

29th May 2009

MPs, expense theft and the like!

A case study in bad management!!!

Recent newspaper articles have been interesting to say the least. It seems the UK members of parliament have not been the entirely upstanding, honest and decent citizens that they told us they were when campaigning for votes (and of course that we believed them to be).

No, instead they have been claiming enormous allowances for second homes, very often when they don't use their homes personally; or claiming mortgage interest when the loan has already been paid off; or claiming for damaged piping under their tennis courts or You no doubt get the general idea.

Of course Mr Cameron is outraged and has launch a review of party expenses, demands repayment of unacceptable expenses and has implemented a form of panel scrutiny for MP's claims. Great news I hear us all cry. That is until we realise that as leader of the opposition, Mr Cameron has a duty to ensure his party's MPs behave themselves at all times and he is primarily responsible for their misbehaviour too. Of course one could argue that MP expense claim rackets have been going on for so long and were so well known that Mr Cameron should have done something before now. But, let's face it, in the politics world of 'if its broke don't fix it', MPs expenses were working left to trundle on and everyone was happy. A lovely little club of fraudsters controlled by leaders too inept, spineless or (potentially) supportive of a bent regime verging on criminality, to do anything about it. Or does that sound too bitter??

It is too easy to pick on the opposition alone, albeit it does rile to see sanctimonious statements of morality from the Conservative leadership when they have done precious little to protect voters money from greedy MPs in the past. But we can't forget the Labour government, and to use that term riles too, because we are hardly seeing the most effective leadership from the top at the moment. Labour MPs have been resigning, paying back lump sums and Gordon Brown has been waxing lyrical about the need for honesty and fair expense claims. To him I would say ditto, why did you not do anything when you must have known about the scams taking place? Does it really take the Telegraph, Sun, Mail etc to get the leaders of our nation to do their job.

Mustn't forget the Lib Dems too, of course their impact is less aggressive pretty much across the board but still they are engaged in repayments and lots of nice words about fair play to the press.

As a trainee accountant (particularly one with a risk management bent) I was taught about segregation of duties, i.e. ensuring various stages of a financial transaction and its authorisation, are subject to different individuals/systems/authorities to avoid collusion, fraud and at best inappropriate use of resources. The House of Commons, until recently, represented a system with little segregation of duties. The accounting functions may have rejected a few expenses along the way, but they clearly allowed a whole ruck of other stuff through and the essential questions of 'should we really be paying for this' were not asked enough. The framework of expense allowances, shrouded in mystery until recently, is beginning to look absurd. MPs whine that they did everything

within the rules, but if the rules are clearly immoral, does that make their actions anything less than repugnant. If murder (for some insane reason) were to be made legal, would be any more moral or acceptable to roam the streets slaughtering everyone in sight – perhaps so if you were an MP).

The question I have to ask is that are we, the general public any different. It's generally accepted that a significant proportion of those making expense or mileage claims through work, overstate them to some degree. The distance from London to Birmingham (really about 125 miles) becomes 147 for expense purposes. Then again, when we eat out on expenses we feel it's entirely right to order the starter we wouldn't normally have or the bottle of wine we would never pay for personally.

Then what about personal insurance, a survey I remember some time ago suggest a high percentage of people would consider adding items to a claim that were not lost, many would actually do so and (worryingly) a reasonable proportion thought it was a perfectly acceptable thing to do.

In fact today on radio 2 they had a piece about re-using stamps and quite a few people were happy to go on national radio and tell a million listeners that they regularly re-use stamps (which of course is a criminal offence).

Whether MPs or individuals claiming expenses, it pays for organisations to have two things in place when it comes to expense accounts:

1. A regular system of checking that what is being paid is sensible (not so easy);
2. A system of proper review to pick up the problem items and take action where necessary against the miscreants (also not easy).

The idea is saving money and ensuring proper accountability.....

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