

# **The Parliamentary Works Grant**

## **Annual Report & Accounts 2022-23**

*(for the year ended 31 March 2023)*



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***(for the year ended 31 March 2023)***

*Presented to Parliament pursuant to paragraph 25 and 27 of Schedule 1 of the  
Parliamentary Buildings (Restoration and Renewal) Act 2019*

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# Parliamentary Works Grant Annual Report & Accounts 2022-23

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## Performance Report

### Introduction

This Estimate covers expenditure arising from the Exchequer to the Parliamentary Works Grant (PWG) Estimate to fund the activities of the Restoration and Renewal Delivery Authority and the associated audit costs for both the grant administration and the Delivery Authority annual report and accounts.

Full details of the progress on restoration and renewal are given in the annual progress report:

<https://committees.parliament.uk/publications/40988/documents/199632/default/>

Further detail is available from the Delivery Authority annual report and accounts:

[https://assets.ctfassets.net/vuyikhqhtihf/4Q46Onee06ynq1XUgRRJuB/6bcef2b79ed4a6953bc7c43c9035d788/RR\\_22-23\\_ARA\\_050723\\_cert\\_ONLINE\\_v5\\_U.pdf](https://assets.ctfassets.net/vuyikhqhtihf/4Q46Onee06ynq1XUgRRJuB/6bcef2b79ed4a6953bc7c43c9035d788/RR_22-23_ARA_050723_cert_ONLINE_v5_U.pdf)

### Parliamentary Works Sponsor Body

This Estimate was previously known as the Parliamentary Works Sponsor Body Estimate. Following resolutions in the two Houses in July 2022, a new joint department within the Houses of Parliament, the Restoration and Renewal Client Team, was created to absorb the people, assets and liabilities of the Sponsor Body. The Sponsor Body was abolished by Statutory Instrument SI 1360 2022 on 31 December 2022.

This change was reviewed by management and has been treated under IFRS 3 – Business Combinations, as interpreted by the Government Financial Reporting Manual (FRM), as a transfer by merger. The implications of this are:

- a. An accounting treatment where each of the Administration accounts of the Houses will reflect their share of the Client Team as if they had always been combined.
- b. No separate closure accounts for the Sponsor Body
- c. An accounting treatment where the PWG reflects the funding to the Delivery Authority as though this had always been in a separate account for the Estimate.

The Estimate now exists solely to pay a grant to fund the activities of the Restoration and Renewal Delivery Authority and the associated audit fees. The restatement from the Sponsor Body's previously published accounts is disclosed in Note 2. The Client Team is now funded through the Estimates of the individual Houses of Parliament. The Delivery Authority makes up separate accounts and is not consolidated.

### 2022-23 Supply Estimate

An Estimate consisting of £84.0m resource DEL equivalent (RDEL) and £3.0m capital DEL equivalent (CDEL) was approved by the Parliamentary Works Estimates Commission and published on 17 May 2022 (HC 239).

A Supplementary Estimate to account for the abolition of the Sponsor Body and the attendant budget adjustments (HC 1145) revised the budget totals to £77m resource and £5.0m capital.

**Expenditure**

The main elements of the Parliamentary Works Grant are:

**1. Delivery Authority Grant**

A grant is paid to the Restoration and Renewal Delivery Authority to cover all of its activities and objectives. The grant is governed by an agreement modelled on the Cabinet Office Grants Standard and is administered by the Houses of Parliament. The performance of the Delivery Authority is reported in full in their annual report and accounts.

**2. Audit fee**

The Delivery Authority is a company limited by guarantee and is audited by the Comptroller & Auditor General in accordance with the requirements of the Parliamentary Buildings (Restoration and Renewal) Act 2019. As a corporate entity, it cannot account for the notional audit fee and so that is met from the resources under this Estimate. The Comptroller & Auditor General is appointed as auditor of the PWG by agreement and the notional audit fee for the PWG is also met from this Estimate.

**3. Other**

The PWG does not employ any staff and all of its staffing and administration is provided from the Houses of Parliament, including the employment of staff.

