### **IPSA Fact**

An in-depth review of the MPs' staffing arrangements in 2011, with a significant number of visits to constituencies, led to IPSA's decision to raise MPs' staff budgets.

- 10 The Fourth Edition of the MPs' Scheme of Business Costs and Expenses was published on 5 March 2012 and came into effect on 1 April 2012, meeting our performance target. The report on the consultation and the EIA were published with the new Scheme, as was IPSA's response to the recommendations of the parliamentary Committee on Members' Expenses, following its review of the operation of the Parliamentary Standards Act 2009.

### **Pay and pensions**

#### **IPSA Fact**

IPSA has just embarked on a fundamental evidence-based review of MPs' pay and pensions, with extensive consultation and research. The aim is, for the first time, to determine an approach for the long term, with a clear rationale and which commands public confidence.

- 11 The MPs' Scheme of Business Costs and Expenses will be reviewed in future, but the priority in 2012-13 will be the review of MPs' pay and pensions. This will be a wide-ranging review which looks at MPs' remuneration in the round. It will also consider the long term arrangements for the resettlement payment, taking into account the impact of the proposed reforms to parliamentary constituency boundaries. IPSA received the power to determine MPs' pay in May 2011, but the power to determine pensions was not transferred to IPSA until October 2011. As a result, it was not possible to launch the

main review of MPs' pay and pensions in September 2011 as originally anticipated when we set out our targets for the year.

- 12 In January 2012, we decided to consult on increasing MPs' pension contributions in April 2012, in line with the changes being made in most other parts of the public service. Following consultation, contribution rates were raised by 1.85 percentage points.

#### **IPSA Fact**

Early in 2012, IPSA raised MPs' pension contributions in line with changes being made in other parts of the public service, and in line with a motion of the House of Commons.

### **Assurance**

- 13 As part of our regulatory responsibilities, we have continued to maintain a rigorous assurance process. Our Assurance and Review Team monitored regularly business costs and expenses payments, and carried out a series of reviews including of payroll adjustments, the provision of advice by telephone and 'not paid' claims (ie claims not passed for payment, for example because they are outside the terms of the Scheme or lack supporting evidence). Assurance programme findings confirm that error rates are low and, as outlined below, that very few claims are being paid when they should not be.
- 14 Internal audit services are provided by PricewaterhouseCoopers (PwC). During 2011-12 they conducted extensive audits of IT systems and standing data held on IPSA systems and held a workshop with the IPSA Board and staff to consider the IT environment. A detailed audit was conducted of the business costs and expenses system, focusing on the processes for the payment card issued to MPs and for simplified payments and

the key controls in these areas. PwC also conducted a special audit of any over-payments made to MPs as a result of control deficiencies and made a number of recommendations which have since been implemented.

- 15 Given the evidence that we have accumulated on compliance, during the year we tested various approaches to the validation of claims. In light of this work, we have now streamlined our validation processes to allow us to focus on areas where risks are potentially higher, while still ensuring that funds are used appropriately within the framework of the established rules. In parallel, we have developed a data analysis programme (for implementation in 2012-13) to ensure our assessment of risk remains rigorous, comprehensive and current. None of this affects the principle that MPs are responsible for ensuring the claims they make for business costs and expenses are necessary to support them to carry out their parliamentary duties; those claims are then processed by IPSA.

#### **IPSA Achievement**

Our regulatory and administrative processes have ensured risk to the taxpayer has been minimised – in 2011-12, just 0.45% of claims were either paid in error or rejected.

### **C Objective 2: Workable and transparent systems support the schemes**

- 16 IPSA pays the salaries of MPs and their staff, and operates the system for paying MPs' business costs and expenses. Our strategic goals in these areas are that our systems should become more streamlined and simple to operate both for MPs and IPSA; and increasingly based on payments not needing to be made personally by MPs and then reclaimed.

Evidence will continue to be required to support claims but will increasingly be provided through suppliers of goods and services rather than MPs, where this is efficient and cost-effective.

- 17 In 2011-12, we have continued to deliver an improving level of performance in all areas, reduced average payment times, an improved experience for those using our systems and a reduction in the proportion of payments which need to be made from MPs' own bank accounts.

### **IPSA Facts**

Stretching operational performance targets were set and exceeded in 2011-12:

- 95.2% of claims were processed within 10 working days [Target: 95%];
- reviews of rejected claims as part of our assurance and review programme identified 0.09% of processed claims as errors [Target: 1%];
- over 91.6% of correspondence items were resolved within 5 working days [Target: 90%];
- an accuracy level in published information on MPs' claims of 99.98% was achieved [Target: 99.75%];
- payroll accuracy levels were 99.99% [Target: 99.75%].

### **Payroll**

- 18 IPSA managed an average monthly payroll of 3,400 (compared to 3,150 in the previous year), and paid the salaries of MPs and their staff on time each month throughout the reporting period. During the year, 1,161 new staff joined the payroll and 984 left it. We achieved a payment accuracy level of 99.99%, exceeding our target of 99.75%.

### **Claims processing**

- 19 IPSA processed over 184,000 claims for business costs and expenses during the year (compared to 125,000 during the 11 months we were operational in 2010-11). Our MP Support Team dealt with 25,798 calls (an average of 500 monthly) and 18,077 emails, which was broadly equivalent to volumes in the previous year. We continued to make regular visits to MPs and their staff to answer questions and offer them support in how to use the systems, and we held a number of other meetings and 'drop in' events. We have met each of our three targets in this area:

- 95.2% of claims were processed within 10 working days, against a target of 95% (and compared to 96% within the then target of 12 working days for the period October 2010 to March 2011);
- our quality control activities found that errors were made in 0.09% of payments, against a target of 1% – a significant drop on the equivalent figure for 2010-11 of 1.64%;
- over 91.6% of correspondence items were resolved within 5 working days, against a target of 90% – a small increase on the figure for 2010-11 of 91%.

### **Administration improvements**

- 20 In line with the plans set out in our Corporate Plan, we delivered a programme of improvements to meet the strategic goals set out in para.16. During the year we:
- made a number of improvements to the online expenses system for making claims (eg the creation of a 'favourites' function allowing MPs to save and retrieve regular claims). We



also made a range of changes to the look and feel of the system;

- introduced a simplified system for claiming mileage;
- extended the payment card to cover a number of new categories, including stationery, hotels, utilities, Council Tax, Business Rates and insurance;
- introduced the facility for MPs to order their rail tickets via thetrainline.com, removing the need for them to make a separate claim or use their own money to pay for tickets;
- created three new reports, generated at the click of a button by MPs, including a tool to support them in managing their budgets;
- introduced direct payment for parliamentary research services.

### **IPSA Achievement**

Over the past two years we have delivered a range of administrative improvements to make it easier for MPs to claim business costs and expenses and to reduce the proportion which need to be funded from their own pocket, including:

- direct payment of suppliers for constituency office costs, residential rents, rail tickets, stationery and research services;
- a payment card, and advances and loans for big-ticket items, to reduce cashflow problems;
- simplified processes for making claims (eg a monthly spreadsheet for mileage) and better reports (eg to help them manage their budgets effectively).

21 Following the changes set out above, around 70% of business costs and

expenses can now be paid direct to suppliers by IPSA. Our performance target in this area was to reduce the value of claims funded through reimbursement from the NAO-reported baseline in 2010-11 of 50% of salary after deductions. This target was met (even taking into account the general increase in claims). Our figures suggest that, on average, 46.5% of an MP's net income is currently spent on goods and services for which she or he needs to be reimbursed. This still means however that less than 40% of claims (by value) are paid direct to suppliers against the potential figure of around 70%. To this end, in November 2011, we started a programme to raise levels of awareness of alternative payment methods. We have written to 100 MPs who make little or no use of the various options for improving their cashflow, and taken a number of other steps to increase uptake. This work will continue in 2012-13.

22 IPSA continues to invest in its IT systems in order to improve the experience of our administration for MPs and their staff and to reduce processing time and costs. During the year, the online business costs and expenses system was available for 99.98% of the time (a small increase on the figure for 2010-11 of 99.8%). The external website was updated to make it easier to access information. An intranet was created for IPSA staff to allow them to share data more effectively and reduce the need to hold records in paper form.

23 Looking ahead, to ensure we continue to have workable and transparent systems in place in the future, we undertook our early planning for the next general election.

24 As well as supporting MPs, many of the changes outlined above have also helped IPSA become more efficient. This dimension is explored in more detail under Objective 4.

## Engaging with MPs on administration

- 25 Throughout 2011-12, we consulted MPs on a regular basis about our administration and systems, including via the IPSA-MP Liaison Group and the one-to-one meetings to provide support and advice carried out by our MP Support Team. Feedback from these meetings was taken into account in the programme of changes outlined at para.20.
- 26 In May and June 2011, as part of their value for money audit of IPSA, the National Audit Office carried out a survey of MPs on both our regulatory and operational activities. We took this feedback into account in our planning of administrative enhancements. This year, we will be carrying out a further survey of MPs. We will pilot it in May 2012, before conducting a full survey in June. This will focus on their views of our administration, given we consult MPs regularly on the Scheme of Business Costs and Expenses.

## Transparency

- 27 Transparency is part of IPSA's statutory obligations. Our activities and achievements in this area are set out under Objective 3.

### **D Objective 3: Build public confidence in IPSA's execution of its duties**

- 28 In the aftermath of the expenses scandal, IPSA's role has been to help restore confidence in MPs and in Parliament. We believe that building public confidence that IPSA provides a fair, transparent and effective regulatory framework, and that we are administering that framework effectively, can contribute to the restoration of trust. Our activities and achievements in support of this ambition are set out below.

## Publication

- 29 We met our performance target of publishing claims on a bi-monthly basis throughout the year, according to our stated schedule; and in July 2011 we published annualised data for 2010-11. During the year we published details of some 196,635 claims (compared to 100,000 in the previous year). We also maintained high levels of accuracy: 99.98% of claims were published without error, against a target of 99.75%.

### ***IPSA Achievement***

We publish details of MPs' business costs and expenses every two months on our website (with annual data for the previous year published in July) – this amounts to 300,000 separate claims to date, with exceptionally high levels of accuracy. This publication measure is a powerful measure for ensuring transparency, probity and accountability.

- 30 In line with our plans, in October 2011, we reviewed our approach to publication frequency. We concluded that the existing bi-monthly approach effectively balances the need to provide information on a regular and timely basis about how MPs are spending taxpayers' money, against the additional costs of moving to more frequent publication. We also reviewed the usability and presentation of published data during the year and a range of improvements, including additional search methods, interactive maps and more user-friendly presentation, went live in April 2012.

### **IPSA's operations and performance**

- 31 We aim to be transparent about our performance. We published performance against key performance targets on a monthly basis on our website. We

responded to 100% of the 98 Freedom of Information (FOI) requests we received on IPSA's operation and performance within the deadline of twenty working days, and we provided answers to 62 Parliamentary Questions (PQs). (The comparative figures for 2010-11 were 180 for both FOI requests and PQs, with a response rate within the 20 day deadline for FOI requests of 93%.)

### **IPSA Achievement**

In 2011 – its second year of existence – IPSA was subject to review by the National Audit Office, the Public Accounts Committee and the Committee on Members' Expenses (in addition to its statutory accountability to SCIPSA). We have responded to this unusual level of scrutiny openly, and with confidence – clear about our strengths and achievements but committed to addressing any weaknesses.

## **Engagement with the public**

- 32 During the reporting year, we monitored opinion and engaged with the public in several ways:
- as outlined above, consultation on the review of MPs' staffing, the review of the MPs' Scheme of Business Costs and Expenses and MPs' pension contributions;
  - an online survey in October on public perceptions of MPs' pay, which showed that while people generally have a good idea about what MPs are paid, opinion is split on the jobs to which an MP's salary could be linked;
  - as set out below, an online survey in March 2012 of levels of confidence in our regulatory and operational activities.

