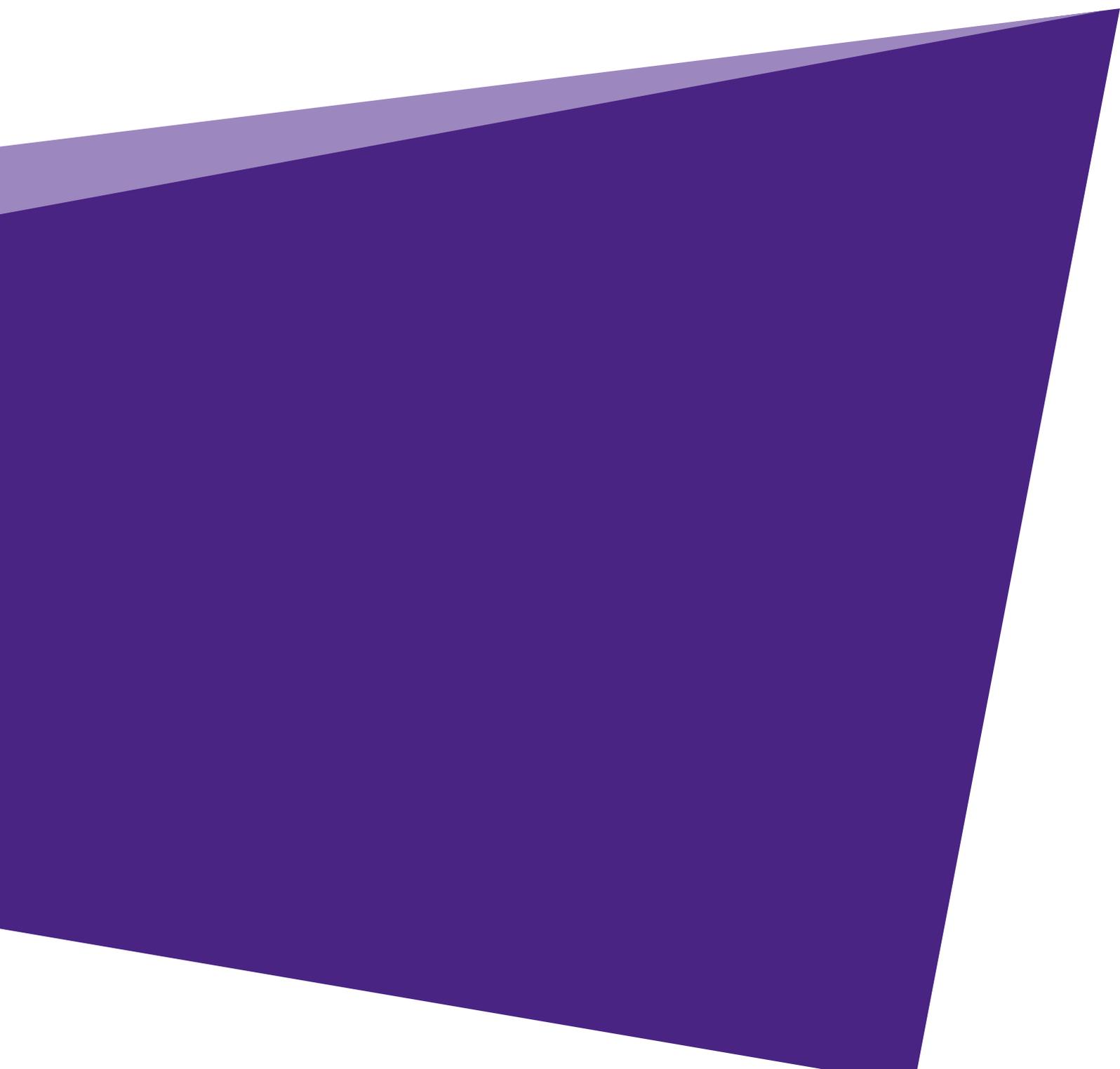


Independent Parliamentary Standards Authority

Annual Report and Accounts

2015–2016



Independent Parliamentary
Standards Authority

Annual Report and Accounts for 2015-16

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Contents

Chair's Introduction	6
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PART I: Performance Report 8

Overview	9
A Who We Are and What We Do	9
B IPSA's Strategic Objectives	10
C Our Work in 2015–16	10
D Chief Executive's Perspective on Performance	13
E Key Issues and Risks facing IPSA	13
F Going Concern Basis	13
G Performance Summary	14

PART II: Accountability Report 16

1 Directors' Report	17
A IPSA's Board	17
B Company Directorships and Other Significant Interests Held by Board Members	17
C IPSA's Senior Management	17
D Staffing	17
E Health and Safety	18
F Pensions	18
G Personal Data Related Incidents	18
H Complaints and Customer Service	18
I The Compliance Officer for IPSA	18
J Basis of Accounts	19
K Capability and Capacity	19
L Risk Management	19
M Policy for Payment of Suppliers	19
N Future Priorities: Plans for 2016–17	19
O Events After the Reporting Period	21
P Disclosure of Audit Information to the Auditors	21
2 The Statement of Accounting Officer's Responsibilities	22
3 Governance Statement	23
A Introduction	23
B Governance	23
C Risk and Control	26
D Corporate Governance Code	27
E Assessment of Effectiveness	27

4	Remuneration and Staff Report	28
A	Remuneration Report	28
B	Remuneration (including salary) and Pension Entitlements	28
C	Fair Pay Disclosures	32
D	Staff Report	35
5	Parliamentary Accountability and Audit Report	39
A	Statement of Parliamentary Supply	39
B	Parliamentary Accountability Disclosures	43
C	The Certificate and Report of the Comptroller and Auditor General	44

PART III:	Financial Statements	46
A	Statement of Comprehensive Net Expenditure	47
B	Statement of Financial Position	48
C	Statement of Cash Flows	49
D	Statement of Changes in Equity	50
E	Notes to Financial Statements	51

PART IV:	Accounts Direction	64
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PART V:	Annual Report by the Compliance Officer for IPSA	66
A	Introduction	67
B	Relationship with IPSA	67
C	Relationship with MPs	68
D	Relationship with the Parliamentary Commissioner for Standards and the Police	69
E	Procedures for Investigations of the Compliance Officer	70
F	Complaints and Investigations	70
G	Reviews	71
H	Accommodation	72
I	Statistics	72
J	Looking ahead	73

Chair's Introduction



This last financial year was a particularly busy time for IPSA. Early in the year, we consulted for a final time, following the General Election, and subsequently introduced a pay rise for MPs. Though this was not widely supported, we remain of the view that it was the right thing to do after years of indecision. We also confirmed that MPs' pay would not be addressed again until the first year of the next Parliament and that, during the life of the current Parliament, there would be an annual adjustment to reflect the average change in wages across the public sector.

We put into operation the programme for the General Election of May 2015 which we had been preparing for some time. We had to provide support to MPs who were leaving Parliament, ensure that those returning received the support that was necessary, and arrange for the induction of newly elected MPs. We had to do this in a way which met the needs of MPs while providing assurance that taxpayers' money was being properly disbursed. The programme was very well received and successfully implemented. The Board owes a great debt of gratitude to the staff who dedicated themselves to this work, which they did with energy and huge commitment.

We always intended that the programme for the General Election would also serve as a means of identifying areas in which IPSA could improve the support it provides to MPs and their staff. We commissioned a detailed study of the lessons to be learned. Out of this has grown a range of activities. For example, we learned

how valuable MPs and their staff found the one-to-one support that we provided, and we intend to build on this through the development of an 'account management' approach to supporting them in future. On the other hand, the programme highlighted the need to upgrade our operating systems and processes.

The need for change gave rise to our Improvement Programme. Plans to change both technology and the business model it supports are well in hand. Improvements should begin to be apparent by April 2017, though there are further changes planned. We will work closely with MPs and their staff as we shape the programme.

Following a decision by the Court of Appeal in April 2015, we began to publish redacted receipts on request. We gave evidence to Lord Burns' Commission on the operation of the Freedom of Information Act 2000 and reaffirmed our commitment to transparency. We took the view that our approach to transparency reflected the aims of the Act and caused no significant difficulties.

As the year ended, we consulted on the amount of additional salary that should be paid to Chairs of Select Committees and Members of the Panel of Chairs. We also laid the groundwork for a review of the *MPs' Scheme of Business Costs and Expenses* ('the Scheme'). The Scheme has not been comprehensively reviewed since 2012 and we think that it is appropriate to do so near the start

of a new parliamentary cycle. There are a number of matters on which it is important to consult widely, not least because the circumstances which gave rise to IPSA and drove the first version of the Scheme have changed. IPSA is now an accepted part of the nation's constitutional fabric. MPs recognise the value of independent regulation and routinely comply with the rules of the Scheme. IPSA is committed to improving its systems and thereby improving the services that it provides. So, a thorough review of the Scheme, to ensure that it meets current needs, is appropriate.

On a personal note, this will be the last Annual Report which I, as Chairman, will be responsible for. I will step down at the end of May. In doing so, I wish to pay tribute to colleagues, past and present, on the Board who have supported IPSA and me so well, and to IPSA's staff without whose dedication, commitment to the best values of public service and tireless efforts nothing would have been possible.

May I also pay tribute to the service rendered to IPSA by two retiring members of the Board, Sir Neil Butterfield and Professor Tony Wright and welcome their replacements, Sir Robert Owen and Rt Hon John Thurso.



Professor Sir Ian Kennedy,
Chair, IPSA

23 May 2016

Part I: Performance Report

Overview

A Who We Are and What We Do

- 1 This section provides information on the statutory framework under which IPSA operates, our strategic aims and our statutory objectives for the financial year ended 31 March 2016. IPSA's accounts have been prepared to meet the standards of the *Parliamentary Standards Act 2009* and in accordance with the *Government Financial Reporting Manual (FReM)*, as specified in the direction issued by HM Treasury.

Statutory framework

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

arrangements. The role of Compliance Officer was also created.

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

How we will achieve our aim

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

- making our expenses and payment systems as straightforward as possible.
- 8 We will achieve our aim **transparently** by:
- being open about our own costs and processes;
 - routinely publishing the business costs and expenses of all MPs; and
 - communicating with and providing the public with evidence about MPs' expenditure.
- 9 As IPSA staff we will work collaboratively, espouse our values of independence, transparency and fairness, develop our diverse talents and take pride in our work for the public interest as part of a high-performing organisation.
- Subhead C: IPSA's project costs
 - Preparation for the General Election
 - Auto-enrolment (the requirement for all employers in the UK to put certain staff into a pension scheme and contribute towards it)
 - Review of MPs' pay and pensions
 - Subhead D: Additional expenditure arising from the *Freedom of Information Act* (FOIA)
 - Costs that might arise from the Court of Appeal decision that IPSA should publish redacted receipts relating to MPs' claims.
 - Subhead E: Recruitment of IPSA's Board

Estimate Subheads

- 10 IPSA's budget for the financial year is scrutinised and approved by the Speaker's Committee for IPSA (SCIPSA), who gave parliamentary approval for IPSA's 2015-16 spending plans through its Supply Estimate (HC298). The Estimate consisted of five subheads:
- Subhead A: MPs' pay, staffing, business costs and expenses
 - MPs' salaries
 - MPs' staff salaries
 - MPs' business costs and expenses
 - Subhead B: IPSA's core operational costs
 - Staff and non-staff costs
 - Costs relating to the Compliance Officer for IPSA

B IPSA's Strategic Objectives

- 11 For the financial year 2015-16, IPSA's strategic objectives can be found in the section "Who We Are and What We Do".
- 12 Our longer term strategy which sets our direction for the full period of the 2015-2020 Parliament can be found on our website at the following address: [http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/IPSA%20Strategy%202015%20\(booklet\).pdf](http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/IPSA%20Strategy%202015%20(booklet).pdf)

C Our Work in 2015-16

- 13 This report covers the key activities undertaken by IPSA during the financial year 2015-16:
- our work during the General Election 2015, to ensure a smooth financial transition for MPs between one Parliament and the next;
 - the planning work for a wholesale improvement programme;