**Resources**

Unlike government departments, the PWG Estimate is comprised solely of Departmental Expenditure Limit (DEL) equivalent; it does not have separate budgets for DEL and Annually Managed Expenditure (AME). Therefore, there is just one overall budget for resource and one for capital.

The Statement of Outturn against Parliamentary Supply shows an outturn of £69.6 million RDEL equivalent against an Estimate of £77.0 million, representing an underspend of £7.4 million and an outturn of £5.0m CDEL equivalent against a budget of £5.0m. The underspend was caused by a reduction in design spend and the pausing of work on House of Lords Decant and Heritage Collections Decant. Significant savings have also been made through the reviewing of supply chain resources across the Delivery Authority, and re-procurement and rationalisation of the Data & Digital supplier base.

**Net Cash Requirement**

A net cash requirement of £74.5 million arose against the Estimate of £82.0 million. This represents an underspend of £7.5 million.

**Statement of Financial Position**

The Statement of Financial Position has nil net assets or liabilities as cash is drawn to pay the grant and this maintains a nil net cash position on a monthly basis. A bank account operates under the administration of the House of Commons to pass the grant through. Any assets or liabilities of the R&R programme are held either in the accounts of the Houses or the Delivery Authority.

**Going concern**

The public sector interpretation of IAS 1 Presentation of Financial Statements requires a consideration of whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements.

Following the decision to bring the Client Team into Parliament, abolish the Sponsor Body and introduce new governance structures to oversee the activities of the Delivery Authority, it is clear that there is a commitment to continuing the service for at least 12 months from the date of these accounts.

Management has therefore considered it appropriate to adopt a going concern basis. Funding for the PWG will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. Approval for amounts required for 2023–24 was given by Parliament on 17 May 2022 (HC1371).

**Audit**

The audit of these accounts is undertaken by the Comptroller & Auditor General by invitation.

**Tom Goldsmith and Simon Burton**  
**Accounting Officers**  
**15 January 2024**



**Corporate Governance****1. Statement of Accounting Officers' Responsibilities**

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year.

The Parliamentary Works Grant Estimate has determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments. Although the Estimate is laid by the Parliamentary Works Estimate Commission as part of the main Supply Estimates, the accountability arrangements rest with the Corporate Officers of the Houses jointly as Accounting Officers for these accounts.

The Annual Report and Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs and of income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the Accounts, the Accounting Officers have elected to comply with the requirements of the Government Financial Reporting Manual (FRoM) as applied by the Houses of Parliament, and in particular:

- Observe the relevant accounting and disclosure requirements issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Include judgements and estimates made on a reasonable basis.
- State whether applicable Accounting Standards, as set out in the Financial Reporting Manual, as applied by the Houses of Parliament, have been followed, and disclose and explain any material departures in the accounts.
- Prepare the Accounts on a going concern basis, and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that take personal responsibility for the Annual Report and Accounts and the judgements required therein.

The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the House of Commons and House of Lords assets, as set out in 'Managing Public Money' published by HM Treasury.

As Accounting Officers, we have taken all the steps that we ought to have taken to make ourselves aware of any relevant information, and to establish that the auditors are aware of that information. So far as we are aware, there is no relevant audit information of which the auditors are unaware.

## 2. Annual Governance Statement

### Governance framework

The governance structure of the Parliamentary Works Grant Estimate differs from that of most other public sector Estimates in that the governance and accountability rest with the Corporate Officers with oversight from Commissions of the Houses and the Parliamentary Works Estimates Commission.

The Parliamentary Works Grant Estimate (formally Parliamentary Works Sponsor Body Estimate) was established by the Parliamentary Buildings (Restoration and Renewal) Act 2019, as amended by Statutory Instrument 2022 1360. This makes provision for the paying of a grant to fund the activities of the Restoration and Renewal Delivery Authority Ltd.

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year. The Accounting Officers have determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments.