33 In May 2011, the National Audit Office commissioned a question in an Ipsos MORI General Public Omnibus Survey and asked the public whether they felt the situation with MPs' expenses had improved or deteriorated over the preceding year. 55% said they thought it had got better, with 14% believing it had got worse. The NAO commented: "While this result is likely to be partly due to recent prosecutions of former MPs, we believe it is reasonable to attribute significant credit to IPSA and its Scheme."<sup>1</sup>

34 Our target in this area is for increased levels of public confidence in the regulation of MPs' business costs and expenses. Our survey in March 2012 demonstrated that public confidence has remained more or less static over the last year, with a rise in positive responses to some questions and a drop in others. Overall, public confidence levels have therefore not improved. There was, however, a significant rise in levels of confidence among those aware of IPSA.

35 In 2012-13 we are planning a major engagement exercise with the public and others as part of our full-scale review of MPs' pay and pensions. Planning for this began in 2011-12 and we will be using a number of different communication channels. These include 'citizens' juries' (where an issue is explained to groups of individuals, prior to a discussion), blogs and web discussions, and engagement with academics and a range of other stakeholders.

## **E Objective 4: Build a cost-effective organisation with engaged and motivated staff**

36 In 2010-11 we focused on establishing IPSA as an effective organisation. By the end of that year, we were meeting

<sup>1</sup>"Independent Parliamentary Standards Authority: The payment of MPs' expenses", National Audit Office, July 2011.

our performance targets and offering a stable level of operational performance, and we had completed our first major review of the MPs' Scheme of Business Costs and Expenses. We had also put in place key people management policies and processes. In 2011-12 we focused on developing the organisation in ways which ensure its long-term sustainability. To achieve this we prioritised two areas: maximising value for money through a systematic review across all areas of our business, and developing our people.

#### **IPSA Fact**

IPSA has a clear strategy and a detailed rolling four year Corporate Plan, setting out our plans and annual performance targets (KPIs). This allows us to be held to account.

### **Value for money**

- 37 In June 2011 our Estimate of the resources we needed for 2011-12 was approved by the Speaker's Committee for IPSA (SCIPSA). The part of the Estimate needed to run IPSA was 10% lower than the equivalent figure for 2010-11, meeting our performance target of achieving savings equating to 5% in each year of the current Comprehensive Spending Review (CSR). This saving reflected efficiencies delivered towards the end of the previous year, and anticipated further efficiencies to be delivered in 2011-12.
- 38 To ensure we are able to maintain output within a reduced funding envelope over the CSR period, in summer 2011 we established a 'sustainability programme'. We looked across all areas of our business systematically and identified a range of projects to reduce our costs, while maintaining or improving performance levels. These initiatives, some of which are covered above, included:
- implementing a risk-based approach to validating claims;
  - offering MPs the ability to purchase their rail tickets online (which has reduced our processing costs as well as saving MPs time by removing the need for them to seek reimbursement for a cost they've already incurred);
  - introducing three 'self-service' reports for MPs about their business costs and expenses, which allow them to access data which they would otherwise need to request from IPSA. A fourth report, covering current and projected spend on staffing, was introduced just after the end of the reporting period.
  - a range of initiatives to improve our internal processing efficiency, eg streamlining our batch processing procedures and automating bank reconciliation processes;
  - retendering our cleaning contract and preparing plans for sub-letting part of our accommodation in 2012-13.
- 39 As part of this programme, we brought forward plans to look at the savings which outsourcing some parts of our business might offer. The financial case was not made, given the small size and tight integration of IPSA operations. Reliance on an external provider would also carry considerable risk in a politically sensitive operational function. We will review the options again at the start of the next Parliament.
- 40 In IPSA's first year of operation when we were setting up the organisation, staff numbers averaged 83, before dropping to 55 in 2011-12. As a result of the efficiencies we made during 2011-12, and which we will continue to make in 2012-13 and beyond, we identified a number of further staff savings which could be

made over this period. These will see our staffing levels fall by 9 in 2012-13. Using a combination of voluntary exit, turnover and the end of fixed-term appointments and secondments, we will be able to achieve these reductions without compulsory redundancies.

- 41 As set out in Part 2, outturn on our operational budget was £5.9m, against our Estimate of £6.4m, meeting our performance target of keeping our administrative expenditure within the budget provided. Staff and other savings realised as a result of the projects set out above allowed us to prepare an Estimate for 2012-13 which, if approved, will deliver a further 5% saving.

#### **IPSA Fact**

IPSA delivered a saving of 10% in its budget for 2011-12 over the previous year; and has submitted a budget for 2012-13 which delivers a further 5% (including a 10% saving on staff costs).

## **People**

- 42 As a smaller organisation in the future, we will only be sustainable if our staff have the skills they need to meet our administrative and regulatory obligations; process efficiencies alone will not be enough. In line with this, our sustainability programme includes a stream of work to equip IPSA with the skills it needs, and to put in place development plans and people policies which will support our staff to realise their potential.
- 43 All IPSA employees consider their learning and development needs with their manager as part of the process of agreeing their work objectives for the year. In 2011-12, as part of the sustainability programme, we established

a project to meet a number of cross-cutting and individual development needs. Programmes to develop project management skills, performance management capability and to allow us get more out of our systems were delivered. A second project was set up to implement multi-skilling across the organisation. To date, we have identified posts where additional cover is required, produced desk instructions for all key activities and started to train people to provide cover. In 2012-13, we will complete the training required to ensure all posts are covered.

- 44 Engaging staff is the responsibility of all managers in IPSA but there are also a number of organisation-wide activities, including the Chief Executive's weekly meeting with all staff. During the year we also held a series of longer events with staff to look at a variety of current business issues in more depth.
- 45 To measure our progress on engagement, we carried out a staff survey in September 2011. This confirmed high levels of engagement with our objectives but also showed that we could do better in a number of areas, including internal communication and offering staff greater involvement in work to deliver change. In response to the survey, we took a number of steps to widen the number of staff involved in projects and strengthen internal communication mechanisms.
- 46 Our aim is to create a workplace which respects differences, and recognises the unique contributions which people make. As at 31 March 2012, 38% of staff were male and 62% female, and 27% of employees were from an ethnic minority background. We will continue to monitor the background of our staff by reference to the "Protected Characteristics" set out in the Equality Act 2010, to allow us

to look at representation within different areas and levels of the organisation and take action as necessary.

- 47 In common with other public sector bodies, IPSA operated a pay freeze for its staff in 2011-12. In light of this, we took the decision during the year to postpone development of our long-term reward strategy to 2012-13.

## **F Looking ahead**

- 48 For the coming year, 2012-13, our key aims will be to:
- conduct a thorough review of MPs' pay and pensions, including wide engagement with the public;
  - maintain the accuracy and quality of our existing systems and to realise the benefits of recent improvements in administration;
  - continue to take account of the needs of MPs in carrying out their parliamentary duties and, as appropriate, to adjust the provisions of the MPs' Scheme of Business Costs and Expenses and our administration to meet these needs;
  - bring down our operational costs in line with our savings targets without compromising public trust or damaging the quality of administration;
  - ensure that our staff are able to carry out our roles of regulation and administration to the highest standards.
- 49 Our plans are set out in more detail in our Corporate Plan, which can be found on our website: [www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk)

## 2. IPSA – who we are and what we do

### A Statutory framework

- 1 The Independent Parliamentary Standards Authority (IPSA) is a statutory body, independent from Parliament, Government and political parties. It was established by the Parliamentary Standards Act, which passed into law on 21 July 2009. Parliament legislated to establish IPSA following the public outcry after details of MPs' expenses claims were made public, first in the press and subsequently by the House of Commons. The Act was introduced by the previous Government, but also received the support of the two largest parties then in opposition. Between introduction and Royal Assent, the Act passed through both Houses of Parliament in only a matter of weeks.
- 2 IPSA's primary functions as set out in the Act were:
  - setting a regime of expenses for MPs;
  - administration of that regime; and
  - payment of salaries of MPs and their staff.
- 3 Following a series of recommendations from the Committee on Standards in Public Life, the then Government, with the support of the two parties that now form the current administration, agreed to make early revisions to the Parliamentary Standards Act. Those revisions were made through the Constitutional Reform and Governance Act 2010, which received Royal Assent on 8 April 2010. The principal additional function passed to IPSA by that Act was responsibility to determine MPs' salaries and pension arrangements.

### B Vision and Values

- 4 IPSA's vision and values are as follows:

#### Vision

IPSA will have realised its goal when there is sustained public confidence in the way in which MPs are funded from the public purse.

#### Mission

IPSA will:

- develop a settlement for MPs' business costs, expenses, pay and pensions which properly supports them in their parliamentary functions and serves the interests of the public; and
- build an independent organisation which sets itself, and demonstrates, the highest standards in public service. IPSA will be consultative and open in its approach.

#### Values

All that we do in IPSA – acting as a regulator, delivering services, or running our own organisation – will be shaped by five values:

- **Independence:** we will maintain our independence and stand firm on what we judge to be right;
- **Honesty:** we will demand high standards of propriety and honesty of ourselves and all those with whom we do business;
- **Openness:** we will work in the open, listening to others and sharing our expertise and information, while observing our obligations to those whose personal data we hold;

- **Accountability:** we expect to be held accountable for the economic, effective and efficient use of public funds and for our actions and, similarly, we expect MPs to be held to account for the funds they receive; and
- **Fairness:** we expect the same qualities of honesty, openness and accountability from ourselves and from those to whom we provide services.

## C Strategy and objectives

- 5 Building on the vision and the values set out above, IPSA has defined its objectives and strategy. Its objectives are to:
  - Provide independent, fair and effective regulation;
  - Deliver workable and transparent systems that support the schemes;
  - Build public confidence in IPSA's execution of its duties; and
  - Build a cost-effective organisation with engaged and motivated staff.
- 6 In achieving its strategic objectives:
  - IPSA recognises the importance of developing a constructive relationship with MPs and their staff;
  - IPSA will actively engage with the public to promote informed debate and will seek to develop channels by which public opinion may be heard;
  - IPSA will maintain communications and regularly seek the views of various audiences interested in and affected by its actions – the public, MPs, their staff and the media; and
- 7 The MPs' Scheme of Business Costs and Expenses should:
  - become increasingly streamlined and simple to operate both for MPs and IPSA;
  - be increasingly based on payments to suppliers, not needing to be made personally by MPs and then reclaimed;
  - make clear where business costs are incurred by MPs in the running of their offices and where expenses are incurred by MPs in the fulfilment of their duties; and
  - be less prescriptive and rule-based, over time providing MPs increased discretion in how money is spent.
- 8 Evidence will continue to be required to support claims, but will increasingly be provided through suppliers of goods and services rather than the MP wherever this is possible, commensurate with the need for assurance and cost-effectiveness.
- 9 IPSA's aim is to provide an efficient and cost-effective service which meets the needs of MPs.
- 10 Publication of claims, as part of IPSA's statutory obligation regarding transparency, will continue to balance assurance and accuracy against cost.
- 11 IPSA will seek the views of the public, MPs and their staff in relation to their satisfaction with the Scheme and its operation on a regular basis, will publish the results of what is learned and will make appropriate adjustments to its rules and their operation where indicated, consistent with considerations of transparency and value for money.



- 12 MPs' pay is set by IPSA. IPSA's review of pay and pensions will involve active engagement with the public, MPs and expert practitioners and IPSA will launch a consultation process on pay and pensions in 2012.
- 13 IPSA will carry out research on, among other things, comparators and their relative usefulness, both in the UK and internationally, and will consider the planned boundary changes and any further devolution of powers to national assemblies and parliaments within the UK.
- 14 IPSA will aim to co-ordinate the introduction of the outcome of the review of MPs' pay in considering the future for MPs' pensions.
- 15 The strategy assumes the agreement by the Speaker's Committee of IPSA's annual Estimate sufficient to allow it to fulfil its duties as both regulator and provider of services.
- 16 Key Performance Indicators identifying the performance required and progress in meeting them will be reported regularly and published on the web.
- 17 IPSA's Board, while respecting the independence of the Compliance Officer, will exercise its statutory duty of superintendence in relation to operating procedures and the resources required by the office.
- 18 The Board will receive regular reports from the Compliance Officer and review his Office's performance by reference to agreed performance indicators and in the light of considerations of value for money, proportionality and deterrence of fraudulent behaviour.