- our consultation and implementation of our determination on MPs' pay; and
 - the outcome of the Court of Appeal case on whether IPSA was required to publish the redacted images of MPs' receipts in response to Freedom of Information requests.
- 14 The 2015 General Election was the first for IPSA and we had important responsibilities to fulfil to manage MPs' finances prior to, during and after the election. First, we needed to ensure that those MPs who stood down or were defeated at the election received the necessary support to enable them to wind-up their financial affairs swiftly and appropriately. Second, and at the same time, we had a duty to ensure that those MPs who were newly elected received the financial support, advice and training to enable them to exercise their parliamentary responsibilities immediately. We broadly delivered both those priorities successfully and to a high standard, which is reflected in the positive feedback we received on this topic in our annual survey of MPs and their staff for 2015.
- 15 We had budgeted prudently for our work associated with the General Election on the basis of a turnover of up to 245 MPs. On 7 May 2015, 90 MPs stood down from Parliament and a further 92 were defeated in the election, so that 182 new MPs entered the House. As such, we had the capacity, resources and budget to provide personal support to each of the combined total of 364 new MPs and former MPs.
- 16 Our staff met 91 of the 92 defeated MPs within a week of the election result. By the end of July 2015, 42 eligible former MPs had received their resettlement payments which were payable to MPs who lost their seats at the General Election. All but two subsequently had successfully wound up their financial affairs and had received their payments by the end of October, and the final two subsequently had completed this process by the end of November.
- 17 We met all new MPs within a week of the election and supported them in setting up their offices and recruiting their staff. We also provided training and guidance on both the rules of the Scheme and our expenses system, so that they could begin to make claims to support their parliamentary activities. We also provided each new MP with a payment card within five days of request, to assist with their cash flow, and set up a dedicated website for newly elected MPs which provided online support.
- 18 IPSA received praise from new MPs and former MPs for the support they received. Our survey of MPs that we conducted in October and November 2015 found, in particular, that MPs highly valued having a single point of contact to provide them with advice and guidance during and after the election. This is a model of support that we have implemented for all MPs since. But there were lessons to be learned too. Our experience of the General Election highlighted, and in some cases confirmed, that our systems and processes needed to be upgraded to be able to provide MPs with the type and level of support that they rightly expect of us as a professional modern organisation.
- 19 In the light of this, we began planning for a substantial improvement programme to be implemented over the coming two years. First, we began work on a comprehensive review of the Scheme of MPs' Business Costs and Expenses, with a series of Board meetings and workshops on all aspects of the Scheme.

Second, we conducted work on the design of our processes so that we could understand what MPs need from IPSA and how we can improve the way in which we work. This work led to a detailed business case for a wholesale improvement programme that we submitted to the SCIPSA as part of our Estimate for 2016-17. SCIPSA approved our Estimate for 2016-17 without amendment on 11 March 2016, and we are now in the process of delivering this programme over the next two years.

- 20 Another key activity for IPSA was our consultation on MPs' pay, which we published on 2 June 2015. This was the final element of a package of changes to MPs' remuneration (including their pensions, business costs and expenses and salary) that started with a large-scale consultation in 2013-14. In December 2013, we said that we would reform MPs' pensions in line with the rest of the public sector and end certain expenses in the next Parliament. The changes took effect on 8 May 2015, with all MPs entering the new Parliament bound by these new arrangements.
- 21 By statute, IPSA is required to review MPs' pay in the first year of each Parliament. As such, we consulted in June 2015 on our earlier proposal that MPs' pay should be increased by 10.3 per cent to £74,000 per annum with future increases linked to increases in wages across the public sector, in line with the proposals made in December 2013.
- 22 Our consultation received 394 responses. On 16 July, we published our determination that MPs' pay would increase by 10.3 per cent, backdated to 8 May 2015, and that, for the remainder of this Parliament, their salaries would rise or fall in line with average earnings across the public sector during the previous year rather than across the economy as a whole. By August, we had implemented these changes. In March 2016 we agreed that, in line with the Office of National Statistics (ONS) figure for October 2015, MPs' pay would increase by 1.3 per cent, raising their salaries from £74,000 to £74,962 from 1 April 2016.
- 23 Finally, for the first time, IPSA began to publish redacted images of MPs' receipts that members of the public had requested under the Freedom of Information (FOI) Act, in accordance with the judgement of the Court of Appeal, issued on 28 April 2015.
- 24 The judgement stemmed from an FOI request made to IPSA in December 2010 for the actual receipts relating to claims made by three MPs. We refused on the grounds that, in accordance with IPSA's commitment to transparency, every two months we already publish the information relating to all claims that we receive from MPs, including whether they were paid or not. Furthermore, we argued that the requests could lead to our being required to publish our one million stored receipts, which would be onerous, expensive and therefore poor value for money for the taxpayer.
- 25 The requestor took the case to the Information Commissioner, who found against us. We appealed to the first tier and upper tribunals, which both found in favour of the Information Commissioner's decision. In the light of the importance of the issue, and its impact not only on us, but on other public bodies, we decided to take the question to the Court of Appeal. It determined that the physical information contained on a receipt (such as the typeface, logo or any handwriting), in addition to the financial information that we already publish, constituted

'information' under the FOI Act. As such, and in accordance with the plans we had in place in the event of this judgement, we published the redacted receipts and have continued to do reactively, when requested. The demand for the receipts has in fact been less than we anticipated; in 2015-16 we published a total of 1,277 receipts in response to FOI requests. The costs of the legal action supporting the appeal totalled £135,659.

D Chief Executive's Perspective on Performance

- 26 Paragraphs 13 to 25 above describe IPSA's achievements during 2015-16 and how we achieved the three major challenges we set ourselves: to review MPs' pay, to help MPs (and former MPs) to achieve a smooth transition from one Parliament to another, and to respond to the Court of Appeal's decision on the publication of MPs' receipts. IPSA performed very successfully in meeting each of these challenges.
- 27 First, we undertook the review of MPs' pay within the timeframe that we said we would – in the first few months of the new Parliament – and implemented our determination in September 2015. Second, on IPSA's involvement in the General Election, our annual survey of MPs and their staff for 2015 found that a majority of newly elected MPs were satisfied with their first meeting with IPSA following the election and that they valued having a single point of contact to provide advice and guidance. A majority of MPs who served in the previous Parliament (2010-15) also responded positively, telling us that they found the information and guidance from IPSA during the period leading up to and after the election useful. Finally, in response to the judgement of the Court of Appeal, we began publishing redacted images of receipts when requested to do so under the FOI Act and

we have continued to meet our target of responding to 100 per cent of requests within the statutory deadline.

- 28 We have now set ourselves two further challenges: to upgrade IPSA's systems and processes by implementing wholesale improvements; and to review the MPs' Scheme of Business Costs and Expenses. In the latter part of 2015-16 we prepared the ground well for this work, and have confidence that we will be as successful in delivering these in 2016-17 and 2017-18 as we were delivering the General Election and changes to MPs pay in 2015-16.

E Key Issues and Risks Facing IPSA

- 29 The major challenge ahead is to deliver on time and to budget the wholesale improvements to our systems and processes, alongside the review of our regulatory Scheme. The risks facing the organisation as a result of these challenges are familiar to all organisations facing change, but we judge them to be within tolerance levels and well managed.

F Going Concern Basis

- 30 The Statement of Financial Position shows net liabilities. However, in common with other independent bodies funded by Her Majesty's Treasury (HMT), the future financing of our liabilities will be met by Grants of Supply and the application of future income approved annually by Parliament. Our Supply Estimate for 2016-17 has been agreed by the SCIPSA and there is no reason to believe that future approvals will not be forthcoming.
- 31 Accordingly, it is considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

G Performance Summary

- 32 During 2015-16, IPSA continued to achieve good standards of performance in key areas. We reimbursed MPs' claims for business costs within an average of 5.57 working days, against a target of 12 days. Our payroll payments were 99.7 per cent accurate. We took an average of 170 phone calls and 106 emailed queries per day from MPs and their staff, as well as 155 daily claims for business costs.
- 33 Operational performance targets for the reporting period were almost all achieved, as set out in the table below.

Key performance targets	Key Performance Indicators	Target metrics	Result for Year
Objective 1: Independent, fair and effective regulation			
To provide high levels of assurance that claims are made in accordance with the Scheme	The assurance programme, developed in line with the principles set out in HMT's guidance, provides the Board with appropriate levels of confidence	Fewer than 1% of claims are identified as not having been made in accordance with the Scheme	Achieved 0.51%
Objective 2: To deliver workable systems that support the schemes			
To efficiently pay and process MPs' claims, maintaining and seeking to improve 2010-11 service levels	Time taken to process and reimburse MPs' business costs and expenses claims	Claims are reimbursed within an average of 12 working days	Achieved 5.57 days
To support MPs in the execution of their parliamentary functions, with appropriate guidance and training	Users' surveys results	Users' surveys show an increase in satisfaction levels in each year	MPs: achieved, ¹ MPs' staff: ² not achieved
To pay 100% of the salaries of MPs and their staff correctly and on time	Number of payroll adjustments per month resulting from errors by IPSA as a percentage against total salaries paid	Payroll accuracy levels of over 99.75% in any one month (based on information provided)	Not achieved 99.70%
Objective 3: To build public confidence in the execution of its duties			
To operate a transparent Scheme that is easily understood by MPs and the public	Accuracy of published information on MPs' claims	Published information on MPs' claims maintains accuracy levels of over 99.75%	Achieved 99.98%
To operate a Scheme that accurately pays and processes MPs' claims	Percentage of processed claims identified as validated in error during regular assurance and review programme activities	Errors identified on review account for under 1% of all validated claims	Achieved 0.08%
Objective 4: To build a cost-effective organisation with engaged and motivated staff			
To build and support an engaged and motivated workforce	Staff engagement survey	Survey results show increased staff engagement against 2010 baseline	Achieved
To demonstrate cost-effectiveness and provide value for money	IPSA's annual expenditure	Continue to show savings on cost on a like-for-like basis	Achieved

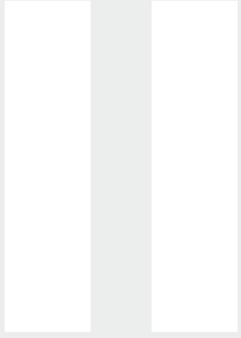
Signed

Date:

Marcial Boo
Chief Executive and Accounting Officer

¹ 46 per cent of MPs surveyed rated IPSA's service as Very Good or Good, an improvement on last year's figure of 36 per cent.

² 49 per cent of MPs' staff rated IPSA's service similarly, a decrease on last year's 52 per cent.



Part II: Accountability Report

1 Directors' Report

A IPSA's Board

- 34 IPSA's Board is responsible for deciding the policies that form the *MPs' Scheme of Business Costs and Expenses* ('the Scheme') and setting the remuneration of MPs. The Board is also responsible for setting IPSA's strategic direction. The Board meets at least monthly, except in August. Attendance records for individual Board members are included in the Governance Statement and minutes of Board meetings are published on IPSA's website, under the 'Transparency' banner on the home page.
- 35 In line with requirements of the Parliamentary Standards Act 2009, the Chair and Members of IPSA are as follows.

Professor Sir Ian Kennedy, Chair³

Sir Robert Owen, former holder of high judicial office, as of 1 January 2016.

Elizabeth Padmore

Rt. Hon John Thurso, former Member of Parliament, as of 1 January 2016.

Anne Whitaker, statutory auditor

Sir Neil Butterfield, former holder of high judicial office. Term of office expired on 31 December 2015.

Professor Tony Wright, former Member of Parliament. Term of office expired on 31 December 2015.

³ Professor Sir Ian Kennedy's term of office expired on 31 May 2016. Ruth Evans was appointed Chair of IPSA for a five year term from 1 June 2016 to 31 May 2021.