As Accounting Officers, we are mindful of HM Treasury's guidance on the scope of the governance statement as it applies to Government departments, but we emphasise that the House's constitutional and governance circumstances are different to those of Government departments. Likewise, the extent to which the House Services is able to follow the Treasury's Corporate Governance Code for Central Government will differ. The principles of the Code are followed as far as they are applicable and suitable to the PWG Estimate.

The cost of administering the PWG expenditure falls jointly to the House of Commons Administration Estimate and House of Lords Administration Estimate through the costs of the Restoration and Renewal Client Team.

### Oversight of the Estimate

The Parliamentary Works Estimates Commission is established under the Parliamentary Buildings (Restoration and Renewal) Act 2019. Pursuant to the Act, as amended by the Parliamentary Works Sponsor Body (Abolition) Regulations 2022, the Estimates Commission examines and lays before the House of Commons the Parliamentary Works Grant Estimates.

Membership of the PEWC is given here:

<https://committees.parliament.uk/committee/495/parliamentary-works-estimates-commission/membership/>

For the period from 1 April 2022 to 31 December 2022, the main administration of the Estimate was performed by the Parliamentary Works Sponsor Body before transferring to the Client Team. The Managing Director of the Client Team (who was previously the Accounting Officer of the Sponsor Body) has provided us a letter of assurance covering the governance, administration and financial control during this period.

The Delivery Authority publish a quarterly progress report which is reviewed by the Client Team, the Programme Board and the Commissions of each of the Houses.

### Oversight of the programme

In July 2022 both Houses agreed to implement the recommendations of the Joint Report of the House of Commons and House of Lords Commissions, Restoration and Renewal of the Palace of Westminster—a new mandate, for how the programme to restore and renew the Palace of Westminster should be governed and delivered.

The Houses endorsed a new two-tier Member oversight structure to integrate the governance of the R&R Programme into the existing governance structures in Parliament, bringing the sponsor function in-house and

maintaining the independence of the Delivery Authority. The two-tier structure includes the Restoration and Renewal Client Board (both Commissions meeting jointly) and the Programme Board, which together replaced the independent R&R Sponsor Board. The Client Board held its first meeting on 17 October 2022, and has met regularly since, and the Programme Board held its first meeting in February 2023 and has met monthly (excluding summer recess period) since.

The membership of the Client Board is given here:

<https://committees.parliament.uk/committee/616/restoration-and-renewal-client-board/membership/>

Membership of the Programme Board is given here:

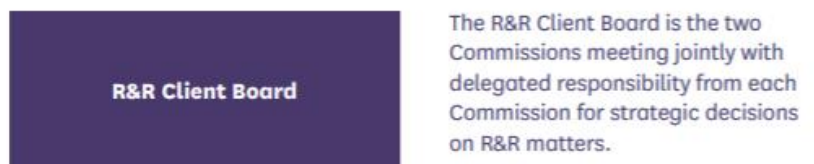
<https://committees.parliament.uk/committee/652/restoration-and-renewal-programme-board/membership/>

The new programme governance arrangements are illustrated in these diagrams.

**Member level governance**



**Member level R&R specific governance**



\* This diagram does not represent the division of statutory responsibilities. Many legal responsibilities outlined in the Parliamentary Buildings (Restoration and Renewal) Act 2019 were transferred to the Clerk of the House and the Clerk of the Parliaments on 1 January 2023, not to either House or any of its Boards or Groups.

\*\* This diagram does not represent the governance framework for the estimates process of the Delivery Authority which is approved by the Programme Board and reviewed by the Estimates Commission along with the Phase 1 Cost Assessment. Nor does it show the estimates process for the R&R Client Team. The latter, as a Joint Department, forms part of each Houses' estimate as of 1 January 2023 and therefore follows the established governance route for each respective House.

## **Key risks**

The Parliamentary Works Estimate does not have any principal risks at a Board or organisational level. Given the simplicity of the Estimate, the risks are mainly operational and procedural e.g., ensuring sufficient estimate cover and payments are made in a timely manner. The delivery risks for the Restoration and Renewal programme rest with Houses of Parliament and the Delivery Authority. The Delivery Authority risks are managed through their structures and are examined by the Parliamentary Works Estimates Commission at their hearings. Further details of the Delivery Authority risk management is given in their Annual Report and Accounts.