## D IPSA's Board

- 19 Schedule 1, Part 1 of the Parliamentary Standards Act 2009, as amended by the

Budget Responsibility and National Audit Act 2011, stipulates the constitution of the IPSA Board membership as follows:

- 1 The IPSA is to consist of the following members –
  - (a) one member who is to chair it ('the chair') appointed in accordance with paragraph 2, and
  - (b) four other members (referred to in this Schedule as 'ordinary members') appointed in accordance with that paragraph.
- 2 At least one of the members of the IPSA must be a person who has held (but no longer holds) high judicial office (within the meaning of Part 3 of the Constitutional Reform Act 2005 (c. 4)).
- 3 At least one of the members of the IPSA must be a person who is eligible for appointment as a statutory auditor by virtue of Chapter 2 of Part 42 of the Companies Act 2006.
- 4 One of the members of the IPSA ('the Parliamentary member') must be a person who has been (but is no longer) a member of the House of Commons.
- 5 Apart from the Parliamentary member, a person who has been a member of the House of Commons at any time within the last five years may not be a member of the IPSA.
- 20 The Chair and Board members were appointed following an open recruitment process, conducted by an independent panel. Members are as follows:

### Chair: Professor Sir Ian Kennedy

Professor Sir Ian Kennedy LLD is a lawyer who, for the past few decades, has lectured and written on the law and the ethics of healthcare. He is

Emeritus Professor of Health Law, Ethics and Policy at the School of Public Policy, University College of London and Visiting Professor at the London School of Economics. He has earned a reputation for safeguarding the interests of members of the public in healthcare and is, perhaps, best known as the leader of the public inquiry into the deaths in children's heart surgery at the Bristol Royal Infirmary (1998-2001). In 2010, he produced a review of Children's Services in the National Health Service.

**Former holder of high judicial office:  
The Rt Hon Sir Scott Baker**

Sir Scott Baker was called to the Bar in 1961. He was appointed as a Recorder in 1976 and remained one until he was appointed as a High Court Judge in the Family Division in 1988. In 1992, he transferred to the Queen's Bench Division. In 1978 he was appointed as a Queen's Counsel. He became a Lord Justice of Appeal in 2002. He was a member of the Government Committee of Inquiry into Human Fertilisation (the Warnock Committee) 1982-84. He sat as coroner for the inquests into the deaths of Diana, Princess of Wales and Dodi Fayed in 2007 and 2008. He was made an Honorary Fellow of Brasenose College, Oxford in 2003.

**Registered Auditor: Professor Isobel Sharp CBE**

Isobel Sharp is a registered auditor and chartered accountant. She advises on corporate governance and other public policy matters for Deloitte LLP. Isobel is a Visiting Professor at the University of Edinburgh Business School and was President of The Institute of Chartered Accountants of Scotland for 2007-08. She served on the UK's Accounting Standards Board, during which time it was considering pension issues, and the Financial Reporting Review Panel.

In particular, she contributed to a book on reward governance for senior executives. Isobel was a member of the Independent Review of Parliamentary Allowances group which reported in 2008 on the Reimbursement of Expenses for Members of the Scottish Parliament.

**Former Member of Parliament: Jackie Ballard**

Jackie Ballard has worked in the public and the voluntary sector. In her early career she was a social worker and then a Further Education lecturer. She has been elected to four tiers of government – Town, District and County Council and was the Member of Parliament for Taunton from 1997-2001. In Parliament, she was spokesperson on Women's Issues and on Local Government from 1997-99 and from 1999-2001 was Deputy Home Affairs Spokesman with responsibility for the voluntary sector. Between 2002 and 2007 she was Director General of the RSPCA and in October 2007 she was appointed Chief Executive of Action on Hearing Loss (formerly RNID).

**Ken Olisa OBE**

Ken Olisa is an IT entrepreneur and philanthropist with a focus on social inclusion. His executive career at IBM and Wang prepared him to found and float Interregnum. Today he leads boutique technology merchant bank, Restoration Partners. He is an advisor to, or Director of, several companies including Thomson Reuters. His extensive pro bono experience includes NHS Trust NED, Peabody Trust Governor, Founding Chairman of the Powerlist Foundation and Chair of Thames Reach for which he was awarded an OBE in 2010. He is Deputy Master of the Information Technologists' Livery Company, a Vice President of BCS, the Chartered Institute for IT and in 2012, became an 1869

Benefactor Fellow at his old college, Fitzwilliam Cambridge. His regulatory experience includes his role as an inaugural Postal Services Commissioner and he is regulated by the FSA.

- 21 IPSA's Board is responsible for deciding the policies that form the scheme governing MPs' expenses. The Board is also responsible for setting IPSA's strategic direction. The Board meets at least once each month. Minutes of Board meetings are published on IPSA's website. In line with best practice, the Board reviewed its performance as part of an appraisal exercise undertaken by the National Audit Office in October and November 2011.

## **E IPSA's senior management**

- 22 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 executive Directors of IPSA are as follows:

Andrew McDonald, Chief Executive, joined IPSA in October 2009 on secondment from the Ministry of Justice.

Bob Evans, Director of Finance and Corporate Services, joined IPSA in December 2010, having previously been Finance Director at the Serious Fraud Office.

Anne Power, Director of Communications, joined IPSA in September 2010 from the Foreign and Commonwealth Office.

John Sills, Director of Policy, joined IPSA in February 2010 on secondment from the Ministry of Justice.

Scott Woolveridge, Director of Operations, joined IPSA in October 2010, from the retail financial services sector.

Scott Woolveridge and Anne Power joined on fixed-term appointments of two years which conclude in 2012.

## **F The Compliance Officer for IPSA**

- 23 The Constitutional Reform and Governance Act 2010 created provision for a new statutory office-holder, the Compliance Officer, whose principal function is to investigate claims that an MP may have been paid an expense to which he or she was not entitled.
- 24 Luke March resigned as Compliance Officer in August 2011 and was succeeded on an interim basis by Martyn Taylor. Following a competitive selection process, Peter Davis, a former police chief superintendent, took up post in December 2011.
- 25 The Compliance Officer reports to IPSA's Board and acts wholly independently of IPSA's executive. A separate report from the Compliance Officer is at Part III of this document.

Andrew McDonald  
Chief Executive

21 June 2012



# 2

## Annual Accounts

## 3. Statement of Accounts

### A Introduction

- 1 The statutory framework governing IPSA's activities is set out on in Section 4. The financial statements on pages 50 to 70 cover the financial year ending 31 March 2012. The IPSA accounts have been prepared to meet the requirements of the Parliamentary Standards Act 2009 and in accordance with the Government Financial Reporting Manual 2011-12, as specified in the direction issued by HM Treasury.

### B Management Commentary

- 2 The IPSA Estimate consists of four subheads:
  - Subhead A which includes programme funding for MPs' salaries, MPs' staff salaries and MPs' expenses. This subhead was substantially under-spent to the order of 15% of Estimate in 2011-12. This was due to the Estimate being based on MPs taking up their full budgets. For future years, the Estimate will be based on expected uptake.
  - Subhead B which contains IPSA's operational costs, including those of the Compliance Officer. This subhead was under-spent by 7% during 2011-12, due to delays to planned accommodation changes.
  - Subhead C was created by the Speaker's Committee for IPSA in 2011-12 to hold an unallocated provision. The Main Estimate for 2011-12 held an unallocated provision of £16.572m. In December 2012, IPSA brought forward a Supplementary

Estimate to use the whole of this reserve and transferred it to Subhead A.

- Subhead D was introduced as a result of the Clear Line of Sight (CLoS) reforms to central government accounting. This subhead funds provisions and impairments which carry over across the year end.

### Going concern note

- 3 The Statement of Financial Position at 31 March 2012 shows a negative taxpayers' equity. The future financing of IPSA is met by grants of supply approved annually by Parliament and there is no reason to believe that future approvals will not be forthcoming. Therefore, it is considered appropriate to adopt a going concern basis for the preparation of the IPSA accounts.

### Investment and funding

- 4 As an independent public body, IPSA is accountable to Parliament for its expenditure. Parliamentary approval for its 2011-12 spending plans was sought through its Supply Estimate (HC1340) presented to the House of Commons, specifying the estimated expenditure and requesting the necessary funds to be voted. In 2011-12 IPSA sought a Supplementary Estimate (HC1783) to draw down the unallocated provision in the Supply Estimate in case expenditure as a whole exceeded the planned budget. IPSA drew down voted funds during the year from the Consolidated Fund as required.

### The Speaker's Committee, Chair and members of IPSA

- 5 The Speaker's Committee for IPSA was established under the Parliamentary Standards Act 2009. Its current members include the Speaker, the Rt Hon John Bercow MP, the Rt Hon Sir George Young MP, Sir Bob Russell MP, the Rt Hon Nicholas Brown MP, Laura Sandys MP, the Rt Hon Angela Eagle MP, Charles Walker MP and the Rt Hon Kevin Barron MP. In addition the Committee has three lay members: Dame Janet Gaymer, Sir Anthony Holland and Elizabeth McMeikin.
- 6 The Committee has two key roles:
  - a) it considers the candidates proposed by the Speaker for the posts of Chair and members of IPSA before these candidates are appointed by Her Majesty the Queen on an address of the House of Commons; and
  - b) it reviews IPSA's annual Estimate of the resources it needs, before the Estimate is laid before Parliament. Its aim in doing so is to ensure the Estimate is consistent with the efficient and cost-effective discharge of IPSA's functions.
- 7 Information about the Chair and members of IPSA is at Section 2.

### Main activities and objectives

- 8 The Chief Executive's report at Section 1 contains a commentary on IPSA's main activities and objectives.

### Governance

- 9 The Parliamentary Standards Act 2009 appointed the Comptroller and Auditor General, Head of the National Audit Office, as the external auditor for IPSA. As disclosed in the notes a total notional cost of £85,000 was incurred in the audit services provided by the Comptroller and Auditor General.
- 10 The Internal Audit service is provided by PricewaterhouseCoopers (PwC), who report to IPSA's Audit and Risk Committee.
- 11 IPSA has established governance procedures in line with Cabinet Office guidelines, which are set out below in the Governance Statement.

### Policy for payment of suppliers

- 12 IPSA's policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within 30 days of the receipt of goods and services or the presentation of a valid invoice, whichever is the later. During the past year, IPSA paid 90% of its invoices by value within the target period.

### Climate change

- 13 The need to adapt to climate change is taken into account when IPSA is designing its policies. A risk assessment will be made of how climate change could affect a policy, programme or project. The depth of the assessment is proportionate to the costs, benefits and risks involved.