B Company Directorships and Other Significant Interests Held by Board Members

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

C IPSA's Senior Management

- 37 IPSA's Senior Leadership Team is led by the Chief Executive who is responsible for delivery in line with the policy direction set by the Board. The Directors of IPSA during 2015-16 were as follows:

Marcial Boo, Chief Executive.

John Sills, Director of Regulation.

Linda Everet, Acting Director of Operations, from February 2016.

Judith Toland, Director of Operations and Change. Left February 2016.

D Staffing

- 38 The Civil Service Order in Council 1995 provides the legal basis for our recruitment policies, and the Civil Service Commission sets mandatory principles for recruitment. During 2015-16, IPSA employed an average of 79 full-time equivalent staff, including permanent, agency and fixed-term staff, plus five Board Members. As at 31 March 2016, 51% of staff were male and 49% of staff female, and 19% of employees stated that they were from an ethnic minority background. We monitor the background of our staff by reference to each of the "Protected Characteristics" set out in the Equality Act 2010 to

improve representation and take action as necessary.

39 All IPSA employees are offered access to Health Management, an independent occupational health service which provides expert advice, counselling and support.

40 IPSA has an Equality and Diversity policy, which covers IPSA's commitment to encouraging equality and diversity, as well as to eliminating discrimination.

41 We adhere to the principle that all Government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £58,200 (equivalent to £220 per day), that tax due on contract payments will be paid. As at 31 March 2016 all such contractors engaged by us met these conditions.

E Health and Safety

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

F Pensions

43 Our employees are covered by the provisions of the Civil Service pension arrangements. Information on pension entitlements is provided in the *Remuneration Report*. For details of IPSA's accounting treatment for pension liabilities please refer to page 35 of the Accounts.

G Personal Data Related Incidents

44 During the reporting period, there was one personal data related incident which was reported to the Information Commissioner's Office. This was the result of human error.

H Complaints and Customer Service

45 During 2015-16 we handled 15 formal complaints, six of which were resolved within 10 working days. We aim to acknowledge complaints within two working days and provide a final response within 10 working days.

I The Compliance Officer for IPSA

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

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

48 During the financial year, IPSA referred eight cases to the Compliance Officer, and 11 MPs requested that the Compliance Officer review a determination by IPSA to refuse claims for business costs and expenses. Members of the public referred 15 cases to the Compliance Officer. Further details on these cases can be found in the Compliance Officer's separate report.

J Basis of Accounts

- 49 The accounts for the year ended 31 March 2016 have been prepared under a direction issued by HM Treasury in accordance with the Parliamentary Standards Act 2009.

K Capability and Capacity

- 50 IPSA had an increased staffing capacity during the first half of the financial year to ensure that we were capable of successfully delivering the General Election programme, and particularly so that MPs who were newly elected, returned or who departed Parliament at the election were supported effectively and efficiently.

- 51 We retained a small number of these additional posts to allow us to provide a more tailored 'account management' support to MPs as this had been welcomed during our work at the General Election. This has been received positively. A small number of other staff were also retained or recruited to support the final consultation on MPs' pay and to prepare for our improvement programme.

L Risk Management

- 52 We continually assess our exposure to risks and seek to ensure that risks are appropriately mitigated. As part of our formal risk management process we maintain two risk registers. The Top Risks Register includes those risks that impact at the organisational or strategic level. In addition, all of our business areas contribute to a separate, but linked, register with more detailed business risks and planned mitigation actions.
- 53 The risk registers are reviewed regularly by the Senior Management Team. Our Audit and Risk Assurance Committee,

attended by all Board members, also formally reviews risks and the associated mitigation actions at its regular meetings.

M Policy for Payment of Suppliers

- 54 We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 and meet the normal terms of payment of invoices of 30 days from receipt, except where different terms have been agreed with suppliers. Although independent, we are treated as a small department and so the Government's five-day target for small and medium enterprises (SMEs) to receive payment is not mandated, but we aim to pay valid invoices from SMEs within 10 days.

- 55 Payment of trade and other payables is reported on a creditor-days basis. This is calculated as a proportion of the amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year. We paid suppliers within an average of 18.3 creditor days in 2015-16. This includes SMEs as well as larger enterprises. No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2014-15: £0).

N Future Priorities: Plans for 2016-17

- 56 Our primary focus for 2016-17 will be to conduct a thorough review of the Scheme and to implement comprehensive improvements to both our systems and processes. Our priorities for the year are outlined below.

Effective regulation of MPs' business costs and expenses

57 Our aim is to ensure that the Scheme is simple to understand, easy to administer and provides assurance that MPs are reimbursed fairly for necessary costs to support their parliamentary work. We will finalise the comprehensive review of the Scheme that we started in autumn 2015 and will consult thoroughly on any changes that we propose with a view to implementing these in April 2017.

58 IPSA is recognised as the only independent body regulating the business costs and expenses of elected representatives in the world. This is evidenced by the number of delegations who chose to visit us. In 2015-16 we were visited by delegations from over two dozen countries, spanning five continents, who sought to learn from us so that they could apply our experience and expertise to their own parliaments. We want to continue to work with other legislatures not only to share our experiences of how politicians are reimbursed from the public purse and, in doing so, promote the probity of the UK Parliament and its MPs within an independent regulatory regime, but to learn from good practice elsewhere too.

Supporting MPs in the performance of their parliamentary functions

59 Our aim is to continue to pay MPs and their staff their salaries, expenses and business costs promptly and accurately, and to implement comprehensive improvements to our systems and processes to provide better support and guidance to MPs and their staff. We will do this by:

- improving the quality of our support to MPs and their staff, building on the

personalised contact that we had with every new and departing MP following the General Election;

- building an online interface or 'MP Portal' for MPs so they can access near real-time information about their claims, costs and staffing expenditure and on any forthcoming publication about their expenditure;
- working with the House of Commons and with MPs to improve the regulation of MPs' staff, and develop a coordinated approach in areas where both IPSA and the House of Commons provide support to MPs;
- creating a new website where it will be easier for the public to find information about IPSA, our regulatory framework, our approach to ensuring compliance and about MPs' use of public money;
- upgrading our wider IT systems to provide improved support and ease-of-use to MPs and their staff;
- overhauling our finance and payroll systems and processes so that they are better integrated and involve fewer manual interventions, thereby reducing the scope for error and supporting the future provision of near real-time financial information to MPs;
- in the light of the Court of Appeal's judgement, redesigning our publications processes so that we are able to publish the receipts submitted by MPs quickly and efficiently when requested, once all personal information has been redacted; and
- implementing a comprehensive approach to the management of data and information so that we have

increased confidence that our data is accurate, secure and appropriately accessible by IPSA, MPs and the public.

Assuring the public

- 60 Our aim is to continue to work transparently by publishing all MPs' business costs and expenses, regularly consulting interested parties, and enabling the public to easily examine MPs' use of taxpayers' money. We will continue to explain how IPSA regulates MPs' business costs and expenses independently, transparently and fairly, including: by publishing periodic reports that draw on our internal reviews and analysis of data; by taking any resulting action necessary; and by encouraging MPs to report how they have used taxpayers' money.

An effective organisation

- 61 Our aim is for IPSA to be a high-performing organisation that achieves its goals cost-effectively. We want our workforce to have opportunities for growth and development and the motivation, skills and capacity to deliver our objectives.
- 62 We will enable our staff to be fully engaged with IPSA and what we do by fostering good team-working, including through internal staff groups and annual staff surveys. We will also promote and live by our values and respect diversity. Our values are that we are independent, honest, open, accountable and fair. We will promote these values internally and in our work with MPs, their staff and to other interested parties. We will also continue to provide a healthy and safe working environment for our staff and ensure that our office is secure and supportive of a productive organisation.

O Events After the Reporting Period

- 63 There has been one non-adjusting event after the reporting period and this relates to the appointment of IPSA's new Chair, Ruth Evans. The term of office of the former Chair of IPSA, Professor Sir Ian Kennedy, expired on 31 May 2016. Ruth Evans began her term on 1 June for a five-year period ending on 31 May 2021.

P Disclosure of Audit Information to the Auditors

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

Marcial Boo

Chief Executive and Accounting Officer

Date

2. The Statement of Accounting Officer's Responsibilities

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

3. Governance Statement

A Introduction

- 69 The *Parliamentary Standards Act 2009* (the PSA) provides that IPSA is a body corporate, independent of Government and Parliament and that the Chief Executive is its Accounting Officer.
- 70 As Accounting Officer, I am required to maintain a sound system to manage and control the resources used to support the achievement of IPSA's policies, aims and objectives and to safeguard public funds and assets in accordance with the responsibilities assigned to me under the PSA and by IPSA's Board. In doing so, I broadly follow the standards set out in *Managing Public Money* and have established a governance structure in line with HM Treasury and Cabinet Office guidelines.
- 71 I have been appointed as the permanent Chief Executive and Accounting Officer by IPSA's Board effective from 3 June 2014.

B Governance

- 72 The PSA provides that IPSA's funding is subject to scrutiny by the Speaker's Committee for IPSA (SCIPSA) whose role includes ensuring that the Estimate is consistent with the efficient and cost-effective discharge by IPSA of its functions. Chaired by the Speaker of the House, SCIPSA comprises seven MP Members and three Lay Members.
- 73 The PSA appointed the Comptroller and Auditor General, Head of the National Audit Office, as the external auditor for IPSA.
- 74 Since 1 April 2013, internal audit services have been provided under a co-sourced arrangement. IPSA's Head of Internal

Audit was supported by the services of KPMG in the delivery of the agreed programme of Internal Audit reviews. The co-sourced arrangement enables the Internal Audit plan to be more closely aligned to IPSA's objectives and allows for a comprehensive framework of assurance. The Internal Audit service reports to the Audit and Risk Assurance Committee (ARAC).

IPSA's Board: scope of responsibility

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

The Board: recruitment

- 78 On 31 December 2015, the term of office of two members of the IPSA Board came to an end – Sir Neil Butterfield, former holder of high judicial office, and Professor Tony Wright, former Member of Parliament. The Chair of the Board

of IPSA and other Board Members are appointed by Her Majesty the Queen, following an Address from the House of Commons. The Speaker of the House of Commons is required to select individuals to serve on the Board of IPSA on merit and on the basis of fair and open competition, and the Speaker's Committee for the IPSA must approve the candidates selected by the Speaker.

- 79 At its meeting on 18 November 2015, the SCIPSA agreed to the appointment of the Rt. Hon John Thurso in respect of the position of the former Member of the House of Commons, and Sir Robert Owen in respect of the former holder of high judicial office as Members of the Board of IPSA for the period from 1 January 2016 to 31 December 2020.

The Audit and Risk Assurance Committee: scope of responsibility

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

- 81 The ARAC supports the work of the Board and my role as Accounting Officer in maintaining an effective system of control. It meets regularly throughout the year including to consider the Annual Report and Accounts. The ARAC assesses the executive's management of risk and the assurance framework in place, and advises me of its adequacy.

- 82 The ARAC met five times during the reporting period.

The Remuneration and Nominations Committees

- 83 IPSA's Board is also supported by the Remuneration Committee and the Nominations Committee, which meet as required. The Remuneration Committee, chaired by Elizabeth Padmore, met three times during 2015-16, and is responsible for setting the remuneration of the Chief Executive and all Directors. The Nominations Committee is chaired by Professor Sir Ian Kennedy and is responsible for the appointment of the Chief Executive and the Compliance Officer. The Nominations Committee had no business to consider during 2015-16.