## **Internal controls**

Internal controls are designed to assure delivery of our objectives in a compliant, effective and efficient manner, whilst safeguarding the funds in accordance with HM Treasury's 'Managing Public Money'. As Accounting Officers, we have responsibility for reviewing the effectiveness of the system of internal control.

Our review is informed by the work of the Internal Audit functions of both the Sponsor Body and the Delivery Authority, and the Client Team/Sponsor Body for developing and maintaining the internal control framework, and comments made by external auditors in their management letter. Whilst no formal assessment of the grant administration was undertaken by the Internal Audit, they continued to give assurance that there was an adequate and effective framework for risk management, governance, and internal control of the former Sponsor Body

The former Accounting Officer of the Sponsor Body and officials from the House of Commons have provided us with an assessment of the management of risk, the operations of systems and the risk of fraud.

In each case, we are assured that the systems and controls which operated throughout the year are appropriate for the organisation.

## **Conclusion**

We remain confident that the governance arrangements in place have in general allowed us to assure ourselves of the performance against the grant, risk management and internal controls, and we are satisfied that the mechanisms in place to manage risks are adequate.

We can confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and we take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

**Tom Goldsmith and Simon Burton**  
**Accounting Officers**  
**15 January 2024**

## Parliamentary Accountability and Audit Report

### Statement of outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the preparation of a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Audit Report of the Comptroller and Auditor General to the Houses of Parliament.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on [parliament.uk](http://parliament.uk), to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not tie to cash spent exactly) and administration.

The supporting notes detail the following Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3).

The SOPS and Estimates are compiled against the budgeting framework, which is similar but different to, IFRS. Information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [gov.uk](http://gov.uk).

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The finance review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures.

The 2021-22 comparatives within the SOPS and related notes are the outturns of the Parliamentary Works Sponsor Body reported in its 2021-22 published accounts. In accordance with HM Treasury guidance, these have not been restated for the transfer of function.

## Summary of Outturn against Parliamentary Supply 2022-23

All figures are presented in £000's

		Out turn			Estimate			Outturn v Estimate saving/(excess)		2021-22
		Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	
<b>Departmental Expenditure Limit</b>	SOPs Note									
Resource	SOPS 1.1	69,598	-	69,598	77,000	-	77,000	7,402	7,402	117,152
Capital	SOPS 1.2	5,000	-	5,000	5,000	-	5,000	-	-	1,248
<b>Total Budget Expenditure</b>		<b>74,598</b>	<b>-</b>	<b>74,598</b>	<b>82,000</b>	<b>-</b>	<b>82,000</b>	<b>7,402</b>	<b>7,402</b>	<b>118,400</b>
<b>Non Budget</b>		-	-	-	-	-	-	-	-	-
<b>Total Budget and Non-Budget</b>		<b>74,598</b>	<b>-</b>	<b>74,598</b>	<b>82,000</b>	<b>-</b>	<b>82,000</b>	<b>7,402</b>	<b>7,402</b>	<b>118,400</b>

The voted column reflects the control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk for details on the control limits voted by Parliament.

**Net Cash Requirement 2022-23**

All figures are presented in £000's

**Net cash requirement**

Item	SOPS Note	Outturn	Estimate	Outturn v Estimate - saving/(exc)	2021-22 Outturn total
Net cash requirement	SOPS 3	74,500	82,000	7,500	108,063

**Administration costs**

Item	SOPS Note	Outturn	Estimate	Outturn v Estimate - saving/(exc)	2021-22 Outturn total
Administration costs	SOPS 1 1	69,598	77,000	7,402	117,152

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote

**Notes to the Statement of outturn against Parliamentary Supply (SOPS)**

All numbers are in £000s

**SOPS 1.1 Analysis of resource outturn by Estimate line.**

Departmental Expenditure Limit equivalent Resource	Gross	Outturn Income	Net	Estimate Total	Outturn v Estimate saving	2021-22
Voted expenditure	69,598	-	69,598	77,000	7,402	117,152
<b>Total Resource</b>	<b>69,598</b>	<b>-</b>	<b>69,598</b>	<b>77,000</b>	<b>7,402</b>	<b>117,152</b>

All resource costs are classified as administration.

