

# Members Estimate Committee

## House of Commons

House of Commons, SW1A 0AA.

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### Statement on the NAO full scope audit of the accounts for 2009/10

The accounts for MPs' expenses, salaries and pensions are published today, along with an audit by the National Audit Office. The House of Commons invited the NAO to carry out a "full scope audit" of the accounts for 2009/10, the final year before responsibility for expenses and salaries moved to the Independent Parliamentary Standards Authority.

The MEC welcomes the Comptroller and Auditor General's finding that the Members Estimate Resource Accounts were a "true and fair view" and therefore that they had been prepared in compliance with the relevant accounting standards. It takes on board his "qualified" opinion on regularity and notes that this is not a finding that payments were improper but rather that there was insufficient evidence to be able to confirm that some of the sums were spent properly.

The NAO examined the documents which were required for certain categories, namely mortgage interest, tenancy agreements, office rents and staff contracts. In the case of mortgage interest, the documentation required was extensive. By the conclusion of the audit, the value of payments not supported by the full range of documents required by the House stood at £0.8 million. This is one per cent of total payments.

Some documentation had either been mislaid by the House or not provided by the MP. The NAO counted some allowances as being "unsupported" even where one document was missing but there was alternative evidence in support of the existence and/or accuracy of the underlying transaction. It should be noted that since the completion of the audit the remaining evidence required for a further £60,000 of expenses has been received by the House.

As the NAO points out, £1.8 million was not available for audit due to the risk of compromising ongoing police investigations. This sum relates to the total annual claims of those MPs under investigation rather than just those claims subject to an investigation.

Beyond this, the Comptroller and Auditor General acknowledged that, even where he concluded there was not sufficient evidence for payments totalling £11.3 million, MPs had claimed within the rules that were in place at the time. He has also said that "This lack of evidence does not necessarily imply that expenditure was paid incorrectly".

The largest proportion of these claims were for travel and communications. Ultimately, travel claims relied on the guiding principle that Members were responsible for identifying, claiming and certifying their own expenditure. Although the NAO regarded this as insufficient evidence, it is not clear what other evidence would have been appropriate in the case of travel, where MPs, who are effectively employed by their constituents, have no countersigning officer.

On communications expenditure, designed to enable an MP to keep constituents informed, a high proportion of the leaflets, newsletters and websites claimed for under the communications allowance was vetted by officials, and many were rejected or modified as a result. The scope of what could be claimed under the communications allowance was severely restricted from January 2010.

John Thurso MP, said on behalf of the MEC: “ The House requested this full scope audit to ensure that everything possible was learned from the allowances issue. The NAO concluded the accounts were a ‘true and fair view’ and complied with the relevant accounting standards. In 2009/10 the House and the NAO required considerably more documentation than in previous years and by the end of the audit the overwhelming majority of this had been provided. Since then even more evidence from MPs has been forthcoming. We recognise there were clearly some areas where the checks and balances were not adequate but these issues had already been identified. The House handed over control of the allowance system to an independent body, IPSA, earlier this year.”

### **Notes for Editors**

The Members Estimate accounts are at <http://www.publications.parliament.uk/pa/cm/cmresacc.htm>

The Members Estimate is the budget which funds the activities of Members as individual elected representatives. During 2009/10 it funded MPs’ remuneration, allowances and IT equipment plus “Short Money”, which supports the political parties’ parliamentary activities. With effect from the General Election, responsibility for funding most of the activities relating to individual Members passed from the Members Estimate to IPSA.

2009/10 is the first year in which the NAO have conducted a “full scope audit” of the Members Estimate. Previously the NAO had been limited by the guiding principle that Members were primarily responsible for identifying, claiming and certifying their own expenditure. In January 2009, however, the House invited the NAO to seek evidence that eligible expenditure had actually been incurred for the purposes stated in the claim. Now the NAO would look “behind the Member’s signature” for the first time.

The Comptroller and Auditor General’s opinion on the accounts contains his view on two main areas:

1. Whether the accounts provide a “true and fair view” of the financial state of affairs of the Estimate; in other words whether the accounts have been prepared in compliance with the relevant accounting practices.
2. Whether the expenditure and income reported are “regular”: whether they are in line with the purposes intended by Parliament and the financial transactions conform to the rules which govern them.

Membership of the MEC: Mr Speaker (Chair), Hilary Benn, Sir Paul Beresford, Frank Doran, John Thurso, Sir George Young (Leader of the House).