## Sustainability

<b>Energy and Emissions</b>			
<b>Area</b>	<b>Actual Performance</b>	<b>Normalised (per full-time employee)</b>	<b>Target Performance</b>
CRC expenditure	Not applicable	Not applicable	No target
Carbon emissions from office space	87 tonnes 2010-11 65 tonnes 2011-12 (estimate)	1.64 tonnes 1.23 tonnes	Reduce CO2 emissions in 2014 relative to 2011-12.
Total energy consumption kWh	215,181.20 2010-11 185,785.20 2011-12	2,532 kWh 3,505 kWh	Target 2013: 185,000 kWh
Total energy expenditure	£22,456.40 2010-11 £17,998.83 2011-12	£255 £339	
<b>Performance Commentary</b>			
IPSA is still on track to achieve its target to reduce emissions by 31% from 2010-11 levels, by the end of 2014-15. A target of 60 metric tonnes for 2014 is being considered.			
<b>Controllable Impacts Commentary</b>			
IPSA can control directly its general electricity consumption. Strategies are in place to reduce these impacts through ambient light survey and efficiency programmes.			
<b>Overview of Influenced Impacts</b>			
IPSA is a tenant in a large serviced building so cannot directly influence other carbon emissions. IPSA participates in local carbon reduction schemes run by the landlord and its major suppliers. It is able to influence the emissions of the supply chain through communicating with suppliers of goods and service. Additionally, IPSA is implementing a zero carbon delivery strategy during the Olympics.			
<b>Supplier Delivery Emissions</b>			
<b>Area</b>	<b>Actual Performance</b>	<b>Normalised (per full-time employee)</b>	<b>Target Performance</b>
Carbon emissions: consumables delivery	110.88 Kg 2009-10 46.2 Kg 2011-12	Not applicable 1.05 Kg	Reduce carbon emissions by 70% in 2012-13, relative to 2010 levels. Target for 2013: 35.40 Kg
Notional delivery expenditure	£1,320 2010-11 £570 2011-12	Not applicable £12.95	Reduce delivery frequency by 88% to 42 in number per annum



<b>Waste</b>			
<b>Area</b>	<b>Actual Performance</b>	<b>Normalised (per full-time employee)</b>	<b>Target Performance</b>
Total paper bought	1,350 reams / 3240 Kg 2010-11 1,630 reams / 3880 Kg 2011-12	36.8 73.2	Average: 1,588 per annum. Target: 6% reduction. 1,490 reams purchased in 2013
Total confidential waste paper recycled (Kilograms)	1,422 Kg 2010-11 1,402 Kg 2011-12	16.2 26.5	1,350 Kg to recycle in 2013
Total all waste recycled	4,178.51 Kg 2010-11 3,756.37 Kg 2011-12	47.5 70.9	Target: 10% increase in 2013
Total to burning for energy	772.84 Kg 2010-11 790.75 Kg 2011-12	7.9 14.9	Target: Reduce weight of waste for burning by 30% by 2013
Total all waste disposed (Kilograms)	5,151.35 Kg 2010-11 4,547.12 Kg 2011-12	58.5 85.8	Not applicable
Total waste expenditure	£3,500.54 2010-11 £2,813.50 2011-12	39.8 53.1	Not applicable
Total to landfill	None	None	Not applicable
Grey water waste consumption	1,122.5 m <sup>3</sup> 2010-11 1,110.66 m <sup>3</sup> 2011-12 (estimate)	12.8 20.9	Target: 1,010.25 m <sup>3</sup> to waste in 2013
Metered water consumption	2,245.5 m <sup>3</sup> / 2010-11 2,222.86 m <sup>3</sup> 2011-12 (estimate)	25.5 41.9	Target: 2,200.00 m <sup>3</sup> to consume in 2013
Water expenditure	£3,056 / 2010 -11 £1,839 / 2011-12 (estimate)	34.7 41.9	Not applicable

### **Performance Commentary**

IPSA has a target to reduce waste for burning due to a zero landfill strategy led by the current landlord. A new target is being considered for the period beyond 2013.

### **Controllable Impacts Commentary**

IPSA has direct control of paper products and food consumption. Reductions in headcount will assist achieving targets, along with a strategy to reduce these impacts through educative promotion to employees.

### **Overview of Influenced Impacts**

IPSA is able to influence its landlord regarding emissions and waste mitigation strategies through communicating via tenant meetings. Additionally, IPSA is actively implementing grey water reduction measures which result in an equal reduction for incoming fresh water.

### Rural Proofing

- 14 The MPs' Scheme of Business Costs and Expenses is designed to apply fairly to all constituencies across the United Kingdom and to take account of local needs. For example:
- the constituency travel budget is uncapped, so that MPs with long distances to travel are not at a disadvantage; and
  - IPSA allows MPs to claim for the rent of more than one constituency office if the geographical size of the constituency requires it.
- 15 The Scheme is reviewed annually and IPSA is aware that the rural impact needs to be understood and addressed when implementing any changes to ensure that MPs are able to work effectively for their constituents.

### Personal data

- 16 Details of IPSA's information security policy and practice can be found in the Governance Statement.

### Pensions and staff-related issues

- 17 Permanent employees of IPSA are eligible for membership of the Principal Civil Service Pension Scheme. This includes a choice between a defined benefit scheme and stakeholder pension. Liability will rest with the Scheme and not with IPSA.
- 18 Remuneration for the Chair and Board of IPSA and for Lay Members of the Speaker's Committee is not pensionable. The pension arrangements for Civil Service staff on secondment to IPSA are dealt with by their seconding department.
- 19 Information about our approach to managing staff is contained in the section headed "People" in Section 1.

### Events after the Reporting Period

- 20 There have been no events since the date of the Statement of Financial Position that would affect the financial statements for the year ended 31 March 2012.

## Use of Resources

The following table compares the Estimate with the outturn for resource and capital

	Estimate	Outturn	Underspend/ Overspend
	£'000	£'000	£'000
<b>MPs Expenses</b>			
Subhead A			
MPs' salary	49,198	48,386	812
MPs' staff salary and pensions	74,750	67,132	7,618
MPs' expenses (capped) (1)	28,137	18,781	9,356
MPs' expenses (uncapped) (1)	12,649	5,557	7,092
Winding up	0	91	(91)
<b>Subtotal</b>	<b>164,734</b>	<b>139,947</b>	<b>24,787</b>
IPSA Operating costs			
Subhead B (2)			
IPSA Staff	3,576	3,330	246
Non Staff Costs (3)	1,953	1,644	309
Non Cash	835	944	(109)
<b>Subtotal</b>	<b>6,364</b>	<b>5,918</b>	<b>446</b>
Subhead C			
Unallocated Provision	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>
Subhead D			
Provisions and Impairments	1,000	46	954
<b>Subtotal</b>	<b>1,000</b>	<b>46</b>	<b>954</b>
<b>Total Resources Estimate</b>	<b>172,098</b>	<b>145,911</b>	<b>26,187</b>
<b>Capital</b>	<b>2,602</b>	<b>435</b>	<b>2,167</b>
<b>Total Estimate</b>	<b>174,700</b>	<b>146,346</b>	<b>28,354</b>

(1) MPs' expenses are divided into capped budgets (principally accommodation, staffing and office-based costs) and uncapped budgets (travel and subsistence). A detailed breakdown is shown in Note 7 to the accounts.

(2) IPSA's operating costs are in Subhead B on the Estimate which includes the Compliance Staff cost. Non-staff costs are set out in detail in Note 9 of the accounts.

(3) IPSA drew down the unallocated provision of £16.572m in January 2012.

(4) IPSA has a new Subhead D for provisions and impairments which carry over the year end. This year the provision was used for early departure costs.

On resource, capital and cash the actual requirement was less than that requested. The main cause of this outcome was that the Estimate was based on the assumption that MPs would claim the maximum possible under the new Scheme.

### Disclosure of audit information to the auditors

- 21 As far as the Accounting Officer is aware, there is no relevant audit information of which IPSA's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that IPSA's auditors are aware of that information.

Signed

Date: 21 June 2012

Andrew McDonald  
Accounting Officer

## C Remuneration Report

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.

### 1 Chief Executive

The Chief Executive, Andrew McDonald, was selected by a panel chaired by the Speaker of the House of Commons and was appointed to the post by the Speaker. The terms and conditions, including the salary, were approved by the Speaker with the salary being benchmarked against similar public sector roles.

### 2 Chair and Board Members

Paragraphs 4(1) and 4(2) of Part 1, Schedule 1 of the Parliamentary Standards Act 2009 allow the appointment of a Chair and up to four Board Members, each for a term not exceeding five years, with the option for a single re-appointment for a maximum of three years (making eight years maximum appointment). All appointments are made through fair and open competition and on merit.

The Speaker determines the daily rate for the members. IPSA procured advice from recruitment consultants, who carried out a benchmarking exercise of remuneration at comparable organisations. Their report and recommendations formed the basis of the remuneration rates. The remuneration for the Chair and Board Members is non-pensionable.

Chair – £700 per day

The anticipated minimum time commitment from the IPSA Chair is approximately 2 days per week but a greater commitment may be needed at certain times. In 2011-12, a greater commitment was needed due to the absence of the Chief Executive on sick leave.

Board Members – £400 per day

The time commitment from the IPSA Board Members is approximately 2 days per month but, as for the Chair, a greater commitment may be needed at certain times.

### 3 IPSA Staff

The Parliamentary Standards Act 2009 states that IPSA should have a CEO and other staff necessary to assist in discharging the functions. The Act further provides that the remuneration and other terms and conditions should be broadly kept in line with those applying to persons employed in the Civil Service.

A majority of IPSA's staff are directly employed by IPSA on either permanent or Fixed Term contracts.

IPSA has a performance management system which ensures all employees have annual objectives which are reviewed on a bi-annual basis. In line with the public sector pay freeze IPSA did not issue any pay increases to employees in 2011-12. A remuneration strategy will be introduced in 2012-13. Pay is subject to setting by the IPSA Board sitting as a remuneration committee.

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

In addition to the executive and non-executive members of IPSA, IPSA is also responsible for paying the Lay Members of the Speaker's Committee for IPSA. The Committee considers the candidates proposed by the Speaker for the posts of Chair and Members of IPSA and reviews IPSA's annual Estimate of the resources it needs. The Lay Members are not employees of IPSA and are appointed under the Parliamentary Standards Act 2009, as amended by section 27 of the Constitutional Reform and Governance Act 2010. The Lay Members are paid a rate of £300 per day. No expenses were paid to any of the Lay Members in 2011-12.

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

### IPSA Chair and Board Members

Name	Appointed	Notice Period	End Date	Total Remuneration in 2010-11 £'000	Total Remuneration in 2011-12 [1] £'000
Prof Sir Ian Kennedy Chair	04/11/09	n/a	03/11/14	65-70	85-90
Rt Hon Sir Scott Baker Board Member	11/01/10	n/a	10/01/13	10-15	5-10
Jackie Ballard Board Member	11/01/10	n/a	10/01/13	5-10	5-10
Ken Olisa OBE Board Member	11/01/10	n/a	10/01/13	10-15	5-10
Prof Isobel Sharp CBE Board Member	11/01/10	n/a	10/01/13	5-10	5-10

No benefits in kind were paid, however Board members received the following expenses:

Name	Expenses reimbursed in 2011-2012
Prof Sir Ian Kennedy	Nil
Rt Hon Sir Scott Baker	Nil
Jackie Ballard	£29.50
Ken Olisa OBE	Nil
Prof Isobel Sharp CBE	Nil

**Note:**

[1] Total remuneration reflects payments made and not necessarily time committed.

### Lay Members

Name	Appointed	Notice Period	End Date	Total Remuneration in 2010-11 £'000	Total Remuneration in 2011-12 £'000
Dame Janet Gaymer Lay Member	26/01/11	n/a	25/01/16	0	0-5
Sir Anthony Holland Lay Member	26/01/11	n/a	25/01/14	0	0-5
Elizabeth McMeikan Lay Member	26/01/11	n/a	25/01/15	0	0-5

## IPSA CEO and Directors

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in IPSA in the financial year 2011-12 was £105,000-£110,000 (2010-11, £105,000-£110,000). In 2011-12, this was 3.5 times the median remuneration of the workforce, which was £30,500 (2010-11, £30,500).

In 2011-12, no employee received remuneration in excess of the highest-paid director.

The total consultancy and contingent labour expenditure in 2011-12 was £172k. This is a significant reduction compared to the previous year, which was £2.2m. The current workforce plan does not rely on the regular use of temporary staff. Expenditure in 2011-12 was largely incurred on short term support for the finance team pending the recruitment of permanent appointments.

