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The examination of Assembly Members'
allowances claimed for 2009-10

**National Assembly for Wales
Commission**

Our examination of the allowances claimed by Assembly Members found no significant weaknesses, although some aspects of administering the claims could be strengthened.

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Our examination of the allowances claimed by Assembly Members found no significant weaknesses, although some aspects of administering the claims could be strengthened

We have completed our testing of Assembly Members' expenses in accordance with the recommendations made in 2009 by the Independent Review Panel

- 1.** Our 2009-10 Audit Strategy set out the approach to our audit of the 2009-10 financial statements of the National Assembly for Wales Commission (the Commission). Further to the Strategy, in February 2010 we provided the Commission's Audit Committee with an update that outlined our increased audit examination of Assembly Members' (AMs') allowances. The increased examination of AMs' allowances addressed the Independent Review Panel's audit-related recommendations, which it set out in its report 'Getting it Right for Wales'.
- 2.** Following our discussions with senior officers and the Accounting Officer, for 2009-10 we agreed to substantively examine two items of expenditure claimed by 15 AMs; with the 15 AMs selected excluding those AMs tested in 2008-09. We did however agree to also examine the three AMs for whom we found error, or potential error, in 2008-09.
- 3.** Therefore, for 2009-10 we substantively examined to source documentation 36 payments in respect of 18 AMs. We have appended to this report the detailed results of our examinations, which includes a short description of the testing undertaken (tests 1 to 5).
- 4.** In addition to the substantive testing of 36 payments, we reviewed 10 claims for each of the 18 AMs. We therefore reviewed 180 claims in total. We have commented at paragraphs 19 to 32 on the findings of these reviews.
- 5.** Further to the above testing, the Independent Review Panel also recommended that external audit verifies the Commission's publication of the expenditure claimed by each AM. We have commented at paragraphs 33 and 34 on our findings in this area.

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6. We have set out below the recommendations arising from our review.

R1	The Commission should ensure that AMs' claims are always fully supported with appropriate documentation such as invoices that record the address of a constituency office or a website's address. For advertising costs, the Commission should introduce a threshold, over which supporting documentation, such as the advertisement, is required.
R2	The Commission should ensure that AMs' claims are always fully supported with the purpose of an AM's journey. For areas that could lead to inappropriate claims, such as an AM's repeated use of taxis, and/or the use of taxis for long journeys, the Commission should fully document why the costs have or have not been reduced, in accordance with the guidance in place.
R3	The Commission should clarify within the Determination the types of expenditure claimable against AMs' allowance for staff salaries. In doing so, the Commission should clarify whether the allowance is for staff-related costs only.

We found that 32 of the 36 allowance payments examined complied fully with the appropriate National Assembly rules (the Determination)

7. Our examinations confirmed that 32 of the 36 allowance payment examined:
- complied with the Determination;
 - were signed and dated by the AM;
 - were arithmetically correct;
 - were authorised appropriately for payment; and
 - were supported by appropriate documentary evidence.
8. Our audit results are appended to this report, at pages 10 to 13.

We found three transactions that did not fully comply with the Determination

In one case invoiced costs for building repairs did not specify the building's address

9. Our audit sample of 36 payments included a claim for 'internal repair works' to a consistency office. The supporting invoice did not record the address of the consistency office.
10. Also, our review of claims identified:
- another invoice without an address for repair works claimed by the same AM; and
 - a claim for buildings insurance by another AM, which did not record the address of the constituency office.

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11. While the Determination does not specifically state that it requires an invoice to contain the address for building works, para 9.2.4 states *'invoices for office rent must contain the address of the property being rented'*. Para 9.1.1 of the Determination states that *'members are entitled to claim an office cost allowance to reimburse members all reasonable costs relating to the running of an office and engaging with constituents'*.
 12. We consider that invoices that do not record an address do not enable the Commission to verify that building costs being claimed relate to an AM's constituency office.

In two cases the reason for an AM's journey was not stated

13. Para 4.1 of the Determination states *'a member may travel ... at public expense provided that the journey is necessarily undertaken in connection with their role as an Assembly Member'*.
14. The Commission's form for claiming travel expenses requires an AM to record the purpose of their journey, in order to help demonstrate that a journey has been undertaken in accordance with AMs' public duties.
15. Our audit sample of 36 payments included two travel claims. For both claims tested we found that the AMs had not recorded, as required, the purpose of their journeys.

We have been unable to establish whether one of the transactions substantively tested complies with the Determination

16. Our testing included a payment for 'press work', which an AM had claimed from their allowance for staff salaries. We found that the Determination does not specify whether such costs, which are of a contractual and non-salaried nature, are permitted to be funded from the staff-salary allowance.
17. Officers did inform us that before paying the claim they had sought the advice of the Commission's Legal Officer, who had concluded that such costs were chargeable to the staff-salary allowance. However, at the time of our audit the officers were unable to provide us with a copy of the advice received.
18. Our wider review of AMs' claims found a second instance of such expenditure being claimed from the staff-salary allowance.