**SOPS 1.2 Analysis of Capital outturn by Estimate line.**

Departmental Expenditure Limit equivalent Capital	Gross	Outturn Income	Net	Estimate Total	Outturn v Estimate	2021-22
Voted expenditure	5,000	-	5,000	5,000	-	1,248
<b>Total Capital</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>1,248</b>

**SOPS 2 Reconciliation of outturn to net operating expenditure.**

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net expenditure linking the SOPS to the financial statements.

		<u>2022-23</u>	<u>2021-22</u> <u>restated</u>
Total resource outturn	SOPS 1.1	69,598	117,152
Add capital grant	SOPS 1.2	5,000	1,248
Less transfer of function			- 19,830
Net expenditure in Statement of Comprehensive Net expenditure		<u>74,598</u>	<u>98,570</u>

£5m of grant to DA is budgeted for as Capital DEL but accounted for as expenditure through the SoCNE and therefore a reconciling item.

The 2021-22 SoCNE is restated to reflect just the PWG but in accordance with HMT guidance, 2021-22 resource outturn is not restated.

### SOPS3. Reconciliation of net resource outturn to net cash requirement.

All numbers are in £000's

		<b>Outturn total</b>	<b>Estimate</b>	<b>Outturn v Estimate saving</b>
Total Resource Outturn	SOPS 1.1	69,598	77,000	7,402
Total Capital Outturn	SOPS 1.2	5,000	5,000	-
Non-cash item	SoCNE	(98)		98
Net cash requirement		<u>74,500</u>	<u>82,000</u>	<u>7,500</u>

As noted in the introduction to the SOPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

### Other Parliamentary Accountability Disclosures

#### Losses and special payments *(subject to audit)*

There were no losses or special payments during 2022-23 (nil in 2021-22)

#### Fees and Charges *(subject to audit)*

Fees and charges are not relevant to these accounts.

#### Remote contingent liabilities *(subject to audit)*

As at 31 March 2023, there are no remote contingent liabilities (2021-22: none).



## THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

### Opinion on financial statements

I have audited the financial statements of the Parliamentary Works Grant for the year ended 31 March 2023. The financial statements comprise the Parliamentary Works Grant's:

- Statement of Financial Position as at 31 March 2023.
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Parliamentary Works Grant's affairs as at 31 March 2023 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the HM Treasury's Government Financial Reporting Manual as adapted or interpreted for the Houses of Parliament context.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure 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.

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Parliamentary Works Grant in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern.

In auditing the financial statements, I have concluded that the Parliamentary Works Grant's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Parliamentary Works Grant's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Joint Accounting Officers with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Parliamentary Works Grant is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other Information**

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Joint Accounting Officers are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual as adapted or interpreted for the Houses of Parliament context; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception.**

In the light of the knowledge and understanding of the Parliamentary Works Grant and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Parliamentary Works Grant or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Responsibilities of the Accounting Officers for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Joint Accounting Officers are responsible for:

- maintaining proper accounting records.
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Parliamentary Works Grant from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury's Government Financial Reporting Manual as adapted or interpreted for the Parliamentary Works Grant;
- ensuring that the annual report is prepared in accordance with HM Treasury's Government Financial Reporting Manual as adapted or interpreted for the Parliamentary Works Grant; and
- assessing the Parliamentary Works Grant's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officers anticipate that the services provided by the Parliamentary Works Grant will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud.**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud.**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Parliamentary Works Grant's accounting policies;
- inquired of management the House of Commons head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary Works Grant's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations; detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Parliamentary Works Grant's controls relating to the Parliamentary Works Grant's compliance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 and Managing Public Money;
- inquired of management, the House of Commons head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Parliamentary Works Grant for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Parliamentary Works Grant's framework of authority and other legal and regulatory frameworks in which the Parliamentary Works Grant operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Parliamentary Works Grant. The key laws and regulations I considered in this context included Parliamentary Buildings (Restoration and Renewal) Act 2019, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022 and tax Legislation.