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

Member	Board (14 meetings)	Audit and Risk Assurance Committee		
		1 April 2015 – 31 March 2016 (5 meetings)	Remuneration Committee (3 meetings)	Nominations Committee (0 meetings)
Prof Sir Ian Kennedy Board Chair, Nominations Committee Chair	14	5	3	0
Elizabeth Padmore Remuneration Committee Chair	14	5	3	0
Anne Whitaker Audit and Risk Committee Chair	14	5	3	0

	Board	Audit and Risk Assurance Committee	Remuneration Committee	Nominations Committee
		1 April 2015 – 31 December 2015		
Member	(10 meetings)	(4 meetings)	(1 meetings)	(0 meetings)
Prof Tony Wright	10	4	1	0
Sir Neil Butterfield	10	4	1	0

	Board	Audit and Risk Assurance Committee	Remuneration Committee	Nominations Committee
		1 January 2016 – 31 March 2016		
Member	(4 meetings)	(1 meetings)	(2 meetings)	(0 meetings)
Rt. Hon John Thurso	4	1	2	0
Sir Robert Owen	2	1	2	0

85 Together with the Head of Internal Audit, the National Audit Office (NAO), and the Head of Finance and Payroll, I am invited to attend ARAC meetings. My Directors and members of the Senior Management Team (SMT) are also regularly present. Additionally I attend the Board and Remuneration Committee meetings, unless an issue involving me is to be discussed.

Leadership Team: Scope of Responsibilities

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

C Risk and Control

Risk Management

87 IPSA maintains a register of the top risks that might impact on the achievement of its objectives. The register sets out IPSA's risk appetite and each risk has a designated owner who is accountable for implementing appropriate and

proportionate control measures. It is reviewed regularly by the SMT and as a standing item by the ARAC.

88 Emerging risk areas are reflected in our corporate planning process and our programme of work for the coming reporting period. Most notably for 2015-16 these included the improvements required to our current financial systems, processes and controls, to be addressed by the IPSA 2017 improvement programme in 2016-17, and the internal capacity to deliver the changes required in addition to the business as usual activities.

89 Risk management arrangements were reviewed by Internal Audit in 2015-16 who confirmed that the actions identified on the risk register are being followed up regularly. Overall Internal Audit concluded that the risk management arrangements provided a satisfactory level of assurance. The risk management processes will be reviewed in 2016-17 to ensure that they continue to represent good practice.

Internal Audit

- 90 In 2015-16 nine internal audit reviews were completed to inform the Head of Internal Audit's annual opinion on the adequacy and effectiveness of IPSA's system of governance, risk management and control as required by the Government Internal Audit Standards. For each review the internal auditors provided reports which included their key findings, an indication of the level of assurance that could be based on their findings, and recommendations for action to strengthen any control weaknesses. The reviews were on: risk management; core financial controls; the validation of MPs' expenses; business continuity; strategic planning; supplier management; Board effectiveness; information security and the benefits realised from upgrading the customer relations management system.
- 91 Overall, the reports showed that governance, risk and control arrangements had improved in the year. A number of issues were, however, raised. The audit of core financial controls described the improvements that had been made in the year but pointed out that, until new financial systems are introduced as part of the IPSA 2017 improvement programme, there will continue to be a reliance on manual processes which are inefficient and involve a higher degree of risk than automated procedures. The report on strategic planning also recognised the improvements that had been made, while suggesting further improvements including the inclusion of more financial information in the strategy document and more explicit links between the strategy and individual business plans. The report on supplier management recognised that a well-designed system had been implemented part-way through 2015-16

but the assurance rating reflected the whole year including the period when the improved system was not in place. The report on business continuity gave a one-off snapshot where staff changes had resulted in the business continuity arrangements not being updated. Actions have been taken or are planned to address all the issues identified in the reports.

- 92 Taken as a whole, the reports reflect an improving picture. They demonstrate, however, the importance of implementing further improvements planned as part of the IPSA 2017 improvement programme and that risks remain to the robustness of controls where staff leave or where procedures are not well defined and accessible. These risks have been addressed by ensuring that roles and responsibilities are clear, that policies and procedures are comprehensively set out in manuals and guidance, and that management checks are carried out rigorously.

Data and Information Security

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

the Information Commissioner's Office was informed. Staff were reminded of the importance of data security. During April 2016 all staff completed mandatory e-learning training and an assessment on data protection and handling.

D Corporate Governance Code

- 95 The Corporate Governance Code ("the Code") issued by HM Treasury and the Cabinet Office is designed specifically for central government departments. It is essential that IPSA is seen to uphold the highest standards in its own operations, and I am satisfied that IPSA is compliant with the material requirements of the Code where they are relevant to its statutory position, in most cases complying with both the letter and the spirit of the Code's provisions. Where the requirements of the PSA differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament.

E Assessment of Effectiveness

- 96 By relying on the framework described above, I am able to assess the effectiveness of the control environment in place to ensure that the resources for which I am responsible are subject to sound management and control.
- 97 I am satisfied that the governance framework, corporate governance compliance and risk assessment arrangements ensure that no material or significant risks threaten the achievement of IPSA's key objectives and policies. We are, however, vigorous in identifying weaknesses and addressing them. IPSA's financial and associated systems were for good reason set up quickly when IPSA was established and now need to be improved if we are to reflect best practice and deliver improvements in service to MPs. I

am satisfied that IPSA's response to highlighted weaknesses is sufficient and robust and has been well-managed, with my directors and senior managers being held to account for the progress of remedial action.

- 98 In particular, IPSA is implementing fundamental improvements to financial management systems and building on the high levels of service that we gave to MPs in the General Election period and afterwards.
- 99 My assessment of the internal controls in place has been informed by the independent work completed by internal audit and the opinion provided by the Head of Internal Audit, comments made by the NAO as our external auditors in their management letter and other reports, and IPSA's management assurance processes under the internal control framework, including regular reports from the Head of Internal Audit. In addition I have received an assurance statement from each of my Executive Directors confirming the adequacy of the controls within their areas of responsibility. No control issues have been raised in these statements.

Signed

Date:

Marcial Boo
Chief Executive and Accounting Officer

4. Remuneration and Staff Report

A Remuneration Report

100 The following information provides details of the remuneration and pension interests of IPSA's Board Members, IPSA's Executive Directors and the Lay Members of the Speaker's Committee for IPSA (SCIPSA). Executive Directors are defined as those who attend all Board and Audit and Risk Assurance Committee meetings and have collective oversight and corporate decision-making responsibilities for all aspects of IPSA's strategy and operations, in addition to their individual responsibilities within their directorate. The information disclosed in the Remuneration and staff report has been audited.

Chief Executive

101 Marcial Boo was appointed as the permanent Chief Executive from 3 June 2014.

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

Chair and Board Members

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

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

105 The anticipated time commitment from IPSA Chair is approximately two days per week and from the ordinary Board

members two days per month, but greater commitment may be needed at certain times.

IPSA Staff

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

107 The majority of IPSA's staff are directly employed by IPSA on either permanent or fixed-term contracts. In line with the public sector pay rise, IPSA authorised a 1% pay increase to employees in 2015-16.

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

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

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

B Remuneration (including salary) and Pension Entitlements

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

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

Name	Appointed	End Date	Salary 2015-16 [1] £'000	Salary 2014-15 £'000	Expenses Reimbursed in 2015-16 [2],[3] £	Expenses Reimbursed in 2014-15 [2],[3] £
Prof Sir Ian Kennedy Chair	04/11/09	31/05/16	30-35	35-40	Nil	Nil
Sir Neil Butterfield Board Member	11/01/13	31/12/15	5-10	5-10	1,200	1,700
Sir Robert Owen Board Member	01/01/16	31/12/20	0-5	Nil	100	Nil
Elizabeth Padmore Board Member	11/01/13	10/01/18	10-15	10-15	300	400
Anne Whitaker Board Member	11/01/13	10/01/18	5-10	5-10	Nil	Nil
Prof Anthony Wright Board Member	11/01/13	31/12/15	0-5	0-5	700	700
Rt Hon John Thurso Board Member	01/01/16	31/12/20	0-5	Nil	2,000	Nil

Notes:

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

[2] No benefits in kind were paid, and all expenses reimbursed were refunds of the costs incurred by the members.

[3] Both 2015-16 and 2014-15 figures have been rounded to the nearest £100.

Disclosure of SCIPSA Lay Members' Remuneration for 2015-16

Name	Appointed	End Date	Total Remuneration in 2015-16 £'000	Total Remuneration in 2014-15 £'000
Dame Janet Gaymer Lay Member	26/01/11	25/01/16	0-5	0-5
Elizabeth McMeikan Lay Member	26/01/11	25/01/15	Nil	0-5
Professor Monojit Chatterji Lay Member	26/01/14	26/01/17	0-5	0-5
Ken Batty Lay Member	28/01/15	27/01/19	0-5	0-5
Bronwen Curtis Lay Member	06/01/16	05/01/19	0-5	Nil
Enid Rowlands Lay Member	24/11/15	03/03/16	0-5	Nil

Disclosure of IPSA CEO and Directors' Remuneration for 2015-16

Name	Appointed	End Date (when not ongoing)	Salary 2015-16 £'000	Bonus paid 2015-16 £'000	Benefits in kind 2015-16 £'000	Pension Benefits 2015-16 £'000	Total 2015-16 £'000
Marcial Boo CEO	03/06/14	N/A	120-125	Nil	Nil	47	165-170
John Sills Director of Regulation	01/02/10	N/A	95-100	Nil	Nil	46	140-145
Judith Toland Director of Operations and Change [1]	11/02/14	26/02/16	140-145 (120-125 full year equivalent)	Nil	Nil	38	180-185
Linda Everet Acting Director of Operations	29/02/16	N/A	5-10 (70-75 full year equivalent)	Nil	Nil	3	5-10

Notes:

[1] Judith Toland's salary included £28,249 for payment in lieu of notice.

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

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

Notes:

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

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

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

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

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

Salary

111 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by IPSA and thus recorded in these accounts.

Benefits in kind

112 The monetary value of benefits in kind covers any benefits provided by IPSA and treated by HM Revenue and Customs as a taxable emolument.

113 During the period to 31 March 2016, no benefits in kind were given to the Chair, Board Members, Lay Members, CEO or Directors.

Bonuses

114 There is no bonus system in operation at IPSA. IPSA runs an individual and team reward and recognition 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 with individual awards totalling no more than £250.

C. Fair Pay Disclosures

115 Reporting bodies are required by the Government Financial Reporting Manual (FRM) to disclose the relationship between the remuneration of the highest paid director in their organization and the median remuneration of the organisation's workforce.

116 The banded remuneration of the highest paid director in IPSA in the financial year 2015-16 was £120,000-£125,000 (2014-15: £120,000-£125,000). This

was calculated as the highest full-time equivalent annual salary. In 2015-16, this was 3.9 times (2014-15: 3.9) the median full-time equivalent remuneration of the workforce, which was £31,424 (2014-15: £31,113).

117 In 2015-16 (2014-15: 0), no employee received remuneration in excess of the highest paid director. Full time equivalent remuneration ranged from £20,000 to £122,000 (2014-15: £20,000-£121,000).

118 Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration Ratio	2015-16	2014-15
Band of Highest Paid Director's Remuneration (£'000)	120-125	120-125
Median Remuneration (£'000)	31.4	31.1
Ratio	3.9	3.9

Pension Information for Directors

119 The figures given below have been supplied by My Civil Service Pension (MyCSP), the pension administrator for IPSA staff.

120 No contributions to partnership pensions have been made.

Civil Service Pensions

121 Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career-average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly-appointed civil servants,

Name	Accrued pension at pension age as at 31 March 2016 (and related lump sum)	Real increase in pension and related lump sum at pension age	CETV at start date 1 April 2015	CETV at end date 31 March 2016	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000
Marcial Boo	5-7.5	0-5	25	58	21
John Sills	27.5-30 plus lump sum of 82.5-85	5-10	527	612	44
Judith Toland	5-7.5	0-5	41	74	16
Linda Everet	5-7.5	0-5	77	83	1

and others in the scheme such as IPSA's employees, joined alpha. Prior to that date, scheme members participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final-salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole-career basis (nuvos) with a normal pension age of 65.

quoted for staff show pension earned in PCSPS or alpha, as appropriate. Where the staff member has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

122 These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures

123 Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October

2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

- 124 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for staff show pension earned in PCSPS or alpha, as appropriate. Where the staff member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Cash Equivalent Transfer Values

- 125 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension

benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

- 126 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Off-payroll Engagements

- 128 Between 1 April 2015 and 31 March 2016, IPSA employed 16 staff on an interim basis, via an agency, and therefore off-payroll. IPSA has received assurance that their Income Tax and National Insurance obligations were fully met.