Name and Title	Appointed	Notice Period	End Date (when not ongoing)	Total Remuneration (2010-11) £'000	Salary [3] (2011-12) £'000	Total Remuneration (2011-12) [4] £'000
Andrew McDonald [1] CEO	14/09/09	Secondee	Secondee	105 - 110	105 - 110	105 - 110
John Sills [2] Director of Policy	01/02/10	Secondee	Secondee	85 - 90	85 - 90	85 - 90
Scott Woolveridge Director of Operations	09/10/10	3 months	01/06/12	35 - 40	80 - 85	80 - 85
Anne Power Director of Communications	20/09/10	3 months	19/09/12	40 - 45	75 - 80	75 - 80
Bob Evans Director of Finance and Corporate Services	01/12/10	3 months	n/a	20 - 25	80 - 85	90-95 [5]

Remuneration Ratio	
Band of Highest Paid Director's Total Remuneration (£'000)	105-110
Median Total Remuneration (£'000)	30.5
Ratio	3.5

No benefits in kind were paid, however IPSA's Directors received the following expenses:

Name	Expenses reimbursed in 2011-12
Andrew McDonald	£324.43
John Sills	Nil
Scott Woolveridge	£25.00
Anne Power	Nil
Bob Evans	Nil

Notes:

- [1] Andrew McDonald is seconded from the Ministry of Justice. His precise salary has been published by IPSA and is currently £108,550.
- [2] John Sills is seconded from the Ministry of Justice.
- [3] The Accounting Officer is supported by a Senior Leadership Team which includes an Operations Director, a Communications Director, a Policy Director, and a Finance and Corporate Services Director. As at March 2012, one of these directors was seconded from the Civil Service, two were on fixed term contracts and one is a permanent IPSA employee.
- [4] IPSA does not pay bonuses on staff salaries.
- [5] 2011-12 remuneration includes backdated pay to the start of the individual's contract in December 2010, inclusive of an arrears payment backdated to December 2010.

### Benefits in kind

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.

During the period to 31 March 2012, no benefits in kind were given to the Chair, Board Members, Lay Members, CEO or Directors.

### Pension Liabilities

Non-seconded employees of IPSA are covered by the provisions of the Principal Civil Service Pension Scheme. The scheme 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 scheme can be found at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

### Cash Equivalent Transfer Values

The Cash Equivalent Transfer Value (CETV) is the actuarially 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. It 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 opening CETV shown in this year's report will differ from the amount shown as the closing CETV in last year's Report, because the factors used in the CETV calculation have been revised during this year.

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.



The CETV figures, and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

### Pension information for Directors

The figures given below have been supplied by 'My Civil Service Pension Scheme', after liaising with the relevant administrator for those who are secondees\*.

Name	Real increase in pension 2011-12 £'000	Real increase in lump sum 2011-12 £'000	Pension at end date 31 March 2012 £'000	Lump sum at end date 31 March 2012 £'000	CETV at start date £'000	CETV at end date £'000	Real increase in CETV as funded by employer £'000
Andrew McDonald*	(0-2.5)	(0-2.5)	35-40	110-115	577	621	(4)
John Sills*	0-2.5	0-2.5	20-25	60-65	369	402	1
Anne Power	2.5-5	12.5-15	20-25	60-65	224	310	66
Scott Woolveridge [1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bob Evans [2]	0-2.5	-	0-5	-	-	13	(2)

Notes:

[1] Scott Woolveridge is a member of the partnership scheme. In 2011-12 IPSA's contribution to this as his employer totalled £13,733.79.

[2] Bob Evans joined the IPSA pension scheme in September 2011.

## **D Statement of Accounting Officer's responsibilities**

Under the Parliamentary Standards Act 2009, HM Treasury has directed the Independent Parliamentary Standards Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction at Section 4. 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.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding IPSA's assets, are set out in *Managing Public Money*, published by HM Treasury.

## E Governance Statement 2011-12

### Scope of responsibility

As provided for by the Parliamentary Standards Act 2009, IPSA is a body corporate, independent of Government and Parliament. As Chief Executive Officer, I am Accounting Officer for IPSA, appointed by the Speaker of the House of Commons.

As Accounting Officer, I have responsibility for maintaining a sound system to manage and control the resources used to support the achievement of IPSA's policies, aims and objectives, whilst safeguarding the public funds and authority assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

### Activities

My report at Part 1 covers activities undertaken by IPSA during the financial year 2011-12. IPSA's two key statutory functions – regulation and administration – essentially remained unchanged. Our regulatory remit, however, expanded: in addition to our responsibility for the MPs' Scheme of Business Costs and Expenses, during the year, Parliament asked us to set the level of MPs' pay and pensions. As detailed in my report, we also introduced a number of improvements to our administration, and embarked on a programme to ensure IPSA delivers the savings it has committed to deliver while maintaining output and appropriate levels of assurance. I am confident the control framework described in this Governance Statement was appropriate for our activities during 2011-12.

### Governance Framework

The following processes maintain and review the effectiveness of the system of internal control and risk management:

- A Senior Leadership Team which meets weekly to discuss and consider current business issues.
- A clear strategy and corporate plan that set out the key priorities and activities across the next four years. The plan includes IPSA's Key Performance Indicators (KPIs) and associated targets, each clearly owned by a senior manager. These are monitored on a monthly basis and a management report is provided at monthly Board meetings.
- The Risk and Assurance Working Group which has responsibility for the management of risk and issues across the Authority, including advising the Audit Committee (which supports the Board) on questions around risk appetite and for ensuring that all staff are aware of and use the risk management processes.
- Internal Audit services, provided by PricewaterhouseCoopers (PwC). The Internal Audit service provides regular reports, which meet the Government Internal Audit Standards and delivers an independent opinion on the adequacy and effectiveness of IPSA's risk, control and governance arrangements together with recommendations for improvement.
- The Audit Committee, which has met in June, July, October and December 2011 and January 2012 and will continue to meet at least twice a year.
- A Change Board to provide project management oversight and to approve and monitor all projects which result in changes to IPSA's operational processes, supported by a dedicated change manager.

The Accounting Officer has received assurance statements from the Director of Operations, Director of Policy and Director of Finance and Corporate Services which

confirm the adequacy of controls within their areas of responsibility. In addition I have the benefit of reports from the head of the Assurance and Review team, which is responsible for independently reviewing the operation of the MPs' Scheme of Business Costs and Expenses.

IPSA's funding is also subject to scrutiny by the Speaker's Committee for IPSA, which is responsible under the Parliamentary Standards Act 2009 for ensuring that the estimate is consistent with the efficient and cost-effective discharge by IPSA of its functions.

The Compliance Officer, who is responsible independently to the IPSA Board for reviewing the regularity of payments under the MPs' Scheme of Business Costs and Expenses, has also given confirmation that he is not aware of any issues which would compromise IPSA's internal controls.

In September 2011, IPSA established a sustainability programme. This is a programme of projects designed to ensure IPSA achieves its objective of delivering a saving equating to 5% throughout the current Comprehensive Spending Review

(CSR) period (ending in 2013-14), while maintaining or improving output. Its projects are grouped into three workstreams focused on skills development, process efficiencies and infrastructure improvements. The programme encompasses all key projects within IPSA and the Change Board acts as the programme board.

### IPSA Board

The IPSA 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.

In line with best practice, the Board reviewed its own performance as part of an appraisal exercise undertaken by the National Audit Office (NAO) in October and November 2011.

The Board is supported by the Audit and Risk Committee (ARC) and the table below shows attendance at Board and ARC meetings held during 2011-12.

Name	Board meetings (15 in year)	Audit and Risk Committee meetings (5 in year)
Prof Sir Ian Kennedy Chair	15	5
Rt Hon Sir Scott Baker Board Member	14	5
Jackie Ballard Board Member	11	4
Ken Olisa OBE Board Member	14	4
Prof Isobel Sharp CBE* Board Member	15	5
* Chair of the Audit and Risk Committee		

## Corporate Governance

The Corporate Governance Code issued by HM Treasury 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 requirements of the Code where they are relevant to its statutory position, in most cases complying with the letter and the spirit of the Code's provisions. Where the requirements of the Parliamentary Standards Act 2009 differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament.

There is one area where to comply fully with the Code would result in IPSA's governance arrangements being in conflict with the intention of Parliament: the Code requires Boards of departments to be chaired by the lead minister and for membership to be balanced, with an equal number of ministers, senior officials and non-executive members (Provision 3.3). The composition of the IPSA Board is determined by the Act which requires that the Board should be chaired by a non-executive Chairman with a majority of non-executive members.

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, and nominations and governance. During 2011-12, as mentioned above, the IPSA Board was supported in its role by the Audit and Risk Committee.

## Risk management

Within IPSA, risk matters are handled primarily through the Risk and Assurance Working Group. This is chaired by the Director of Finance and Corporate Services, who provides regular reports on risk matters to the Accounting Officer, Senior Leadership Team and Audit and Risk Committee. IPSA

has a risk appetite policy, which has been approved by IPSA's Board, which is used in determining its risk management strategy. Risk appetite is ranked on a five point scale from zero, through low, modest, moderate to high. At present, IPSA judges that it will tolerate:

- low risks for financial matters;
- modest risks for reputation and compliance;
- moderate risks for operational and policy delivery.

The risk appetite is reviewed biannually and will be developed gradually to provide a more detailed breakdown of risk categories.

## Fraud prevention

The nature of IPSA's role means that it has to ensure the minimum possible risk of fraud, even compared to the standards normally applied to the management of public money.

For payment of MPs' expenses, this is achieved through a multi-layered assurance process consisting of:

- the underlying claims process which requires every payment to be supported by a receipt or similar documentary evidence;
- a framework of validation under which all claims are subject to scrutiny, driven by the relative risks attached to each expense category, for compliance with the Scheme and satisfactory supporting evidence;
- a separate internal Assurance and Review Team and process which considers a sample of payments to check they are accurate; and
- public transparency through publication of all payments.

In addition to the IPSA assurance process, the Compliance Officer provides a further independent stage, through his role in reviewing and, if necessary, investigating payments. There are also other measures, including a whistleblowing policy which is provided by Public Concern at Work, to ensure that irregularities are identified and brought to management attention.

This adds up to a rigorous and, IPSA believes, effective, process to minimise the risk of fraudulent claims.

For IPSA's own expenditure, all payments originate within the finance team. Payments to suppliers are only made following the sign off of a purchase order by the Finance Director. All invoices are subject to double signature and checking by either the Finance Director or Financial Controller, as are all payments.

## Review of effectiveness

### *Internal Audit*

During 2011-12, the internal auditors reviewed the following activities:

- data security;
- overpayments;
- use and storage of standing data across IPSA;
- operation of the MPs' expenses systems.

Meetings with PwC are held regularly to discuss emerging issues.

In their annual opinion in support of the 2011-12 annual report, PwC indicated that there was some risk that management's objectives may not be fully realised. This moderate assurance indicates that PwC have identified mostly low and medium rated risks in the course of audits of business critical systems and is similar to last year's opinion.

### *Data security*

The Finance and Corporate Services Director is the Senior Information Risk Officer and advises me on the effectiveness with which IPSA manages the risks associated with the information that IPSA handles. Each member of the Senior Leadership Team acts as an Information Asset Owner, responsible for managing the risks associated with their information assets. This accountability ensures appropriate protection is maintained. All IPSA staff have attended a programme of information management security briefings and have completed the on-line training in protecting information provided by the National School of Government. IPSA's staff have also received data protection awareness training. In September 2011 IPSA achieved re-accreditation of its information systems under the Risk Management Accreditation Document Set (RMADS) standard in accordance with HMG Information Assurance (IA) 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, by regular post-implementation IA reviews, which also constitute best business practice.

### *Internal control*

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and managers within IPSA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I can confirm that a system of internal control was in place during the year, to the period ended 31 March 2012 and up to the date of approval of the accounts. I can

confirm that no significant gaps in controls and assurances were identified during the year and therefore no significant risks materialised from controls. IPSA has put in place additional controls to ensure the regularity of expenditure. In particular, it will ensure that funds voted to IPSA are used for Parliamentary and not political purposes.