#### **Audit response to identified risk.**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements.
- I enquired of management concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

#### **Other auditor's responsibilities**

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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) and Net Cash Requirement.

I am 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

Gareth Davies

24 January 2024

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

## Primary Financial Statements

### Statement of Comprehensive Net Expenditure

For the Year ended 31 March 2023

		<u>2022-23</u>	<u>2021-22</u>
		<u>£'000s</u>	<u>*restated</u>
		<u>£'000s</u>	<u>£'000s</u>
Grant	3	74,500	98,500
Auditor remuneration	3	98	70
<b>Net expenditure</b>		<b><u>74,598</u></b>	<b><u>98,570</u></b>
<b>Total comprehensive net expenditure</b>		<b><u>74,598</u></b>	<b><u>98,570</u></b>

The 2021-22 figures have been restated to take account of the transfer of function from the Sponsor Body to the House of Commons and House of Lords and the separate reporting of the grant to the Delivery Authority within this account, see note 2.

The Notes on pages 26 to 29 form part of these Annual Accounts

**Statement of Financial Position**

At 31 March 2023

This statement presents the financial position of the Parliamentary Works Grant

	<u>31 March</u> <u>2023</u>  £'000s	<u>31 March</u> <u>2022</u> <u>*restated</u> £'000s
Non-current assets	-	-
Current assets	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>
Total current liabilities	-	-
<b>Total assets less current liabilities</b>	<u>-</u>	<u>-</u>
Total non-current liabilities	-	-
<b>Total assets less liabilities</b>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>-</u>	<u>-</u>

The 2021-22 figures have been restated to take account of the transfer of function from the Sponsor Body to the House of Commons and House of Lords and the separate reporting of the grant to the Delivery Authority within this account, see note 2.

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**Tom Goldsmith and Simon Burton**  
*Accounting Officers*  
15 January 2024

## Statement of Cash Flows

For the year ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents during the reporting year.

		<b><u>2022-23</u></b>	<b><u>2021-22</u></b>
			<b><u>*restated</u></b>
<b>Cash flows from operating activities</b>			
Net expenditure for the year	SOCNE	(74,598)	(98,570)
Adjustments for non-cash transactions	SOCNE	98	70
<b>Net cash outflow from operating activities</b>		<b><u>(74,500)</u></b>	<b><u>(98,500)</u></b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year	3	74,500	98,500
<b>Net cash inflow from financing activities</b>		<b><u>74,500</u></b>	<b><u>98,500</u></b>
Net increase/(decrease) in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at the start of the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year		<u>-</u>	<u>-</u>

The 2021-22 figures have been restated to take account of the transfer of function from the Sponsor Body to the House of Commons and House of Lords and the separate reporting of the grant to the Delivery Authority within this account, see note 2.

The Notes on pages 26 to 29 form part of these Annual Accounts



## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

This statement shows movements in year on the general fund.

		<b>General fund restated £'000s</b>	<b>Total reserves £'000s</b>
<b>Balance at 1 April 2021 *restated</b>		-	-
Net Parliamentary Funding - drawn down	Cashflow	98,500	98,500
Comprehensive net expenditure for the year	SOCNE	(98,570)	(98,570)
Non-cash charges - auditors remuneration	3	70	70
<b>Balance at 31 March 2022 *restated</b>		<u>-</u>	<u>-</u>
Net Parliamentary Funding - drawn down	Cashflow	74,500	74,500
Comprehensive net expenditure for the year	SOCNE	(74,598)	(74,598)
Non-cash charges - auditors remuneration	3	98	98
<b>Balance at 31 March 2023</b>		<u>-</u>	<u>-</u>

The 2021-22 figures have been restated to take account of the transfer of function from the Sponsor Body to the House of Commons and House of Lords and the separate reporting of the grant to the Delivery Authority within this account, see note 2.