D. Staff Report

Staff costs comprise:

	2015-16						2014-15
	Total	Permanent staff	Seconded Staff	Agency Staff	Chairman & IPSA Board	SCIPSA Lay Members	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	2,393	2,321	0	0	68	4	2,320
Social security costs	209	204	0	0	5	0	199
Other pension costs	450	450	0	0	0	0	361
Sub Total	3,052	2,975	0	0	73	4	2,880
Agency staff	668	0	0	668	0	0	504
Total net costs*	3,720	2,975	0	668	73	4	3,384

* No staff costs have been capitalised (2014-15: £nil)

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

130 The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as "alpha", are unfunded multi-employer defined benefit schemes in which IPSA is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the schemes as at 31 March 2014. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation. (www.civilservice-pensions.gov.uk).

131 For 2015-16, employer's contributions of £450,319 were payable to the civil service pension schemes (2014-15: £327,904) at one of four rates in the range **20.0 to 24.5 per cent** (2014-15: 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 contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. Two of

the salary bands and all of the employer contributions rates were revised for 2015-16. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Contributions due to the Civil Service pension schemes at the reporting date were £47,819. Contributions prepaid at that date were nil.

132 Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employer's contributions (2014-15: £1,653) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 to 14.75 per cent (2014-15: 3 to 12.5 per cent) of pensionable pay. The employer also matches employee contributions up to 3 per cent of pensionable pay. In addition, no employer contributions (0.8 per cent; 2014-15: £99) of pensionable pay, were payable to the Civil Service pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to

the provider at the reporting date. Contributions due to the partnership pension providers at the reporting date were nil. Contributions prepaid at that date were nil.

Average Number of Persons Employed

133 The average number of whole-time equivalent persons employed or seconded to IPSA during the period was as follows. The average was calculated as the average of people in post by month over the 12 months to 31 March 2016:

IPSA Operations	2015-16 Number							2014-15
	Total	Permanent staff	Seconded Staff	Agency Staff	Fixed Term Staff	Chairman & IPSA Board	SCIPSA Lay Members	Total
Total	84	49	0	16	11	5	3	70

134 IPSA's permanent staff turnover rate (calculated as the number of staff who left the organisation divided by the average number of staff for the year was 12% (2014-15: 18%).

Reporting of Civil Service and Other Compensation Schemes – Exit Packages

Exit package cost band	Number of voluntary departures agreed	
	2015-16	2014-15
<£10,000	0	0
£10,000 – £25,000	0	0
£25,000 – £50,000	0	1
£50,000 – £100,000	1	2
£100,000 – £150,000	0	0
£150,000 – £200,000	0	0
Total number of exit packages	1	3
Total cost (£'000s)	62	199

135 Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory

scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where IPSA has agreed early retirements, the additional costs are met by the organisation 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

136 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.

137 In total, £2,097 was paid out in R&R awards during the reporting period (2014-15: £262):

Total value of rewards received	Number of people in band	
	2015-16	2014-15
Under £50	23	9
£51 to £100	0	2
£101 to £150	3	0
£151 to £200	0	0
£200 to £250	5	0
Total number of recipients	31	11

	2015-16 Number							2014-15
	Total	Chairman & IPSA Board	Permanent staff	Seconded staff	SCIPSA lay members	Agency Staff	Fixed- term staff	Total
Male	42	3	21	0	2	10	6	35
Female	42	2	28	0	1	6	5	35
Total	84	5	49	0	3	16	11	70

Staff Composition

138 The gender analysis of the whole-time equivalent persons employed or seconded to IPSA during the period was as follows. The average was calculated as the average of people in post by month over the 12 months to 31 March 2016:

Sickness Absence

139 Over the 2015-16 financial year, sickness absence rates within IPSA (monitored monthly) were an average of 1.2%.

Staff Policies

140 We aim to attract applications from all sections of society and ensure fair treatment throughout the recruitment and selection process. This includes:

- checking that job and candidate specifications are relevant and non-discriminatory;
- ensuring that the wording and images used in job adverts reflect and appeal to all sections of society;
- ensuring that jobs are advertised to reach the appropriate audiences without disadvantaging or excluding certain sections of society;
- communicating our policy to recruitment and employment agencies;

- short-listing only those people whose skills and qualifications most closely match the job specification;
- using fair and consistent selection methods based on assessment of skills and competencies;
- keeping records of the recruitment and selection process, including interview notes and assessments;
- ensuring training opportunities are available to all staff and are inclusive;
- monitoring recruitment, selection and development to ensure equality of opportunity throughout the process and, if necessary, taking steps to eliminate any potentially discriminatory practices;
- offering effective induction and training to all recruits and making reasonable adjustments to the working environment or work arrangements to assist people with disabilities to secure their integration into the workplace.

141 IPSA is a relatively small organisation and many of the roles require specialised experience and skills. Whilst this necessarily limits opportunities for promotion and career development, those opportunities that arise will be made available to as wide an internal group as possible, taking account of the need to ring-fence access to jobs in specific circumstances, such as

short-term promotions where particular skills are required, or where staff might otherwise be at risk of redundancy due to organisational change. In all cases, we make it clear to all staff that a vacancy exists and how it will be filled. We make decisions on promotions and career development based on assessment of talent and experience, rather than on assumptions based on race, age, gender, marital status, disability or other discriminatory grounds.

142 The role of learning and development is to improve performance in the job, to develop skills, and to prepare individuals for other roles and responsibilities where appropriate. We focus on the development needs of each individual to help them to fulfil their full potential in their role. No assumptions will be made based on gender, family commitments, full or part-time working status, or other non-justifiable or discriminatory grounds. We make reasonable adjustments where necessary to accommodate the specific needs of employees with a disability to enable them to participate fully in learning and development events. HR collect and analyse information on attendance at external training in order to ensure that no particular groups or individuals are unfairly excluded or disadvantaged and that resources are equitably distributed across the organisation.

Consultancy Expenditure

143 In 2015-16 IPSA spent £56,000 on consultancy and advice services (2014-15: £125,000). This was made up of:

- Image redactions for Freedom of Information requests: £18,000
- Human Resources advice: £8,000
- Pensions advice: £15,000
- General election training: £5,000 as part of the general election
- IPSA 2017 project: £10,000.

Senior Staff Members

The full time equivalent bandings of the senior staff members of IPSA are as follows:

Remuneration banding	Number of individuals in banding	
	2015-16	2014-15
£15,000 – £20,000	0	1
£70,000 – 75,000	1	1
£90,000 – 95,000	1	1
£100,000 – £105,000	0	1
£120,000 – £125,000	2	2
£125,000 – £130,000	0	1
Total	4	7

Signed

Date:

Marcial Boo
Chief Executive and Accounting Officer

5. Parliamentary Accountability and Audit Report

A. Statement of Parliamentary Supply (SOPS)

	SOPS Note	2015-16				2014-15	
		Estimate		Outturn		Outturn	
		Voted	Total	Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit							
– Resource	1.1	209,991	209,991	175,631	175,631	34,360	164,137
– Capital	1.2	1,898	1,898	601	601	1,297	957
Annually Managed Expenditure						0	
– Resource	1.1	500	500	(638)	(638)	1,138	20
– Capital	1.2	0	0	0	0	0	0
Total Budget		212,389	212,389	175,594	175,594	36,795	165,114
Non-Budget							
– Resource	1.1	0	0	0	0	0	0
Total		212,389	212,389	175,594	175,594	36,795	165,114
Total Resource	1.1	210,491	210,491	174,993	174,993	35,498	164,157
Total Capital	1.2	1,898	1,898	601	601	1,297	957
Total		212,389	212,389	175,594	175,594	36,795	165,114

	SOPS Note	2015-16			2014-15
		Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
		£'000	£'000	£'000	£'000
NET CASH REQUIREMENT 2015-16					
Net Cash Requirement	3	211,038	175,349	35,689	161,690

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

Explanations of variances between Estimate and outturn are given in SOPS1 and in the Directors Report.

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

IPSA has no Non-Voted Expenditure.

The notes on pages 40 to 43 form part of this statement.

Notes to the Statement of Parliamentary Supply

SOPS1. Net Outturn

SOPS1.1 Analysis of Net Resource Outturn by Section

	2015-16			2014-15		Outturn
	£'000			£'000		
	Outturn			Estimate		
	Programme			Net Total	Net Total compared to Estimate	Total
	Gross	Income	Net			
Spending in Departmental Expenditure Limit						
<i>Voted:</i>						
A. MPs' pay, staffing, business costs and expenses	169,344	(114)	169,230	201,082	31,852	157,572
B. IPSA operations (core costs)	4,825	0	4,825	5,112	287	5,083
C. IPSA Operations (project costs)	1,339	0	1,339	1,547	208	1,383
D. Information Commissioner Expenditure on receipts	169	0	169	2,150	1,981	67
E. IPSA Recruitment of IPSA Board	68	0	68	100	32	32
Voted Departmental Expenditure	175,745	(114)	175,631	209,991	34,360	164,137
Annually Managed Expenditure						
<i>Voted:</i>						
F. Provisions and Impairments	(638)	0	(638)	500	1,138	20
Voted Annually Managed Expenditure	(638)	0	(638)	500	1,138	20
Total	175,107	(114)	174,993	210,491	35,498	164,157

SOPS1.2 Analysis of Net Capital Outturn by Section

	2015-16			2014-15		
	£'000			£'000		
	Outturn Programme			Estimate	Outturn	
	Gross	Income	Net	Net Total	Net Total compared to Estimate	Total
<i>Voted:</i>						
A. MPs' pay, staffing, business costs and expenses	840	(679)	161	1,330	1,169	(62)
B. IPSA operations (core costs)	440	0	440	568	128	1,019
Voted Departmental Expenditure	1,280	(679)	601	1,898	1,297	957
Spending in Annually Managed Expenditure						
<i>Voted:</i>	0	0	0	0	0	0
Voted Annually Managed Expenditure	0	0	0	0	0	0
Total	1,280	(679)	601	1,898	1,297	957

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

SOPS2. Reconciliation of Net Resource Outturn to Net Operating Expenditure

	2015-16		2014-15	
	£'000		£'000	
	SOPS Note	Outturn	Outturn	
Total resource outturn in Statement of Parliamentary Supply	1.1	174,993	164,157	
Add: Capital Grants		0	0	
Less: Income Payable to the Consolidated Fund	4	0	0	
Net Operating Expenditure in Statement of Comprehensive Net Expenditure		174,993	164,157	

SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	SOPS Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)
		£'000	£'000	£'000
Resource Outturn	1.1	210,491	174,993	35,498
Capital Outturn	1.2	1,898	601	1,297
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation		(771)	(768)	(3)
New provisions and adjustments to previous provision		(500)	638	(1,138)
Supported capital expenditure (revenue)		0	0	0
Other non-cash items		(80)	(102)	22
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in inventories		0	0	0
Increase/(decrease) in receivables		0	(189)	189
(Increase)/decrease in payables		0	153	(153)
Use of provisions		0	23	(23)
		(1,351)	(245)	(1,106)
Removal of non-voted budget items:				
Consolidated Fund Standing Services		0	0	0
Other adjustments				
Net Cash Requirement		211,038	175,349	35,689

SOPS4. Income Payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the period ending 31 March 2016 (2014-15: £nil)

B. Parliamentary Accountability Disclosures

B.1 Losses and Special Payments

B.1.1 Losses Statement

	2015-16	2014-15
Total number of losses	33	0
Total value of losses (£'000)	2	0

B.1.2 Special Payments Statement

	2015-16	2014-15
Total number of special payments	0	0
Total value of special payments	0	0

B.2 Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, IPSA also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are no such liabilities at IPSA.

The Parliamentary accountability and audit report is covered by the Comptroller and Auditor General's audit opinion.