Overpayments were made to a number of MPs and their staff during the year, due to a breakdown in internal processes. The overpayments were detected immediately through the routine reconciliation process and all the sums involved have either been recovered or are in the process of recovery. Following a review by Internal Audit, the Audit and Risk Committee agreed a number of recommendations to avoid a repetition of these problems and these have been implemented. In light of our experience with overpayments, and NAO advice concerning reconciliation of payments and claims, IPSA plans to introduce a formal debt management process for the coming year.

### *Strategic challenges*

IPSA maintains a strategic risk register which identifies the main challenges facing the organisation as a whole which need to be addressed at senior management or Board level.

The key strategic challenges currently before IPSA are:

- The need to safeguard IPSA's independence. Independence is fundamental to IPSA's credibility as an effective regulator of MPs' pay, business costs and expenses and as a relatively new body it still needs to preserve carefully its status.
- IPSA's small size, particularly in relation to the public scrutiny it receives. There is a constant risk the limited resources will be worn down by attritional criticism of its policy and administration. Our response is a ruthless prioritisation of IPSA's activities and an effective communications strategy.
- A tight budget for IPSA operations which requires a saving equating to 5% over each year of the Comprehensive Spending Review period. As a new organisation IPSA was set up with a taut budget and the savings required are challenging in the face of additional policy requirements such as the need to review MPs' pay and pensions. IPSA aims to meet this challenge through a medium term programme of efficiency savings which includes a project to sub-let 50% of its current floor-space in order to reduce its fixed costs.
- The need constantly to safeguard personal data and to ensure that MPs and their staff have confidence in IPSA to store and manage the information it holds on them securely and responsibly. IPSA believes it has robust security arrangements in place to deliver this objective but in view of the damage which could arise from a data breach it is right that this issue should be high up the priorities for the Board and executive.
- The risk of disruption to service delivery arising from 2012 London Olympics. This is being mitigated by detailed business continuity planning and a flexible approach to working during the peak period.
- The need to ensure that data is accurate and is used and stored efficiently. This is a key strategic objective for the 2012-13 Corporate Plan.
- Ensuring that the organisation preserves the capability and capacity to deliver change, even when faced by challenging service delivery targets.

The IPSA Corporate Plan, which is available on the IPSA website, is a key tool in ensuring that the organisation focuses on and delivers against these strategic challenges.

The key challenge for IPSA over the coming year will be the review of MPs' pay and pensions. In passing the Constitutional Governance and Reform Act 2010, Parliament put an end to the situation whereby MPs decide their own pay and pension arrangements. In May 2011 and October 2011 IPSA was given the powers to determine and review MPs' pay and pensions, respectively. IPSA is now beginning its review of MPs' long-term remuneration and will shortly be launching a public consultation. The aim is to report by April 2013.

Signed  
Date: 21 June 2012

Andrew McDonald  
Accounting Officer



## **F 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 2012 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 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. 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 2012 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 2012 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 HM Treasury directions made under the Parliamentary Standards Act 2009; and
- the information given in Management Commentary 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.

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

Date: 22 June 2012

## G. IPSA (Parliamentary Supply) Accounts 2011-2012

### Statement of Parliamentary Supply

2010-11 comparators in these accounts are based on 11 months for Subhead A

SUMMARY OF RESOURCE AND CAPITAL OUTTURN 2011-2012							
						2011-2012	2010-2011
						Voted outturn compared with Estimate: saving/ excess	Outturn
		Estimate	Outturn				
	Note	Voted	Total	Voted	Total		Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Department Expenditure Limit</b>							
-Resource	2	171,098	171,098	145,865	145,865	25,233	125,928
-Capital		2,602	2,602	435	435	2,167	3,479
<b>Annual Managed Expenditure</b>							
-Resource	2	1,000	1,000	46	46	954	0
-Capital		0	0	0	0	0	0
<b>Total Budget</b>		174,700	174,700	146,346	146,346	28,354	129,407
<b>Non-Budget</b>							
-Resource		0	0	0	0	0	0
<b>Total</b>		174,700	174,700	146,346	146,346	28,354	129,407
Total Resource	2	172,098	172,098	145,911	145,911	26,187	125,928
Total Capital		2,602	2,602	435	435	2,167	3,479
<b>Total</b>		174,700	174,700	146,346	146,346	28,354	129,407

NET CASH REQUIREMENT 2011-2012		2011-2012		2011-2012		2010-2011	
		Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)		Outturn	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Net cash requirement	4	172,865	146,002	26,863			123,363

OPERATIONAL COSTS 2011-2012		2011-2012		2011-2012		2010-2011	
		Estimate	Outturn	Outturn		Outturn	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Operational costs	6	6,364		5,964			7,870

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

Explanations of variances between Estimates and outturn are given in Note 2 and in the Management Commentary.

For Estimates purposes all IPSA's spend is classified as Programme. The Statement of Parliamentary Supply does not therefore report outturn against an Administrative Cost Limit.

## Statement of Comprehensive Net Expenditure

FOR THE YEAR ENDED 31 MARCH 2012			2011-2012	2010-2011
	Note		£'000	£'000
			IPSA	IPSA
<b>MP's expenses scheme costs</b>				
MP and MP Staff pay costs	7		115,609	98,679
MP and MP Staff expenses	7		24,338	19,379
Income			0	0
<b>IPSA Operational costs</b>				
Staff costs	8		3,376	5,237
Other costs	9		2,588	2,633
Income			0	0
<b>Net Operating Cost for the year ended 31 March 2012</b>			<b>145,911</b>	<b>125,928</b>
Total expenditure			145,911	125,928
Total income			0	0
<b>Net Operating Cost for the year ended 31 March 2012</b>			<b>145,911</b>	<b>125,928</b>
<b>Other Comprehensive Net Expenditure</b>			<b>0</b>	<b>0</b>
<b>Total comprehensive expenditure for the year ended 31 March 2012</b>			<b>145,911</b>	<b>125,928</b>

## Statement of Financial Position

AS AT 31 MARCH 2012					
		2012		2011	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, Plant & Equipment	10	2,790		3,477	
Intangible assets	11	238		86	
<b>Total non-current assets</b>			<b>3,028</b>		<b>3,563</b>
<b>Current assets:</b>					
Trade and other receivables	13	2,039		1,732	
Cash and cash equivalents	14	5,814		3,525	
<b>Total current assets</b>			<b>7,853</b>		<b>5,257</b>
<b>Total assets</b>			<b>10,881</b>		<b>8,820</b>
<b>Current liabilities:</b>					
Trade and other payables	15	(6,594)		(7,044)	
Provisions	16	(80)		0	
Other liabilities	15	(5,814)		(3,525)	
<b>Total current liabilities</b>			<b>(12,488)</b>		<b>(10,569)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>			<b>(1,607)</b>		<b>(1,749)</b>
<b>Non current liabilities:</b>					
Provisions	16	(191)		(225)	
<b>Total non current liabilities</b>			<b>(191)</b>		<b>(225)</b>
<b>Assets less liabilities</b>			<b>(1,798)</b>		<b>(1,974)</b>
<b>Taxpayers' equity:</b>					
General fund			(1,798)		(1,974)
<b>Total taxpayers' equity</b>			<b>(1,798)</b>		<b>(1,974)</b>

The notes on pages 55 to 70 form part of these accounts.

Andrew McDonald  
Accounting Officer  
21 June 2012

## Statement of Cash Flows

FOR THE PERIOD ENDED 31 MARCH 2012

		2011-2012	2010-2011
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating cost		(145,911)	(125,928)
Adjustments for non-cash transactions			
Depreciation	9	859	326
Impairments	9	0	8
External Audit	9	85	95
(Increase)/Decrease in trade and other receivables	13	(262)	(475)
Increase/(Decrease) in trade and other payables	15	(450)	5,975
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	15	(33)	279
Use of provisions	16	46	115
Less Net Movement on Deposits and advances	13	(45)	(1,208)
<b>Net cash outflow from operating activities</b>		<b>(145,711)</b>	<b>(120,813)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(201)	(2,510)
Purchase of intangible assets	11	(90)	(40)
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>		<b>(291)</b>	<b>(2,550)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		148,291	124,678
From the Consolidated Fund (Supply) – prior year		0	0
<b>Net financing</b>		<b>148,291</b>	<b>124,678</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>2,289</b>	<b>1,315</b>
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>		<b>2,289</b>	<b>1,315</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,525</b>	<b>2,210</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>5,814</b>	<b>3,525</b>

\*The Net Movement on Deposits and Advances are now disclosed as part of Operating Activities instead of cash flows from investing activities.

The notes on pages 55 to 70 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

FOR THE YEAR ENDED 31 MARCH 2012

		General Fund	Total Reserves
	Note	£'000	£'000
<b>Balance as at 1 April 2010</b>		496	496
Net Parliamentary Funding – drawn down		124,678	124,678
Net Parliamentary Funding – deemed supply		2,210	2,210
Supply payable adjustment	15	(3,525)	(3,525)
Comprehensive Net Expenditure for the Year		(125,928)	(125,928)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	9	95	95
<b>Balance at 31 March 2011</b>		(1,974)	(1,974)
<b>Balance at 1 April 2011</b>		(1,974)	(1,974)
Net Parliamentary Funding – drawn down		148,291	148,291
Net Parliamentary Funding – deemed supply		3,525	3,525
Supply payable adjustment	15	(5,814)	(5,814)
Comprehensive Net Expenditure for the Year		(145,911)	(145,911)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	9	85	85
<b>Balance at 31 March 2012</b>		(1,798)	(1,798)

The notes on pages 55 to 70 form part of these accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared to account for the receipt of Parliamentary Supply through the Supply Estimate (HC 229). They have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by Her Majesty's Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of IPSA for the purpose of giving a true and fair view has been selected. The particular policies adopted by IPSA are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires IPSA to prepare an additional primary statement:

- The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Prior-year adjustments

The accounts have been prepared under Clear Line of Sight (CLoS) and prior year financial statements have been represented to take account of the reforms introduced as part of the CLoS initiative, as advised by HMT. The aim of CLoS is to bring alignment to the reporting of government spending in resource accounts, departmental budgets and the Supply Estimates.

#### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention as modified by the reporting of non-current assets at fair value. There has been no revaluation of property, plant and equipment and intangibles which are considered short-life assets.

#### 1.3 Financing and Going Concern

IPSA is resourced by funds approved by the Speaker's Committee for IPSA through the annual Appropriation Act. 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 by the House of Commons in the Appropriation Act. There is no reason to believe that future funding will not be forthcoming. The Accounts have therefore been prepared on a going concern basis.

#### 1.4 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between Subhead A, MPs' pay staffing and expenses, and Subhead B, IPSA's operational costs.

#### 1.5 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.

### 1.6 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 historic 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.

### 1.7 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 historic 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.

### 1.8 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. 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
IT and computers	5 years
Other equipment	5 years
Furniture, fixtures and fittings	5 years
Intangible Assets	5 years

### 1.9 Trade 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.

### 1.10 Treatment of Receipts

IPSA does not receive income from its activities and such receipts as it receives are repayments of expenses which are not used for Parliamentary purposes. For 2012-13, MPs will be obliged under para.14 of Annex A to the Fourth Edition of the MPs' Scheme of Business Costs and Expenses to repay the public share of any notional capital gains on residential property. Any sums surrendered by MPs over and above the amounts due under this paragraph may be treated as CFER and surrendered to the Consolidated Fund.

### 1.11 Operating leases

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

### 1.12 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.

### 1.13 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. There were no contingent liabilities in this period.

### 1.14 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.

### 1.15 Staff costs

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them.

### 1.16 Significant Accounting Judgements and Estimates

MPs may submit a claim up to 90 days after incurring the expenditure and claims may therefore be outstanding after the date at which the accounts are finalised. An estimate of the outstanding balance of claims for MPs' expenses arising out of 2011-12 has been made by IPSA in preparing these accounts, based on submissions after 31 March 2012 and on comparative claim patterns made in 2010-11.