The Notes on pages 26 to 29 form part of these Annual Accounts

# Notes to the Accounts

## 1.0 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2022-23 *Financial Reporting Manual* (FReM) as adapted or interpreted for the Houses of Parliament context which applies International Financial Reporting Standards (IFRS). Where the FReM permits a choice of accounting policy then the policy which is judged to be the most appropriate to give a true and fair view has been selected. The policies adopted by the Parliamentary Works Grant 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, except as otherwise set out in the accounting policies. Figures are presented in pounds sterling and are rounded to the nearest £1,000.

### 1.2 Grants payable

Grant-in-aid is recognised on a cash basis. Grant-in-aid is a funding mechanism to finance the costs of the Delivery Authority. The PWG recognises grant expenditure monthly which is confirmed and adjusted, if necessary, based on evidence provided by the Delivery Authority, as the grant recipient. Grant payments are made monthly in advance once in receipt of this evidence. Grant-in-aid is accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' as interpreted by the FReM.

### 1.3 Going Concern

The public sector interpretation of IAS 1 Presentation of Financial Statements requires a consideration of whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements.

Following the decision to bring the Client Team into Parliament, abolish the Sponsor Body and introduce new governance structures to oversee the activities of the Delivery Authority, it is clear that there is a commitment to continuing the service for at least 12 months from the date of these accounts.

Management has therefore considered it appropriate to adopt a going concern basis. Funding for the PWG will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. Approval for amounts required for 2023–24 was given by Parliament on 17 May 2022.

### 1.4 Accounting judgements

Management has assessed the abolition of the Sponsor Body and the transfer of its activities in line with IFRS 3 – Business Combinations as interpreted for the Public Sector as being a transfer between entities under 'common control'. This means that it becomes a 'transfer by merger'. The receipt of supply funding and payment of grant to the Delivery Authority are presented within these financial statements with all other functions of the Sponsor Body having transferred to the Client team and accounted for within the separate administration statements of the Houses.

The PWG is a new resource account but reports on a continuing Supply Estimate as explained further in Note 2 of these accounts.

Management has also assessed the impact of the change of ownership under IFRS 10 -Consolidated Financial Statements as interpreted by the FReM and concluded that, whilst the Corporate Officers as

Accounting Officers for the PWG exert significant influence over the activities of the Delivery Authority, this does not represent control as defined in the standard. The Delivery Authority is therefore not consolidated in these statements and presents its own, separate statements prepared under Companies House requirements.

### **1.5 Financial instruments, assets and liabilities**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability. Cash is the only financial instrument, asset or liability held by the PWG where there is a timing difference between draw down of supply funding from The Exchequer and payment of grant to the Delivery Authority. The PWG does not hold any assets or liabilities at the year end.

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

IFRS 17 Insurance Contracts becomes effective, subject to adoption into the FReM, for accounting periods commencing on, or after, 1 January 2025. It requires a discounted cash flow approach to measuring insurance liabilities. The PWG has assessed that there are no arrangements that currently fall within scope and therefore this standard will have no impact on these financial statements.

The PWG does not expect any other new, or revised standard, or interpretation to have a material impact.

## **2. Effect of restatement**

### **Merger accounting**

Under the provisions of Statutory Instrument 2022 1360, the Sponsor Body was abolished on 1 January 2023 and its people transferred to the Corporate Officers of the two Houses. The assets and liabilities transferred to the Corporate Officer of the House of Commons. In accordance with the FReM 2022-23, the transfer of functions from the Sponsor Body to the House of Commons and House of Lords is accounted for as a Transfer by Merger.

In accordance with IAS 8, the change has been re-presented with effect from the earliest opening period, which is 1 April 2021. The Sponsor Body's Statement of Financial Position has transferred in its entirety, after eliminating balances with the House, to the House of Commons and the PWG Statement of Financial Position has a net nil opening and closing position as at 1 April 2021 and 31 March 2022, so no restatement is shown.