C. The Certificate and Report of the Comptroller and Auditor General

I certify that I have audited the financial statements of the Independent Parliamentary Standards Authority (IPSA) for the year ended 31 March 2016 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2016 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 2016 and of its net operating expenditure 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with the Parliamentary Standards Act 2009 and HM Treasury directions issued thereunder; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

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

Date 13 July 2016



Part III: Financial Statements

A. Statement of Comprehensive Net Expenditure

FOR THE YEAR ENDED 31 MARCH 2016			2015-16	2014-15
	Note	£'000	£'000	
		IPSA	IPSA	
MPs' Business costs and expenses scheme				
MP and MP Staff pay costs	3	141,362	133,553	
MP and MP Staff expenses	3	27,982	24,126	
Income	6	(114)	(107)	
IPSA Operational costs (including additional FOIA expenditure and IPSA project costs)				
Staff costs	4	3,720	3,384	
Other costs	5	2,043	3,419	
Income	6	0	(218)	
Net operating expenditure		174,993	164,157	
Total operating expenditure		175,107	164,482	
Total operating income		(114)	(325)	
Net operating expenditure		174,993	164,157	
Other Comprehensive Net Expenditure				
Items that will not be reclassified to net operating expenditure:				
Net (gain)/loss on:				
– revaluation of property, plant & equipment		0	0	
– revaluation of intangibles		0	0	
Items that may be reclassified subsequently to net operating expenditure:				
Net (gain)/loss on:				
– revaluation of available for sale assets		0	0	
Comprehensive net expenditure for the year ended		174,993	164,157	

The notes on pages 51 to 63 form part of these accounts.

B. Statement of Financial Position

AS AT 31 MARCH 2016					
		2015-16		2014-15	
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	7	950		1,434	
Intangible assets	8	492		343	
Total non-current assets			1,442		1,777
Current assets:					
Trade and other receivables	10	2,259		2,287	
Cash and cash equivalents	11	52		101	
Total current assets			2,311		2,388
Total assets			3,753		4,165
Current liabilities:					
Trade and other payables	12	(7,088)		(7,226)	
Provisions	13	(1,233)		(2,044)	
Other liabilities	12	(52)		(101)	
Total current liabilities			(8,373)		(9,371)
Total assets less current liabilities			(4,620)		(5,206)
Non current liabilities:					
Provisions	13	(150)		0	
Total non current liabilities			0		0
Total assets less total liabilities			(4,770)		(5,206)
Taxpayers' equity:					
General fund			(4,770)		(5,206)
Total equity			(4,770)		(5,206)

The notes on pages 51 to 63 form part of these accounts.

Signed

Date: 8 July 2016

Marcial Boo – Chief Executive – Accounting Officer

C. Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2016			
		2015-16	2014-15
	Note	£'000	£'000
Cash flows from operating activities			
Net operating expenditure		(174,993)	(164,157)
Adjustments for non-cash transactions			
Depreciation and amortisation	5	768	668
Loss on disposal of non-current assets	5	20	214
External Audit	5	80	80
Provisions not required written back	13	(638)	(95)
Increase in provisions	13	0	70
Bad debts written off	5	2	
(Increase)/Decrease in trade and other receivables	10	28	280
Less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure (deposits and advances)	10	0	0
Increase/(Decrease) in trade and other payables	12	(138)	2,224
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure (non-current asset accruals)		(15)	0
New provisions	13	0	150
Provision used	13	(23)	(105)
Net cash outflow from operating activities	SOPS4	(174,909)	(160,671)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(279)	(725)
Purchase of intangible assets	8	(161)	(294)
Proceeds of disposal of property, plant and equipment		0	0
Proceeds of disposal of intangibles		0	0
Net cash outflow from investing activities	SOPS4	(440)	(1,019)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		175,300	158,800
From the Consolidated Fund (Supply) – prior year		0	0
Net financing		175,300	158,800
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		(49)	(2,890)
Payments of amounts due to the Consolidated Fund		0	0
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		(49)	(2,890)
Cash and cash equivalents at the beginning of the period		101	2,991
Cash and cash equivalents at the end of the period	11	52	101

The notes on pages 51 to 63 form part of these accounts.

D. Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2016			
		General Fund	Total Reserves
	Note	£'000	£'000
Balance as at 1 April 2014		(2,819)	(2,819)
Net Parliamentary Funding – drawn down		158,800	158,800
Net Parliamentary Funding – deemed supply		2,991	2,991
Supply payable adjustment	12	(101)	(101)
Comprehensive Net Expenditure for the Year		(164,157)	(164,157)
Non-Cash Adjustments			
Non-cash charges – auditor’s remuneration	5	80	80
Balance at 31 March 2015		(5,206)	(5,206)
Balance at 1 April 2015		(5,206)	(5,206)
Net Parliamentary Funding – drawn down		175,300	175,300
Net Parliamentary Funding – deemed supply		101	101
Supply payable adjustment	12	(52)	(52)
Comprehensive Net Expenditure for the Year		(174,993)	(175,001)
Non-Cash Adjustments			
Non-cash charges – auditor’s remuneration	5	80	80
Balance at 31 March 2016		(4,770)	(4,778)

The notes on pages 51 to 63 form part of these accounts.

E. Notes to Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2015–16 Government FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that 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.

1.1 Accounting Convention

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

1.2 Financing and Going Concern

IPSA is resourced by funds approved by the Speaker's Committee for IPSA through the annual Appropriation Acts. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. Any income that IPSA may use in support of its activities is also approved in the Appropriation Act. The Main Estimate for 2016-17 (HC966) was approved on 20 April 2016. There is no reason to believe that future funding will not be forthcoming. The Accounts have therefore been prepared on a going concern basis.

1.3 Administration and Programme Expenditure

The Statement of Parliamentary Supply shows all IPSA's expenditure is classified

as programme. IPSA has no administration expenditure.

1.4 Pensions

IPSA is admitted to Section 1 of the Civil Service pension scheme arrangements and past and present staff are covered by the provisions of the Civil Service pension scheme arrangements. 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 Civil Service pension scheme arrangements of amounts calculated on an accruing basis. Liability for future benefits is a charge on the Civil Service pension scheme arrangements. In respect of defined contribution schemes, IPSA recognises the contributions payable for the year.

1.5 Property, Plant and Equipment

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

On initial recognition, assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition. All tangible assets are deemed to be short-life or low value assets and are therefore valued on the basis of depreciated historical cost as an

approximation of fair value. Tangible assets are reviewed annually for impairment. In line with IAS 37 Provisions, contingent liabilities and contingent assets, any capital provision made for the cost of restoring IPSA's leasehold property to its original state at the end of the lease will be recognised as part of the leasehold improvements asset and will be depreciated prospectively over the remaining lease term.

1.6 Intangible Assets

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

1.7 Depreciation/Amortisation

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

Asset lives are assigned as follows:

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

1.8 Trade Receivables and Other Receivables

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

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

1.9 Operating Leases

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

1.10 Provisions

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

1.11 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, IPSA discloses for parliamentary reporting and accountability

purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

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

1.12 Value Added Tax

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

1.13 Staff Costs

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

1.14 Significant Accounting Judgements and Estimates

For the year ended 31 March 2016, MPs may submit a claim up to 60 days after incurring the expenditure. The outstanding balance of claims for MPs' expenses arising out of 2015-16 has been accrued for in these accounts. Usually an estimate is made for claims allowed after the 60 day cut-off date (because they meet the criteria for exemptions), and included in the accrual.

1.15 Recognition of MPs' Claims

For the purpose of determining the timing of MPs' expenses claims for year end, individual claim lines are recognised according to transaction date, not the date at which the claim is submitted. Claims against invoices for which payment has not yet been made are recognised at the invoice date. Advance

rental payments and other large items of expenditure made by MPs that involve an element of prepayment have been accrued for the period in question.

Rental and other payments which are made direct by IPSA on the 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 IPSA Estimate and are recognised once payment has been approved, at which point a constructive obligation is established. IPSA is not responsible for the management of MPs' expenditure once the claim has been paid and does not for example, distinguish between expenditure on capital assets as opposed to consumable items. These are a matter for the MP concerned.

1.16 Income

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

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

2. Statement of Operating Expenditure By Operating Segment

IPSA's operating segments correspond with the Subhead detail of the 2015-16 Estimate. The reportable segments are reported to the IPSA Board in its management accounts and are the components of the entity that management uses to make decisions about operating matters.

2015-16						
	Subhead A	Subhead B	Subhead C	Subhead D	Subhead E	
	MPs' Pay, staffing, business costs and expenses	IPSA Operations – core costs (including provisions)	IPSA Operations (Project Costs)	Information Commissioner Expenditure on receipts	IPSA Recruitment of IPSA Board	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	169,344	4,187	1,339	169	68	175,107
Income	(114)	0	0	0	0	(114)
Net Expenditure	169,230	4,187	1,339	169	68	174,993

2014-15						
	Subhead A	Subhead B	Subhead C	Subhead D	Subhead E	
	MPs' Pay, staffing, business costs and expenses	IPSA Operations – core costs (including provisions)	IPSA Operations (Project Costs)	Information Commissioner Expenditure on receipts	IPSA Recruitment of IPSA Board	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	157,679	5,321	1,383	67	32	164,482
Income	(107)	(218)	0	0	0	(325)
Net Expenditure	157,572	5,103	1,383	67	32	164,157

Description of Segments

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

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

IPSA Project Costs – the non-recurring costs associated with areas of work outside of core operational tasks, was £1,339k, including General Election work this year (2014-15: £1,383k).

3. MPs' Expenses Scheme Costs

	2015-16	2014-15
	£'000	£'000
MPs' Business Costs and Expenses Scheme		
MP Salary cost	51,263	44,919
MP Staff Salary cost	63,850	70,934
MP National Insurance	5,316	4,844
MP Staff National Insurance	5,909	6,135
MP Staff Superannuation	6,304	6,515
MP Winding Up Costs	8,720	206
	141,362	133,553
Capped Budgets		
Accommodation Expenses and Office Expenditure		
Property rent	10,150	9,316
Utility costs	642	601
Council Tax	472	427
Service charges	115	130
Rates	133	108
Other premises costs	715	381
Insurance	450	394
Professional services	1,881	1,382
Stationery and other office supplies	1,932	1,838
Telephone and internet	1,192	1,158
Pooled services	1,200	1,038
Computers	851	307
Office furniture	163	42
Photocopiers and televisions	340	239
Publicity, advertising and communications	196	261
Website design and hosting	160	162
Other	854	518
Total Capped Expenditure	21,446	18,302
Uncapped Budgets		
Travel		
Car	1,358	1,351
Air	1,152	1,075
Rail	2,284	2,047
Taxi	60	53
Other	113	76
Hotels	1,147	740
Food and drink	60	81
Training	62	66
Parking	129	158
Other (including MP training, telephony, insurance)	171	177
Total Uncapped	6,536	5,824
Total MPs' Business Costs and Expenses Scheme	169,344	157,679

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

3.1 Reporting of MP Staff Redundancies

Value of redundancy package	Number of MP Staff Departures Agreed			Value of Redundancy Package		
	Defeated MPs	Returned MPs	Total	Defeated MPs	Returned MPs	Total
>£nil – £4,999	325	34	359	835	99	934
£5,000 – £9,999	131	9	140	940	59	999
£10,000 – £14,999	57	2	59	728	24	752
£15,000 – £19,999	42	0	42	748	0	748
£20,000 – £24,999	23	1	24	533	25	558
£25,000 – £29,999	21	3	24	578	83	661
Total	599	49	648	4,362	290	4,652

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

MP Staff redundancy costs have been paid in accordance with the provision of the Parliamentary Compensation Scheme for the staff of defeated MPs and MP Office restructure. In 2014-15, the MP staff redundancies related to MPs standing down.