Our separate review of Assembly Members' claims identified areas for improvement

Mileages claimed are not routinely checked for reasonableness

19. Para 4.3.1 of the Determination states that *'a Member is entitled to travel at the expense of the Assembly when travelling in connection with their role as an Assembly Member by any reasonable route'*.
20. Our audit testing found that the Commission does not routinely check the accuracy and reasonableness of mileage claimed by AMs.

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21. Subsequent to our review, officers informed us that they have now introduced a reasonableness check of AMs' mileage. We understand that the check will be undertaken for 10 per cent of travel claims submitted each month. Officers also informed us that further to the 10 per cent spot checks, they will be checking any mileage claims that appear to be unreasonable or unusual.

Travel claims are not routinely checked to ensure that an AM has used the most appropriate means of transport

22. Paragraphs 4.7.1 and 4.7.2 of the Determination state that *'if a Member undertakes normal travel by taxi in connection with their role as an Assembly Member they are entitled to claim re-imbursement not exceeding the higher rate of the motor mileage allowance specified in paragraph 4.5.1. If it was not reasonably practicable for the member to travel other than by taxi, then they are entitled to claim the actual level of expense incurred by them'*.
23. Our substantive testing of payments included a claim for the reimbursement of taxi fares of £150, with no explanation of the purpose of the AM's journeys. We found no evidence that the Commission had requested the information necessary to confirm entitlement to the actual level of expense or considered reducing the amount claimed in accordance with paragraph 4.5.1 of the Determination.

Assembly Members' websites are not routinely checked for compliance with the guidelines in place

24. In addition to the Determination, the Commission has issued supplementary guidance for the content of AMs' websites.
25. Our review included three claims for website development and management costs. Officers informed us that they do not routinely check the contents of websites, prior to payment, to ensure that their content complies with the guidelines in place. Officers did however inform us that they do check a website when they receive a complaint about its content.
26. Subsequent to our review, officers informed us that they now routinely check the contents of an AM's website prior to authorising the reimbursement of website costs.
27. Further to the above observations, we identified three instances (relating to the same AM) where the supporting invoicing for website development did not contain a website address. We therefore consider there to have been insufficient information for the Commission to have fully verified that the AM had incurred the costs in relation to their public duties.

Copies of advertisements are not routinely obtained when processing claims

28. The cost of advertising AMs' constituency surgeries is chargeable to the allowance for office costs, as highlighted in paragraph 9.2.1 of the Determination.

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29. Our review established that the Commission does not routinely obtain copies of the advertisements, when authorising the claims. Officers informed us that it is not standard practice to request copies of advertisements, unless the value of the claim is deemed to be significant. The Commission has not established the cost of advertising that it considers to be significant.
30. Our testing included four advertisements of less than £250 each, for which copies of advertisements had not been requested and retained. It also included an advertisement with a cost of some £2,300, for which a copy of the advert had been obtained.

Assembly Members were not asked to sign their Blackberry telephone contracts until January 2010, being many months after their issue and use

31. Our testing established that many AMs did not sign the terms and conditions for their Blackberry telephones until January 2010, even though they had received and used them many months earlier. We understand from our discussions with officers that AMs were not asked to sign their contract until January 2010.
32. Also, our testing found an instance where there was no evidence held of an AM's approval of a Blackberry telephone for a member of support staff. Ideally, the Commission should have obtained the AM's explicit approval of the telephone.

For those claims tested, the Commission has accurately published Assembly Members' 2009-10 expenditure

33. In addition to our review of AMs' claims, the Review Panel also recommended that external audit should verify compliance with the Commission's commitment to publish individual expenditure on claims and allowances. While the Panel's recommendations covered only the commitment to publish, and not the accuracy of what is published, for 2009-10 we agreed with the Commission to verify the published expenditure for the 180 claims examined.
34. We have reviewed and agreed, with satisfactory results, all 180 claims to the published information.

Results of our audit examination of the 36 allowance payments

Summary of audit test
Test 1 = Check that the claim has been certified and dated by the AM.
Test 2 = Check that the claim has been authorised by an appropriate delegated individual within the Fees Office.
Test 3 = Check that the claim is arithmetically correct.
Test 4 = Review the claim to note any items that could be outside of the scope of the Determination; in doing so review specifically for the incorrect inclusion of any items disallowed during 2009-10.
Test 5 = Select and review one entry from each claim reviewed, agree it to the supporting documentation/evidence, and confirm compliance with the Determination.