The Grant was previously paid from the consolidated accounts of the Parliamentary Works Sponsor Body

[https://downloads.ctfassets.net/vuykqhqtihf/7DIBUVftX9TGvCEp4Lc9Lb/278acfec28d3498a4fec615a476e3ca4/HC\\_517\\_Parliamentary\\_Works\\_Sponsor\\_Body\\_Annual\\_Report\\_and\\_Accounts\\_2021\\_22.pdf](https://downloads.ctfassets.net/vuykqhqtihf/7DIBUVftX9TGvCEp4Lc9Lb/278acfec28d3498a4fec615a476e3ca4/HC_517_Parliamentary_Works_Sponsor_Body_Annual_Report_and_Accounts_2021_22.pdf)

The restatement removed all of the transactions of the Sponsor Body, which are now disclosed under merger accounting in the accounts of the House of Commons and the House of Lords.

### **SOCNE**

The Group financial statements of the Sponsor Body previously consolidated the Delivery Authority. The Delivery Authority is not consolidated into either the PWG financial statements or the financial statements of the Houses of Parliament.

The restatement from the previously published 2021-22 Parent financial statements of the Sponsor Body to the 2021-22 Parliamentary Works Grant Statement of Comprehensive Net Expenditure is:

	<b>2021.22 published Sponsor Body accounts (parent) £'000s</b>	<b>Transactions transferred to the Houses of Parliament £'000s</b>	<b>Restated 2021-22 £'000s</b>
Income	(1,658)	1,658	-
Grant-in-Aid to ALB	98,500	-	98,500
Auditor remuneration	125	(55)	70
Operating expenditure	13,081	(13,081)	-
Finance expense	10	(10)	-
<b>Net operating expenditure</b>	<b>110,058</b>	<b>(11,488)</b>	<b>98,570</b>
<b>Comprehensive net expenditure</b>	<b>110,058</b>	<b>(11,488)</b>	<b>98,570</b>

### 3. Expenditure

	<b><u>2022-23</u> £'000s</b>	<b><u>2021-22</u> *restated £'000s</b>
Grant	74,500	98,500
Notional audit fee	98	70
	<b><u>74,598</u></b>	<b><u>98,570</u></b>

The grant is paid to the Restoration and Renewal Delivery Authority to fund their activities in furtherance of the restoration of the Palace. Further detail on their use of the grant is in their annual report and accounts:

[https://assets.ctfassets.net/vuyikhqhtihf/4Q46Onee06ynq1XUgRRJuB/6bcef2b79ed4a6953bc7c43c9035d788/RR\\_22-23\\_ARA\\_050723\\_cert\\_ONLINE\\_v5\\_U.pdf](https://assets.ctfassets.net/vuyikhqhtihf/4Q46Onee06ynq1XUgRRJuB/6bcef2b79ed4a6953bc7c43c9035d788/RR_22-23_ARA_050723_cert_ONLINE_v5_U.pdf)

The notional audit fee includes £72.8k for the audit of the Delivery Authority's financial statements for 2022-23 (2021-22: £70k)

### 4. Related party transactions

Related Parties are defined under IAS 24 as either the individuals who exercise control or influence over an entity, or other entities that meet certain criteria such as being part of the same Group. IAS 24 requires companies to disclose, in respect of individuals, any management compensation, and this requirement has been fulfilled in the Remuneration and Employee Report. IAS 24 also requires companies to disclose, in respect of entities, any relationships and transactions between Related Parties.

Management have determined that the House of Commons: Administration and House of Lords are considered related parties. Neither the Corporate Officers nor any other related parties have undertaken material transactions with the PWG during the year.

### 5. Events after the reporting period

In accordance with the requirements of IAS 10, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue by the Accounting Officers. This is the date of the Audit Report of the Comptroller and Auditor General.

On 1 October 2023, Tom Goldsmith succeeded Sir John Benger as the Clerk of the House of Commons and as joint Accounting Officer for this Estimate.