4. Staff costs

Staff costs comprise:

	2015-16	2014-15
	£'000	£'000
Wages and salaries	2,393	2,320
Social security costs	209	199
Other pension costs	450	361
Seconded Staff – VAT	0	0
Sub Total	3,052	2,880
Agency staff	668	504
Total Net Costs	3,720	3,384

5. IPSA Operational Costs

	2015-16	2014-15
	£'000	£'000
Rent, rates and service charges	611	1,006
Other property costs	101	82
IT services and telephony	533	590
Legal	83	85
Pension advice and administration	16	65
Internal Audit services	59	50
Recruitment and advertising	144	190
FOIA costs	3	67
Printing, postage and stationery	83	61
Professional services	22	103
Non-cash items:		
Depreciation	360	563
Amortisation	408	106
(Profit)/Loss on Disposals	20	214
External Audit*	80	80
Bad Debts Written Off	2	0
New provisions and adjustments to previous provisions	(638)	20
Other	156	137
Total	2,043	3,419

* External Audit provided no non-audit services.

6. Income

	2015-16	2014-15
	£'000	£'000
Speakers scheme (cost of some MPs' internships)	(114)	(107)
Sublet Rental Income	0	(218)
	(114)	(325)

7. Property, Plant and Equipment

	Leasehold Refurbishment	Information Technology	Furniture and Fittings	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2015	491	2,988	229	3,708
Additions	167	97	15	279
Disposals	0	(53)	(53)	(106)
Impairments	0	0	0	0
Reclassifications*	0	(1,608)	16	(1,592)
At 31 March 2016	658	1,424	207	2,289
Depreciation				
At 1 April 2015	0	2,191	83	2,274
Charged in year	123	193	44	360
Disposals	0	(42)	(42)	(84)
Impairments	0	0	0	0
Reclassifications*	0	(1,222)	11	(1,211)
At 31 March 2016	123	1,120	96	1,339
Carrying amount at 31 March 2015	491	797	146	1,434
Carrying amount at 31 March 2016	535	304	111	950

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

All assets are owned.

* In 2015-16 a review of the fixed asset register was undertaken and as part of this it was identified there was a group of assets which had been classified as information technology assets rather than intangible assets. Hence a reclassification has been made to correct this. Additionally, other asset adjustments were identified.

8. Intangible Assets

Intangible assets comprise the software and also website development costs.

	Total
	£'000
Cost or valuation	
At 1 April 2015	679
Additions	161
Disposals	0
Reclassifications*	1,606
At 31 March 2016	2,446
Amortisation	
At 1 April 2015	336
Charged in year	408
Disposals	0
Reclassifications*	1,210
At 31 March 2016	1,954
Carrying amount at 31 March 2015	343
Carrying amount at 31 March 2016	492

	Total
	£'000
Cost or valuation	
At 1 April 2014	385
Additions	294
Disposals	0
Reclassifications	0
At 31 March 2015	679
Amortisation	
At 1 April 2014	230
Charged in year	106
Disposals	0
Revaluation	0
At 31 March 2015	336
Carrying amount at 31 March 2014	155
Carrying amount at 31 March 2015	343

* In 2015-16 a review of the fixed asset register was undertaken and as part of this it was identified there was a group of assets which had been classified as information technology assets rather than intangible assets. Hence a reclassification has been made to correct this. Additionally, other asset adjustments were identified.

9. Financial Instruments

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

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

Liquidity Risk

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

Credit Risk

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

10. Trade Receivables and Other Current Assets

	2015-16	2014-15
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	112	232
Deposits and advances	713	552
Other receivables	120	441
Prepayments and accrued income	1,314	1,062
Total	2,259	2,287

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

Other receivables includes budget overspends by MPs.

No provision for doubtful debts is required as all debts remaining at 31 March 2016 are considered recoverable either through deduction from MPs' pay if not reimbursed or through repayment by the respective MP.

11. Cash and Cash Equivalents

	2015-16	2014-15
	£'000	£'000
Balance at 1 April	101	2,991
Net change in cash and cash equivalent balances	(49)	(2,890)
Balance at 31 March	52	101
The following balances at 31 March were held at:		
Government Banking Service	52	101
Balance at 31 March respectively	52	101

There were no cash equivalents held by IPSA at 31 March 2016 or 31 March 2015.

12. Trade Payables and Other Current Liabilities

	2015-16	2014-15
	£'000	£'000
Amounts falling due within one year		
Taxation and social security	3,386	1,762
Payables	1,109	1,254
Accrual for MP and MP staff expenses	1,811	3,643
Other accruals and deferred income	782	567
	7,088	7,226
Amounts issued from the Consolidated Fund for Supply but not spent at year end	52	101
Total	7,140	7,327

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

13. Provisions for Liabilities and Charges

	2015-16	2014-15
	£'000	£'000
Balance at 1 April	2,044	2,024
Provided for in year	0	220
Provisions not required written back	(638)	(95)
Provisions used in year	(23)	(105)
Borrowing costs	0	0
Balance at 31 March	1,383	2,044

	Dilapidations	FOI Publication Costs	Total
	£'000	£'000	£'000
Analysis of expected timing of cash flows			
Not later than one year	0	1,233	1,233
Later than one year and not later than five years	150	0	150
Later than five years	0	0	0
Balance at 31 March 2016	150	1,233	1,383

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

IPSA also holds a provision for the potential costs of implementing the publication of MP expense receipts pending a final legal appeal decision for £1,233k. The appeal has now been heard and a decision was made by the Court of Appeal requiring IPSA to publish all receipts submitted by MP's when requested. The estimated cost is based on external professional advice and is considered by management to be the best estimate of potential future costs.

14. Capital and Other Commitments

14.1 Capital Commitments

	2015-16	2014-15
	£'000	£'000
Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements:		
Property, plant and equipment	4	150
	4	150

Capital commitments at 31 March 2016 primarily relates to software upgrades.

14.2 Commitments Under Leases

14.2.1 Operating Leases

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

	2015-16	2014-15
	£'000	£'000
Buildings		
Not later than one year	325	298
Later than one year and not later than five years	650	974
Later than five years	0	0
	975	1,272

As at 31 March 2016 there is only one lease commitment relating to the rental property at Millbank. The total rental expenditure, including a 12 month rent free period, recognised was £259k (2014-15: £298k).

14.2.2 Finance Leases

IPSA does not hold any finance leases.

14.3 Other Financial Commitments

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

15. Contingent Liabilities Disclosed Under IAS 37

There are no contingent liabilities as at 31 March 16 (£8m as at 31 March 2015 to cover the uncertain timing and cost relating to MP resettlement claims, defeated MPs and MP staff redundancies as a result of the General Election on 7 May 2015).

16. 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.

During 2015 Rt Hon John Thurso received expenses from IPSA in the normal course of business in his capacity as an MP. No such transactions were undertaken following his appointment to the Board in November 2015.

No other 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.

17. Third-Party Assets

IPSA currently holds £Nil (2014-15: £29,226) as a third party asset as defined in the 2015-16 FReM. The balance held in 2014-15 was the rent deposit that was returned to the tenants of Portland House when IPSA's lease of the property came to an end.

18. Events After the Reporting Period

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

IV

Accounts Direction

Part IV: Accounts Direction

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

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

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

16 April 2011

V

Annual Report by the Compliance Officer for IPSA

Part V: Annual Report by the Compliance Officer for IPSA

A Introduction

1. The Compliance Officer for the Independent Parliamentary Standards Authority (IPSA) is a statutory office holder who acts independently of IPSA's executive. The Compliance Officer reports to the Board of IPSA, but is not directed by them.
2. The office was created by the *Parliamentary Standards Act 2009* ('the Act'), as amended by the *Constitutional Reform and Governance Act 2010*. The legislation stipulates that the office holder shall carry out the following functions. The Compliance Officer:
 - (a) must, upon request, review a determination by IPSA to refuse an MP's expense claim in whole or in part; and
 - (b) may conduct an investigation if he/she has reason to believe that a member of the House of Commons may have been paid an amount under the *MPs' Scheme of Business Costs and Expenses* ('the Scheme') that should not have been allowed.
3. As the current Compliance Officer, following a competitive selection process, I was appointed by the Board of IPSA in December 2011. The Act stipulates that a Compliance Officer can only be appointed for a single fixed-term not exceeding five years and therefore my term of office will conclude in December 2016.
4. Despite a drop in the number of complaints received compared to the previous financial year, 2015-16 has been the busiest year for the Compliance Officer since the position was established in 2010. This is largely down to an increase in the complexity of complaints dealt with and a significant increase in the number of reviews requested by MPs with respect to expense claims refused by IPSA. Further information on complaints, investigations and reviews can be found below.
5. During the reporting period, I continued to maintain my contact with the Metropolitan Police (and other police forces) initiated during the previous year. As noted in last year's report, three cases were referred to the police in 2014-15. One further case was assessed by a regional force in 2015-16 but no further action was taken. Further information on my relationship and contact with the police can be found below.

B Relationship with IPSA

6. As Compliance Officer, I am not an employee or officer of IPSA but independent. I continue to demonstrate objectivity and neutrality in my relationships with MPs, IPSA, complainants and other agencies and stakeholders.
7. Schedule 2 of the *Parliamentary Standards Act 2009* (as amended) requires IPSA to provide the Compliance Officer with adequate resources and staff to discharge his functions. Compliance Office staff act solely on the instruction of the Compliance Officer and their functions are entirely separate from the executive branch of IPSA.
8. My office is staffed by one full-time equivalent (FTE) post, comprising of a Compliance Officer (generally two

days per week) and an Investigations Officer (three days per week). However, the workload handled at the end of the reporting period necessitated an increase in my time commitment to three days. The Investigations Officer is an IPSA employee and is afforded the same rights as other IPSA personnel.

C Relationship with MPs

9. As noted in previous years, the primary role of the Compliance Officer is to investigate complaints that there has been a contravention of the Scheme by an MP and therefore my relationship could easily be construed as adversarial. However, that has not generally been the case and I have continued to receive the full cooperation of MPs and their staff over the course of the 2015-16 financial year.
10. In all appropriate cases my approach is forward looking. Where I identify errors as the underlying cause of a complaint, I seek to ensure that positive action is taken to reduce the risk of similar errors being replicated in the future. IPSA's Scheme has proven effective in leaving very little scope for abuse or wilful misinterpretation of the rules and during my four years in office I have witnessed even less appetite for such abuse.
11. I wrote to all the MPs who were newly elected at the General Election held in May 2015 to introduce myself, to outline the functions of my office and to make myself available should they wish to meet.
12. During my dialogue with MPs, as in previous years, I have continued to emphasise the following key messages.
 - (a) Complaints will be viewed with objectivity, proportionality and common sense. The content will be scrutinised thoroughly and corroboration sought;
 - (b) A significant proportion of complaints are malicious and designed to tarnish the image of the MP with little or no evidence of any wrongdoing;
 - (c) Where a claim is incorrectly submitted or paid, this is almost always due to a genuine and understandable error by the MP, their proxy or by IPSA, which can be dealt with swiftly and without fuss;
 - (d) I am aware that the complaints procedure (and the potential publicity resulting from a complaint) is utilised for political campaigning or electioneering. Complaints, whether proven or not, carry an inevitable risk of reputational damage. My primary concern is that of MPs' compliance with IPSA's Scheme; I will not permit my office to be utilised by anyone for the purpose of gaining party-political advantage and I take a dim view of baseless politically-motivated complaints.
 - (e) The third edition of the Procedures for Investigation by the Compliance Officer for IPSA (available at www.parliamentarycompliance.org.uk) set out the information I am required to publish with respect to an investigation and when this should take place. The procedures attempt to strike a balance between:
 - (a) the legitimate right of the public to scrutinise an MP's use of public funds, where there is reason to believe the Scheme has been breached; and
 - (b) ensuring my office is not utilised as a tool to tarnish the reputation of MPs through the submission of erroneous complaints.