### 1.17 Recognition of MPs' claims

For the purpose of determining the timing of MPs' business costs and 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 pre-payment have been accrued for the period in question.

Rental and other payments which are made direct by IPSA on the MP's 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 the 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.

### **1.18 Impending application of newly issued accounting standards not yet effective**

IPSA provides disclosure that 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 no new standards issued for 2011-12 and not applied, which would materially affect IPSA's financial statements. IPSA has also not adopted any standards early.

## 2. Net outturn

### 2.1 Analysis of net resource outturn by section

	2011-2012						2010-2011 Outturn
	Outturn			Estimate			
	Programme		Total	Net Total	Net Total compared to Estimate	Total	
Gross	Income	Net					
<b>Spending in Departmental Expenditure Limit</b>							
Voted:-							
A. MPs' pay, staffing and expenses	139,947	0	139,947	139,947	164,734	24,787	118,058
B. IPSA operational costs	5,918	0	5,918	5,918	6,364	446	6,388
C. Unallocated provision	0	0	0	0	0	0	0
<i>C. 2010 Residual Set Up Costs</i>	0	0	0	0	0	0	1,482
<b>Spending in Annual Managed Expenditure</b>							
Voted:-							
D. Provisions and Impairments	46	0	46	46	1,000	954	0
<b>Total</b>	<b>145,911</b>	<b>0</b>	<b>145,911</b>	<b>145,911</b>	<b>172,098</b>	<b>26,187</b>	<b>125,928</b>

### 2.2 Analysis of net capital outturn by section

	2011-2012						2010-2011 Outturn
	Outturn			Estimate			
	Gross	Income	Net	Net	Net Total compared with Estimate	Net	
<b>Spending in Departmental Expenditure Limit</b>							
Voted:-							
A. MPs' pay, staffing and expenses	111	0	111	1,602	1,491	1,208	
B. IPSA operational costs	324	0	324	1,000	676	2,271	
C. Unallocated provision	0	0	0	0	0	0	
<b>Spending in Annual Managed Expenditure</b>							
Voted:-							
D. Provisions and Impairments	0	0	0	0	0	0	
<b>Total</b>	<b>435</b>	<b>0</b>	<b>435</b>	<b>2,602</b>	<b>2,167</b>	<b>3,479</b>	

## 3. Reconciliation of outturn to net operating cost and against Subhead B

### 3.1 Reconciliation of net resource outturn to net operating cost

		2011-2012	2010-2011
		£'000	£'000
	Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	2	145,911	125,928
Less: Income Payable to the Consolidated Fund	5	0	0
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>145,911</b>	<b>125,928</b>

#### 4. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2011-2012	2010-2011
	£'000	£'000
<b>Net Resource Outturn</b>	145,911	125,928
<b>Capital:</b>		
Acquisition of property, plant and equipment	234	2,231
Purchase of intangible assets	90	40
Property deposits for MPs	111	1,208
<b>Net Outturn</b>		
<b>Accruals Adjustments:</b>		
Non cash items		
Depreciation	(859)	(326)
Impairments	0	(8)
Auditors remuneration	(85)	(95)
Changes in working capital other than cash	646	(5,500)
Changes in provision for liabilities and charges	(46)	(115)
<b>Net cash requirement</b>	146,002	123,363
From the Consolidated Fund (Supply) – current year	(148,291)	(126,888)
From the Consolidated Fund (Supply) – prior year	0	2,210
Amounts due to the Consolidated Fund received and not paid over	0	0
Amounts due to the Consolidated Fund received in prior year and paid over		
<b>Increase/(decrease) in cash held by body</b>	<b>2,289</b>	<b>1,315</b>

#### 5. Analysis of income payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the period to 31 March 2012 or in Financial Year 2010-2011.

#### 6. Statement of Operating Costs By Operating Segment

IPSA's operating segments correspond with the Subhead detail of the 2011-12 Request for Resources. The reportable segments are reported to the IPSA Board in its management accounts.

	2011-2012	
	IPSA operational costs	MPs' expenses scheme
Gross Expenditure	5,964	139,947
Income	0	0
<b>Net Expenditure</b>	<b>5,964</b>	<b>139,947</b>

#### Description of segments

IPSA operational costs – the operating costs of IPSA.

MPs' expenses scheme – the costs of MPs' pay, staffing costs and expenses.

## 7. MPs' expenses scheme costs

	2011-2012	2010-2011
	£'000	£'000
<b>MP and MP Staff Pay and Expenses</b>		
MP Salary cost	43,718	39,157
MP Staff Salary cost	56,521	46,861
Employers National Insurance	9,905	8,132
MP Staff Superannuation	5,374	4,453
MP Winding Up Costs	91	76
	<b>115,609</b>	<b>98,679</b>
<b>Capped Budgets</b>		
<b>Accommodation Expenses and Office Expenditure</b>		
Property rent	8,296	6,258
Mortgage interest	339	455
Utility costs	652	429
Council Tax	411	339
Service charges	198	230
Rates	187	229
Other premises costs	262	235
Insurance	389	147
Professional services	1,765	1,202
Stationery and other office supplies	1,788	1,171
Telephone and internet	1,504	968
Pooled services	891	763
Computers	533	721
Office furniture	171	283
Photocopiers and televisions	288	244
Publicity, advertising and communications	226	199
Website design and hosting	175	170
Other	706	573
<b>Total Capped Expenditure</b>	<b>18,781</b>	<b>14,616</b>
<b>Uncapped Budgets</b>		
Travel		
Car	1,584	1,118
Air	964	718
Rail	1,805	1,407
Taxi	65	56
Other	122	126
Hotels	559	522
Food and drink	141	74
Training	130	483
Parking	133	104
Other (including MP training, telephony, insurance)	54	155
<b>Total Uncapped</b>	<b>5,557</b>	<b>4,763</b>
<b>Total Programme Costs</b>	<b>139,947</b>	<b>118,058</b>

## 8. Staff numbers and related costs

### Staff costs comprise:

	2011-2012						2010-2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Total	Permanent Staff	Seconded Staff	Agency Staff	Chairman & IPSA Board	SCIPSA Lay Members	Total
Wages and salaries	2,545	2,098	324	0	114	9	2,392
Social security costs	238	187	39	0	12	0	198
Other pension costs	434	355	79	0	0	0	378
Seconded Staff - VAT	0	0	0	0	0	0	49
<b>Sub Total</b>	<b>3,217</b>	<b>2,640</b>	<b>442</b>	<b>0</b>	<b>126</b>	<b>9</b>	<b>3,017</b>
Agency staff	159	0	0	159	0	0	2,220
<b>Total net costs*</b>	<b>3,376</b>	<b>2,640</b>	<b>442</b>	<b>159</b>	<b>126</b>	<b>9</b>	<b>5,237</b>
<b>2010-11</b>	<b>5,237</b>	<b>1,915</b>	<b>984</b>	<b>2,220</b>	<b>118</b>	<b>0</b>	

\* Of the total £0 has been charged to capital.

Full details of the remuneration of the Board Members are provided 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 2011-12, employers' contributions of £334,660 were payable to the PCSPS (2010-11 £223,510) at one of four rates in the range 16.7 to 24.3 per cent (2010-11: 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 will remain unchanged until 2012-13. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £18,853 (2010-11 £11,042) 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 (2010-11: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,184 (0.8 per cent; 2010-11: 747) 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. Contributions due to the partnership pension providers at the reporting date were £1,582. Contributions prepaid at that date were £0.

### Average number of persons employed:

The average number of whole-time equivalent persons employed or seconded to IPSA during the period was as follows. These figures include all those working in the IPSA Programme Team in addition to those employed directly by IPSA. The average was calculated as the average of people in post by month over the 12 months to 31 March 2012.

Strategic Objective	2011-12 Number					2010-2011 Number
	Total	Permanent Staff	Seconded Staff	Others	Chairman & IPSA Board	Total
<b>Total</b>	<b>67</b>	<b>55</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>88</b>

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 – £25,000	0	1	1
£25,000 – £50,000	0	0	0
£50,000 – £100,000	0	1	1
£100,000 – £150,000	0	0	0
£150,000 – £200,000	0	0	0
Total number of exit packages	0	2	2
<b>Total cost /£'000s</b>	<b>0</b>	<b>80</b>	<b>80</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 Superrannuation 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, £536.73 was paid out in R&R awards (2010-2011: £118) and the following table gives the numbers of people receiving total awards in bands:

Total value of rewards received	No of people in band	2010-11
Under £50	29	8
£51 to £100	0	0
£101 to £150	0	0
£151 to £200	0	0
Over £200	0	0
<b>Total no. of recipients</b>	<b>29</b>	<b>8</b>



## 9. IPSA Operational Costs

	2011-12	2010-11
	£'000	£'000
Rent, rates and service charges	667	768
Other property costs	81	119
IT services and telephony	481	517
Legal	104	212
Internal Audit Services	90	106
Recruitment and advertising	15	101
Training (IPSA Staff)	21	80
Printing, postage and stationery	88	117
Professional services	13	77
Publicity	32	54
Travel and subsistence	4	28
Accommodation search, design and relocation	0	0
Conferences and events	0	0
Non-cash items:		
Depreciation	789	314
Amortisation	70	12
Impairments	0	8
Profit/Loss on Disposals	0	0
External Audit	85	95
Other	48	25
<b>Total</b>	<b>2,588</b>	<b>2,633</b>

## 10. 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 2011	1,044	2,480	267	0	3,791
Additions	0	186	0	48	234
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	(132)	0	0	(132)
<b>At 31 March 2012</b>	<b>1,044</b>	<b>2,534</b>	<b>267</b>	<b>48</b>	<b>3,893</b>
<b>Depreciation</b>					
At 1 April 2011	180	80	54	0	314
Charged in year	216	516	57	0	789
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
<b>At 31 March 2012</b>	<b>396</b>	<b>596</b>	<b>111</b>	<b>0</b>	<b>1,103</b>
<b>Carrying amount at 31 March 2011</b>	<b>864</b>	<b>2,400</b>	<b>213</b>	<b>0</b>	<b>3,477</b>
<b>Carrying amount at 31 March 2012</b>	<b>648</b>	<b>1,938</b>	<b>156</b>	<b>48</b>	<b>2,790</b>

All assets are owned.

Building assets relate to leasehold improvements and a capital provision for the future costs of returning the leasehold property to its original condition at the end of the lease in 2015. The Asset under Construction is for the creation of a "Time at Work" timesheet programme.

2010-2011	Buildings	Information Technology	Furniture and Fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2010	899	402	267	1,568
Additions	145	2,086	0	2,231
Disposals	0	0	0	0
Impairments	0	(8)	0	(8)
Revaluations	0	0	0	0
<b>At 31 March 2011</b>	<b>1,044</b>	<b>2,480</b>	<b>267</b>	<b>3,791</b>
<b>Depreciation</b>				
At 1 April 2010	0	0	0	0
Charged in year	180	80	54	314
Disposals	0	0	0	0
Impairments	0	0	0	0
Revaluations	0	0	0	0
<b>At 31 March 2011</b>	<b>180</b>	<b>80</b>	<b>54</b>	<b>314</b>
<b>Carrying amount at 31 March 2010</b>	<b>899</b>	<b>402</b>	<b>267</b>	<b>1,568</b>
<b>Carrying amount at 31 March 2011</b>	<b>864</b>	<b>2,400</b>	<b>213</b>	<b>3,477</b>

## 11. Intangible assets

Intangible assets comprise the software licences for the Enterprise and BACS IT solutions and the IPSA website and intranet.