Key to test results	
✓	Satisfactory, test passed
✗	Test failure
?	Possible test failure

Member's Reference	Allowance	Reference	Transaction Value	Year/period	Expenditure Type / Description	Tests					Comments
						1	2	3	4	5	
C6208	Additional Costs	58788	695.25	2009/1	Second home rental	✓	✓	✓	✓	✓	
C6208	Support Staff	60133	78.00	2009/3	Travel Costs	✓	✓	✓	✓	✓	
C6411	Office Costs	58754	95.20	2009/1	Surgery Advertising	✓	✓	✓	✓	✓	
C6411	Office Costs	59767	21.71	2009/2	Memory Card; Newspapers	✓	✓	✓	✓	✓	
C6104	Office Costs	59165	66.50	2009/1	Office Maintenance	✓	✓	✓	✓	✗	The invoice did not contain the office address.
C6104	Additional Costs	59360	235.42	2009/2	Second Home Mortgage Interest; Second Home Service Charge/Ground Rent	✓	✓	✓	✓	✓	
C6304	Office Costs	59614	189.10	2009/2	Office Telephone	✓	✓	✓	✓	✓	
C6304	Office Costs	59930	1299.99	2009/3	Office Rent	✓	✓	✓	✓	✓	
C6308	Office Costs	60808	2000.00	2009/4	Surgery Advertising	✓	✓	✓	✓	✓	
C6308	Office Costs	62185	300.00	2009/5	Office Rent	✓	✓	✓	✓	✓	
C6205	UK Travel	60865	150.00	2009/4	Taxi – Regular	✓	✓	✓	✓	✗	The purpose of the journey was not recorded on the invoice.
C6205	Office Costs	62623	4179.79	2009/6	Office Equipment – Lease	✓	✓	✓	✓	✓	
C6111	Office Costs	62317	215.00	2009/5	Website	✓	✓	✓	✓	✓	
C6111	Office Costs	63709	280.00	2009/6	Office Legal Expenses	✓	✓	✓	✓	✓	
C6306	Office Costs	62019	65.00	2009/5	Office Cleaning	✓	✓	✓	✓	✓	
C6306	Office Costs	62503	39.00	2009/6	Office Equipment – Lease	✓	✓	✓	✓	✓	
C6302	Office Costs	62885	258.75	2009/6	Surgery Advertising	✓	✓	✓	✓	✓	

Member's Reference	Allowance	Reference	Transaction Value	Year/period	Expenditure Type / Description	Tests					Comments
						1	2	3	4	5	
C6302	Office Costs	62892	999.00	2009/6	Office Rent	✓	✓	✓	✓	✓	
C6207	Additional Costs	63715	275.85	2009/7	Meal/Subsistence	✓	✓	✓	✓	✓	
C6207	Additional Costs	64431	98.06	2009/8	Second Home Mortgage Interest	✓	✓	✓	✓	✓	
C6408	Office Costs	63684	171.02	2009/7	Office Telephone	✓	✓	✓	✓	✓	
C6408	Office Costs	65091	550.00	2009/9	Website	✓	✓	✓	✓	✓	
C6504	Office Costs	63506	140.31	2009/7	Mobile Telephone	✓	✓	✓	✓	✓	
C6504	Office Costs	65275	430.04	2009/9	Office Rent	✓	✓	✓	✓	✓	
C6311	Office Costs	63935	94.73	2009/7	Office Telephone	✓	✓	✓	✓	✓	
C6311	Office Costs	65161	49.20	2009/9	Office Maintenance	✓	✓	✓	✓	✓	
C6204	Office Costs	64154	1125.50	2009/8	Office Rent	✓	✓	✓	✓	✓	
C6204	Office Costs	64167	112.80	2009/8	Waste Collection	✓	✓	✓	✓	✓	
C6210	UK Travel	66485	87.00	2009/12	Taxi – Regular	✓	✓	✓	✓	✗	The purpose of the journey was not recorded on the claim form.
C6210	Additional Costs	66966	111.50	2009/12	Broadband	✓	✓	✓	✓	✓	
C6511	Office Costs	66232	275.08	2009/11	Parking; Mobile Telephone	✓	✓	✓	✓	✓	
C6511	Office Costs	66682	1603.16	2009/12	Office equipment, office business rates, office insurance	✓	✓	✓	✓	✓	
C6101	Office Costs	65580	1038.00	2009/10	Office Rent	✓	✓	✓	✓	✓	

Member's Reference	Allowance	Reference	Transaction Value	Year/period	Expenditure Type / Description	Tests					Comments
						1	2	3	4	5	
C6101	Additional Costs	67239	1902.13	2009/12	Second Home Service Charge 2010/11	✓	✓	✓	✓	✓	
C6203	Office Costs	65730	142.64	2009/10	Office Telephone	✓	✓	✓	✓	✓	
C6203	Support Staff	65731	262.50	2009/10	Support Staff - Presswork	✓	✓	✓	✓	?	The Commission was unable to provide documentary evidence of the legal advice obtained, which we understand advised that these costs may be funded by the Support Staff Allowance.



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