D Relationship with the Parliamentary Commissioner for Standards and the Police

13. IPSA and the Compliance Officer are required by the Act to draft and agree Joint Working Agreements with:
 - The Metropolitan Police and the Director of Public Prosecutions; and
 - The Parliamentary Commissioner for Standards.
14. Copies of these documents can be found on the website at: <http://www.parliamentarycompliance.org.uk/transparency/Pages/compliance-publications>.
15. Following dialogue with IPSA and the Parliamentary Commissioner for Standards, a revised Joint Working Agreement was signed by all parties in January 2015. The document seeks to minimise the potential for double jeopardy and to improve the effective and efficient operation of all the signatories.
16. A Joint Statement also sets out how IPSA and the Compliance Officer will work with the Metropolitan Police and the Director of Public Prosecutions should either have reason to suspect that a criminal offence may have been committed. Where IPSA has reason to suspect a deliberate breach of the Scheme, a referral will be made to the Compliance Officer. If the Compliance Officer has reason to suspect a criminal offence may have been committed, he/she should suspend his/her enquiries and contact the Metropolitan Police. Both IPSA and the Compliance Officer will then assist the appropriate police force with their initial assessment of the evidence and any further enquiries they undertake thereafter.
17. Further, the police may receive complaints from third parties (such as members of the public) alleging criminal abuse of the Scheme; in such instances, IPSA and the Compliance Officer may be contacted to assist with police enquiries.
18. The Compliance Officer has initiated discussions with the Metropolitan Police regarding the possibility of refreshing the joint working agreement currently in place between the Compliance Officer, IPSA, the Metropolitan Police and the Director of Public Prosecutions. Further dialogue will take place during 2016-17.
19. As noted above, in 2014-15, I felt it necessary for the first time during my term of office, to refer three cases to the police. My actions were guided by the joint working agreement with the Metropolitan Police (referred to earlier) which states:

“Where, in the exercise of their duties, either IPSA or the Compliance Officer is given a reason to suspect that a criminal offence may have been committed by an MP or a member of an MP’s staff, they shall seek advice from the Commissioner [of Police of the Metropolis] and notify the Metropolitan Police of their suspicions, and hand over any relevant documentation upon request.”
20. I am legally bound by the Data Protection Act to ensure that personal data, which includes the names of individuals referred to the police, is protected from unlawful disclosure. The police are responsible for assessing and investigating criminal complaints. Thereafter, should the Crown Prosecution Service (CPS), decide to bring charges against an individual, the relevant information will be disclosed under their procedures at the appropriate time and in accordance with the law. The public interest is not served by breaching my legal obligations under the Data Protection Act or by prejudicing the work of the police.

E Procedures for Investigations of the Compliance Officer

21. IPSA is required by the Act to determine the procedures which the Compliance Officer must follow when handling complaints and requests for investigation alleging that MPs may have been paid a sum to which they were not entitled under the Scheme.
22. IPSA published the First Edition of the Procedures for Investigations by the Compliance Officer for IPSA ('the Procedures') in July 2010. After having been in place over a year, a review was undertaken, including consultation with the public and Parliament. On 1 February 2012 the Second Edition of the Procedures took effect.
23. In 2014, I judged that there was an opportunity to utilise the benefits of my three years of accrued experience to assist IPSA in drafting a third iteration. A public consultation was held in the summer of 2014 and the Third Edition of the Procedures for Investigation by the Compliance Officer for IPSA became effective on 1 January 2015.
24. The current procedures can be viewed at www.parliamentarycompliance.org.uk.

F Complaints and Investigations

25. During the reporting period I handled 34 complaints (ten of which were carried over from the previous financial year). Of the 34 complaints handled, three formal investigations were opened.
26. In all other cases, there was no evidence to suggest a deliberate breach of the Scheme had occurred and the case was closed following an assessment of the available evidence. Frequently this form of resolution involves guidance to the MP (or their proxy) regarding use of the online expenses system and/or interpretation of the Scheme. In other

cases it involves informal feedback to IPSA regarding the manner in which the claim has been handled.

27. Details of all complaints handled by the Compliance Officer each financial year, including the basis for the complaint, the outcome and the rationale behind the outcome, are now published on a quarterly basis on the website, at the following address: <http://www.parliamentarycompliance.org.uk/transparency/Pages/Complaints-handled>.
28. On 11 January 2016, following a request from IPSA, I opened an investigation into potential breaches of the Fourth, Fifth, Sixth and Seventh Editions of the Scheme by Jim Shannon MP. The investigation related to Travel Expenditure incurred by staff in his constituency. My Statement of Provisional Findings was published on 9 May 2016 and contained a requirement that Mr Shannon must repay £13,925.86 of mileage incurred by staff in the exercise of their working functions but nonetheless outside the Scheme.
29. On 1 February 2016, following a complaint from a member of the public, I opened an investigation into potential breaches of the Fourth, Fifth, Sixth and Seventh Editions of the Scheme by Simon Danczuk MP relating to Accommodation Expenditure and Travel Expenditure claims. My Statement of Provisional Findings, published on 18 March 2016, found that Mr Danczuk had registered two dependants with IPSA, entitling him to an a maximum potential uplift to his budget of £2,425 per dependant per year. Contrary to the requirements of the Scheme, neither dependant was 'routinely resident' at any point during the three years they were registered. As such, the uplift should not have been applied and payments of £11,583.20 should

not have been made. Mr Danczuk was required to repay the entire amount.⁴

30. Mr Danczuk accepted the findings of the report and on 22 April 2016 repaid the amount in full. As a result, and in accordance with the Act, on 6 May 2016, I published a Closure Report.
31. On 24 February 2016, following a complaint from a member of the public, I opened an investigation into potential breaches of the Seventh Edition of the Scheme by Phil Boswell MP, relating to Office Costs Expenditure claims. The claims related to videos produced by the MP, which were of a party political nature and therefore in breach of the Scheme.
32. My Statement of Provisional Findings was published on 9 May 2016 and Mr Boswell was required to repay £555.⁵
33. Further details of all investigations undertaken by the Compliance Officer can be found on the website, at the following address: <http://www.parliamentarycompliance.org.uk/transparency/Pages/open-and-closed-investigations>.

G Reviews

34. As noted in last year's report, the payment card facility afforded to MPs has, in recent years, been opened up to any allowable expense claim under the Scheme. In practice, this means the Compliance Officer is increasingly called upon to review cases where an MP is already in receipt of an expense payment which is subsequently rejected by IPSA and a repayment required. Review requests may therefore relate to MPs who do not believe they should repay an expense payment, as opposed to a refusal by IPSA to pay an expense.

35. Similarly, MPs who exceed their allocated budgets are required to repay any excess incurred. IPSA's Scheme states that '*MPs who spend more than their allocated budget in any financial year will be considered to have been paid an amount that IPSA subsequently determines should not have been paid*'. Again, if an MP requests a review under these circumstances, it does not strictly accord with the wording of the Act but is within the spirit.
36. During the reporting period, eleven reviews have been requested by nine MPs, far exceeding any previous financial year.
37. A number of these reviews were requested by MPs who stood down or were defeated at the May 2015 General Election and were therefore required to settle their accounts with IPSA. In these cases, disputes arose between the MP and IPSA, and the Compliance Officer was requested to review IPSA's determination to request repayment.
38. In three of the eleven reviews I accepted the appeal and overturned the decision (in full or in part) by IPSA to refuse the original claims.
39. In seven other cases, I rejected the appeal in full and agreed that the original determinations made by IPSA were correct.
40. At the time of reporting, one review is ongoing.
41. Details of reviews conducted by the Compliance Officer are published on the website⁶ and are available at the following address: <http://www.parliamentarycompliance.org.uk/transparency/Pages/completed-reviews>.

⁴ Mr Danczuk was also required to repay £96.50 in relation to parking charges incorrectly claimed.

⁵ As Mr Boswell did not receive full payment for the claims when originally submitted, the actual repayment figure is £345.

⁶ Where the review relates to personal or sensitive issues (such as staffing matters), the full review has not been published to protect the privacy of individuals concerned.

H Accommodation

42. As previously referred to, the Act requires IPSA to provide the Compliance Officer with adequate resources to discharge his functions. This includes the provision of office accommodation, IT and telephony. Since the formation of IPSA, the accommodation provided has been adjacent to that occupied by IPSA.
43. In April 2014, IPSA moved to new premises at 30 Millbank and, once again, I took up occupancy of an office adjacent to those utilised by the IPSA executive and their staff, ensuring efficient and effective access to information, data and documentation.

I. Statistics

44. Figures outlining complaints received and cases handled by the Compliance Office during 2015-16 are shown below. Statistics on the number of cases handled each quarter are published on the website, under the 'Transparency' banner. More qualitative information on complaints handled by the Compliance Officer each financial year is now published on a quarterly basis on the website, at the following address: <http://www.parliamentarycompliance.org.uk/transparency/Pages/Complaints-handled>.
45. The majority of complaints received during 2015-16 related to the IPSA budget headings of Office Costs Expenditure and Staffing. There are a number of matters that become apparent from closer analysis of the cases, as follows:
- The Compliance Officer receives correspondence on a daily basis, much of which falls outside his remit. Complaints often relate to a disagreement with an MP's position on a particular matter or are motivated purely by a visceral dislike of the MP in question. These complaints fall outside the remit of any public authority, and in such instances the

complainant is encouraged to contact the MP or demonstrate their disagreement at the ballot box;

- Some correspondence does not appear in the complaints data as it is either malicious or frivolous, containing no specific allegation and/or no evidence. Correspondence of this nature is received regularly, however it increases during periods of high profile negative press coverage regarding MPs and in the weeks preceding national or local elections;
- Correspondence taking issue with what MPs are allowed to claim under the Scheme is not contained within the data. These cases do not relate to the remit of the Compliance Officer and do not therefore warrant recording or an assessment. In most instances the correspondence is forwarded to IPSA for a response or the complainant is encouraged to contribute suggestions to IPSA's annual review of its Scheme;
- IPSA has a thorough, robust and methodical Assurance Team who carry out thematic inspections and also examine those claims which fall outside normal parameters. In addition, each MP now has an allocated Account Manager responsible for examining all claims submitted holistically and retrospectively. In most cases, where issues are identified by these teams, they are handled internally by IPSA. Only when the IPSA Chief Executive judges that a case could more appropriately be handled by the Compliance Officer do I receive a formal request for an investigation.

Table 1: Summary of the 34 cases handled during 2015-16

Cases brought forward from 2014-15	Cases opened during 2015-16 by quarter				Total cases opened during 2015-16	Cases closed during 2015-16	Cases carried forward to 2016-17
	Q1	Q2	Q3	Q4			
10	7	4	7	6	24	31	3

Table 2: Outcome of the 31 cases closed during 2015-16

Assessments closed	31
Investigations closed	0

Table 3: Breakdown of the sources of the 24 cases opened during 2015-16

IPSA	8
Member of the public	15
Prospective Parliamentary Candidate	1

Table 4: Outcome of all complaints handled since 2012-13

	2012-13	2013-14	2014-15	2015-16
Number of complaints received	24	23	40	24
Number of investigations opened	1	0	1	3

46. The number of cases handled has decreased from 40 in 2014-15 to 31 during 2015-16. This is primarily due to the General Election in May 2015, which prompted an increase in complaints during the pre-election period. These were captured in the data published for the previous financial year.

J. Looking ahead

47. 2015-16 is my last full year as Compliance Officer, as my term of office will expire in December 2016. As such, there are no major changes in working practices planned for 2016-17.

48. The complement of permanent staff will continue to be the equivalent of one full-time post and therefore any developments must be realistic if they are to be achievable and unlikely to interfere with the core role of the office. Therefore, during 2016-17, I will:

- Continue to ensure that all complaints and reviews are conducted thoroughly

and expeditiously, minimising the delay to complainants and MPs;

- Remain within the staffing and legal costs budgets allocated to the office;
- Continue to pursue efficiency improvements within office systems and procedures and ensure actions taken are cost-effective and provide value for money to the public purse;
- Take every opportunity to cement the existing good relations with MPs, IPSA, the Parliamentary Commissioner for Standards, Police and the Serjeant at Arms and improve them further where possible; and
- Continue dialogue with the Metropolitan Police Service with a view to refreshing the current joint working agreement.

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