	Total £'000
<b>Cost or valuation</b>	
At 1 April 2011	98
Additions	90
Disposals	0
Revaluation	0
Reclassifications	132
<b>At 31 March 2012</b>	<b>320</b>
<b>Amortisation</b>	
At 1 April 2011	12
Charged in year	70
Disposals	0
Reclassifications	0
<b>At 31 March 2012</b>	<b>82</b>
<b>Carrying amount at 31 March 2011</b>	<b>86</b>
<b>Carrying amount at 31 March 2012</b>	<b>238</b>
	Total £'000
<b>2010-2011</b>	
<b>Cost or valuation</b>	
At 1 April 2010	58
Additions	40
Disposals	0
Revaluation	0
<b>At 31 March 2011</b>	<b>98</b>
<b>Amortisation</b>	
At 1 April 2010	0
Charged in year	12
Disposals	0
Revaluation	0
	12
<b>Carrying amount at 31 March 2010</b>	<b>58</b>
<b>Carrying amount at 31 March 2011</b>	<b>86</b>

All assets are owned.

## 12. Financial Instruments

IPSA's resources are met from Parliament through the Estimates process and, more specifically, through 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 client 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.

## 13. Trade receivables and other current assets

	2011-2012	2010-2011
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	16	22
Deposits and advances	1,253	1,208
Other receivables	133	56
Prepayments and accrued income	637	446
<b>Total</b>	<b>2,039</b>	<b>1,732</b>

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

## 14. Cash and cash equivalents

	2011-2012	2010-2011
	£'000	£'000
<b>Balance at 1 April</b>	<b>3,525</b>	<b>2,210</b>
Net change in cash and cash equivalent balances	2,289	1,315
<b>Balance at 31 March 2011</b>	<b>5,814</b>	<b>3,525</b>
The following balances at 31 March 2012 were held at:		
Government Banking Service	5,814	3,525
<b>Balance at 31 March 2012</b>	<b>5,814</b>	<b>3,525</b>

There were no cash equivalents held by IPSA at 31 March 2012.

## 15. Trade payables and other current liabilities

	2011-2012	2010-2011
	£'000	£'000
<b>Amounts falling due within one year</b>		
Taxation and social security	2,987	2,958
Trade payables	143	338
Other payables	907	916
Accrual for Member and Member staff expenses	2,023	2,150
Other accruals and deferred income	501	682
Non current asset accruals	33	0
Amounts issued from the Consolidated Fund for Supply but not spent at year end	5,814	3,525
<b>Total</b>	<b>12,408</b>	<b>10,569</b>

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

## 16. Provisions for liabilities and charges

	2011-2012	2010-2011
	£'000	£'000
<b>Balance at 1 April 2011</b>	225	110
Provided for in year	80	115
Provisions not required written back	0	0
Provisions used in year	(34)	0
Borrowing costs	0	0
<b>Balance at 31 March 2012</b>	<b>271</b>	<b>225</b>

	Dilapidations	Early Departures
<b>Analysis of expected timing of cashflows</b>		
Not later than one year	0	80
Later than one year and not later than five years	191	0
Later than five years	0	0
<b>Balance at 31 March</b>	<b>191</b>	<b>80</b>

A capital provision has been made to restore IPSA's leasehold property to its original state at the end of the lease in 2015. A full provision of £191k has been made in accordance with the lease in order to reinstate to shell. Negotiations to sublet a part of the accommodation were on-going at 31 March 2012 but no lessor has as yet been found.

An early departure provision of £80K has been included.

## 17. Capital and other commitments

### 17.1 Capital commitments

	2011-2012	2010-2011
	£'000	£'000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	20	0
Intangible assets	0	0
	20	0

### 17.2 Commitments under leases

#### 17.2.1 Operating leases

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

	2011-2012	2010-2011
	£'000	£'000
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings		
Not later than one year	352	352
Later than one year and not later than five years	704	1,056
Later than five years	0	0
	1,056	1,408

Lease commitments relate to IPSA's rental property and are stated inclusive of VAT. The total rental expenditure recognised in 2011-12 is £352k.

#### 17.2.2 Finance leases

IPSA does not hold any finance leases.

### 17.3 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.

## 18. Contingent liabilities disclosed under IAS 37

There are no contingent liabilities that require disclosure under IAS 37.

## 19. Losses and special payments

A special payment of £46.25 (2010-11 £29,146) was made to a member of staff for bank charges incurred as a result of a payroll processing error.

## 20. 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 Board member, key manager or other related parties have 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.

## 21. Third-party assets

IPSA does not currently hold any third party assets as defined in the Financial Reporting Manual.

## 22. Events after the reporting period

The Accounting Officer authorised these financial statements for issue on the Comptroller and Auditor General certification date. There are no other events to report after this date and up to the accounts being laid.

## 4. 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 2011 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 2011 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

16 April 2011



# 3

## Annual Report by the Compliance Officer for IPSA

# 5. Compliance Officer for IPSA

## A Introduction

- 1 The post of Compliance Officer for the Independent Parliamentary Standards Authority (IPSA) is a statutory post created by the Parliamentary Standards Act 2009, as amended by the Constitutional Reform and Governance Act 2010. The role of the Compliance Officer as defined by the relevant statutes is:
  - (a) upon request, to review a determination by IPSA to refuse an MPs' 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 that should not have been allowed.
- 2 Following the introduction of payment cards for MPs, which may be used to pay for certain goods and services, the Compliance Officer may also be called upon to review a case where an MP is in receipt of payment but IPSA subsequently reject the claim and require repayment.
- 3 The period of this report covers the tenure of three Compliance Officers. Luke March resigned in August 2011 and was succeeded on an interim basis by Martyn Taylor. Following a competitive selection process, Peter Davis took up post in December 2011. As both previous post-holders have left IPSA, this report has been drafted without their assistance.

## B Relationship with IPSA

- 4 The Compliance Officer is appointed by and reports directly to the IPSA Board. However, whilst being appointed by IPSA, the Compliance Officer is not an employee of IPSA and is an independent office-holder, maintaining objectivity and neutrality in his relationships with MPs and IPSA.
- 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. However, the staff of the Compliance Officer act solely on the instruction of the Compliance Officer, and their functions are entirely separate from the executive branch of IPSA.
- 6 During the reporting period, staffing levels in the Compliance Office have contracted. In April 2011, there were three full-time members of staff in addition to the Compliance Officer. Since December 2011, the Compliance Officer has been supported by one part-time Investigations Officer. He is an IPSA employee and is afforded the same rights as other IPSA personnel.

## C Relationship with MPs

- 7 The current Compliance Officer has endeavoured to enhance awareness of his role among MPs. He has written personally to every MP; held a 'drop-in' session at Portcullis House which was attended by over 30 Members; met a number of key figures within the House, including the Leader of the House, the

Speaker of the House and the Chief Whip; and responded to a number of individual requests from MPs for one-to-one meetings.

8 In his dialogue with MPs, the Compliance Officer has focused on four key issues:

- (a) emphasising that his background (as a former police officer) enables him to bring a depth of experience, knowledge, proportionality and common sense to the role;
- (b) noting that the majority of the issues brought to his attention are the result of genuine and understandable errors by IPSA, MPs or MPs' proxies which can be dealt with simply and effectively;
- (c) conveying his understanding that publicity, even in cases without foundation, carries an inherent risk of reputational damage to the MP; and that he will only publish material when required to do so by legislation and confine that to a brief and clear statement of findings;
- (d) enhancing understanding of his role and how it differs from that of the Parliamentary Commissioner for Standards.

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

9 In accordance with Section 9A of the Parliamentary Standards Act 2009, IPSA is required to determine the procedures which the Compliance Officer must follow when investigating allegations that MPs may have been paid sums to which they were not entitled under the MPs' Scheme of Business Costs and Expenses.

10 In July 2010, following a public consultation, IPSA published the First Edition of the Procedures for Investigations of the Compliance Officer. Creating a completely new set of procedures inevitably required assumptions to be made about how they would operate in practice. After having been in place for over a year, a further review was undertaken, allowing the experience of operating the procedures to be taken into account.

11 A consultation process was launched on 11 October 2011 and closed on 25 November 2011. All MPs and the public were able to contribute but in order to comply with section 9A(6) of the Constitutional Reform and Governance Act 2010 (the Act), specific consultation was undertaken with:

- (a) The Speaker of the House of Commons;
- (b) The Leader of the House of Commons;
- (c) The House of Commons Committee on Standards and Privileges;
- (d) The Compliance Officer.

12 The consultation focussed on two areas of the Procedures: assessing complaints and publishing details of an investigation. It also proposed a number of minor changes to clarify and streamline the Procedures. IPSA received five responses, broadly endorsing the proposed changes. Following this consultation, in accordance with the Act, the IPSA Board approved the revised version and the Second Edition of the Procedures for Investigations took effect on 1 February 2012.

13 The new procedures can be viewed at [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk)

## **E Reviews of IPSA's Determinations and Appeals to the First-Tier Tribunal**

- 14 Two requests were received from MPs during the year for reviews of decisions by IPSA not to pay a claim in part or in full. Reviews were carried out in each case and both supported the original decision made by IPSA.
- 15 The Compliance Officer also received the first appeal by an MP to a First Tier Tribunal, following his review of a decision by IPSA not to pay a claim in part or in full. The appeals process is ongoing.

## **F Website**

- 16 Throughout 2011-12, the Compliance Officer has continued to develop the website [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk) in order to provide clarity regarding his role, more information to aid potential complainants and access to a wider variety of websites and documentation. This process will continue with the publication of statistical data early in 2012-13.

## **G Key Performance Indicators**

- 17 Within the reporting period, Key Performance Indicators have been agreed with the IPSA Board as follows:
- the completion of 90% of investigations within 120 working days;
  - the publication of the outcome of 90% of investigations within 15 working days;
  - the completion of 90% of Assessments within 90 working days.

## **H Statistics**

- 18 Data demonstrating the work of the Compliance Office during 2011-12 is laid out below. The majority of complaints received related to the IPSA budget heading of Office Costs Expenditure. Other complaints covered Travel & Subsistence and Staffing. The data shows:
- A reduction in cases which, as set out earlier in the report, has allowed staff numbers in the Compliance Office to be reduced;
  - At the end of 2010-11, 34 complaints were carried forward for resolution into the following year. By contrast, in 2011-12, all but one of the complaints received during the year or carried forward from the previous year were resolved within the year. The large number of complaints carried forward from 2010-11 was caused by the receipt of a relatively large number of similar complaints in the final weeks of that year.
  - Aside from the cases initiated by the Compliance Officer in relation to the above, the majority of cases were instigated following a public complaint;
  - Whilst 34.6 per cent of cases were found to have been proven either in part or in full, there is no conclusive evidence in any of the claims investigated that this was due to anything other than error or oversight.

**Table 1: Summary of complaints received and cases closed**

Complaints carried forward from 2010-11	Complaints received during 2011-12				Total complaints during 2011-12	Complaints closed during 2011-12	Complaints carried forward from 2011-12
	Q1	Q2	Q3	Q4			
34	15	13	9	5	42	75	1

**Table 2: Complaints received and cases closed breakdown**

Total complaints	42	Total complaints closed	75
From the public	31	Assessments closed	32
Initiated by the Compliance Officer	10	Preliminary Investigations closed	21
From MPs	1	Substantive Investigations closed	22

**Table 3: Disposal of cases**

	Finalised cases proven (either in part or in full)	Finalised cases unproven
Number	26	49
Percentage	35%	65%

## I Looking ahead

19 In 2012-13, the Compliance Officer will continue to develop and streamline the compliance function, whilst continuing to conduct investigations thoroughly and expeditiously. The following objectives for the year have been agreed with the IPSA Board:

- continue to explore opportunities for improvements in efficiency within the office's systems and procedures;
- introduce a revised Memorandum of Understanding between IPSA and the Compliance Office and streamline working practices between the two offices;
- keep the "Procedures for Investigations of the Compliance Officer" under review;
- through dialogue and informal presentations, improve understanding of the role of the Compliance Office amongst IPSA staff;
- enhance MPs' understanding of the Compliance Officer's role;
- continue to develop professional working relationships with interested parties such as the Parliamentary Commissioner for Standards, the Metropolitan Police Service and the Serjeant-at-Arms; and
- continue development of the Compliance Officer's website with an emphasis on the inclusion of statistical data as requested by the Standards and Privileges Committee.