



Review of a determination by IPSA to refuse an expense claim

Mr Jim Shannon MP
Member of Parliament for Strangford

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Introduction

1. This review considers three claims Mr Jim Shannon MP submitted to the Independent Parliamentary Standards Authority (IPSA) for Travel and Subsistence expenditure under the *MPs' Scheme of Business Costs and Expenses* (the Scheme).
2. The claims subject of this review are recorded under expense form number 635907. There were 57 claims associated with this particular expense form all of which were purchased with the use of the MP's General Procurement Card (GPC) during the month of January 2018.
3. The Compliance Officer believes it would be helpful for any person reading this review document to include a brief explanation with regards to the General Procurement Card Process. It is common practice for the vast majority of MPs to apply for and be provided with a General Procurement Card which essentially is a credit card that can be used to purchase items/services linked to a parliamentary purpose. At the end of each month, IPSA receives notification from their bank of the total monthly expenditure on all payment cards used by MPs. On a monthly basis IPSA will then provide a list of the expenditure that each MP has incurred on their payment card through the online expense system. MPs are required to account for that expenditure within 30 days of notification of the transactions and to provide supporting evidence.
4. The General Procurement Card balance for Mr Shannon's January bill was paid by IPSA when they received detail of his monthly expenditure. However, as a result of their internal validation process 24 out of 57 claim lines were subsequently rejected and Mr Shannon's Procurement Card was suspended until the matter could be resolved.
5. Mr Shannon requested an internal review by IPSA on 4th April which was conducted by the Head of the Policy and Assurance Team and completed on 20th April 2018. The review decision was then validated by the Director of Regulation for IPSA on 24th April. The Reviewing Officer authorised payment for 21 of the 24 previously rejected claims but upheld the original decision to refuse payment for three.

6. The rejected claims related to the costs associated with two air fare tickets (Line 6 and 23 on the claims form) and part of a subsistence claim for six members of Mr Shannon's staff who attended a two day residential course in a hotel outside of the MP's constituency (Line 47 on the claims form). The review concluded that Mr Shannon was required to reimburse IPSA the sum of £425.31.
7. On 1st June 2018, Mr Shannon contacted the Compliance Officer and requested a further review of the decision by IPSA to refuse to authorise payment for the three claims mentioned above.
8. *Section 6A of the Parliamentary Standards Act 2009* (the Act) provides that if:
 - (1)(a) the IPSA determines under section 6(3)¹ that a claim is to be refused or that only part of the amount claimed is to be allowed, and
 - (b) the member (after asking the IPSA to reconsider the determination and giving it a reasonable opportunity to do so) asks the Compliance Officer to review the determination (or any altered determination resulting from the IPSA's reconsideration).
 - (2) The Compliance Officer must -
 - (a) consider whether the determination (or the altered determination) is the determination that should have been made, and
 - (b) in light of that consideration, decide whether or not to confirm or alter it.
9. Paragraph 9 of the notes for Guidance on the Conduct of Reviews by the Compliance Officer for IPSA states that

The Compliance Officer will, taking into account all information, evidence and representations, decide whether the determination (or the altered determination) is the determination that should have been made under the Scheme and in light of that, whether or not to confirm or alter it.

¹ Section 6(3) of the Act states that on receipt of a claim, the IPSA must – (a) determine whether to allow or refuse the claim, and (b) if it is allowed, determine how much of the amount claimed is to be allowed and pay it accordingly.

10. As IPSA had conducted an internal review, there is no impediment to the Compliance Officer accepting the request for a review.

The Basis for the Review

11. As previously stated the claims subject of this review relate to costs associated with two air fare tickets and subsistence claims for his staff who attended a residential course at a hotel in County Antrim.

12. In relation to the air tickets, the original flight was booked on 2nd January under booking reference KLTJPO at a cost of £230.41 and the ticket then reissued on 12 January 2018 at an additional cost of £100. The flights were booked for the MP to travel between Belfast and Heathrow and claimed as travel between London and the MP's constituency.

13. The claim was rejected by IPSA due to a lack of supporting evidence. Whilst Mr Shannon accepts the invoice(s) for the flights were not sent in at the time of the original claim form submission or within the 30 day deadline, he did obtain them when requested to do so as part of the review process. On 20th April his proxy notified the Reviewing Officer that it could take up to 28 days from the date of the request for British Airways to provide the relevant information and this caused an inevitable delay.

14. In relation to the subsistence claims, the hotel invoice was provided to IPSA on 12th March. The accommodation was booked in January 2018 for a two day stay in February 2018. Six members of staff attended a residential course and subsequently claims were made for subsistence. Although Mr Shannon initially made a claim for subsistence which totalled £350, he accepts this was an error and agrees that the total amount he is eligible to claim for six members of staff is £300. (Section 9.26 and 9.32 of the scheme applies). In fact, the total bill for food and drink was £312 and Mr Shannon sent in a cheque to IPSA at the time of the original submission of the expense form to cover the additional £12 for food and drink and other unrelated expenditure.

15. The claim for both the accommodation and subsistence costs were originally rejected by IPSA on the basis that there was no supporting evidence provided. It is worthy of note and very relevant to Mr Shannon's argument that there does appear to have been some confusion on the part of IPSA with regards to the hotel invoice. The reservation was made and paid for in advance in January for a two day stay in February. The hotel invoice was dated 14th February and originally the receipt was held back by IPSA as they believed it had been sent in early and related to a claim associated with the MP's February General Procurement Card bill.

16. The Compliance Officer can totally understand why this situation occurred. In summary, the hotel accommodation booking was made in January and a total of £1740 was paid with the General Procurement Card. The hotel invoice was dated February as that was both the date of the stay and the date the subsistence costs were incurred. However, as the total bill for accommodation and subsistence was less than £1740, all expenditure is relevant to the January balance.

17. Mr Shannon is of the view, that the hotel invoice was provided to IPSA on time and additional information was subsequently provided to them by his proxy. There was a single invoice provided by the MP which detailed the costs for accommodation and food and drink. His proxy explained in her communications with IPSA that the costs should be divided across six staff members. The e mail was dated 7th March and reads "Row 47 is food and drink MP staff - for some reason I can't split the value. It was 6 staff for 2 nights accommodation £115 each and 6 staff for 2 nights food at £25 each".

18. Mr Shannon does accept, there were mistakes made in the completion of the expense form relating to the subsistence claims. He stated his proxy tried to rectify the mistakes when she realised, and requested that IPSA return the form to her in order for the amendments to be made, but it was not received. The mistakes in question relate to the fact that only five members of staff were named on the form as claiming for subsistence and the amounts claimed varied between £10, £25 and in the case of line 47 the sum of £180 was claimed.

19. At the core of Mr Shannon's argument is: 1. His assertion that all the claims related to legitimate expenditure linked to a parliamentary purpose, 2. He obtained the flight invoices when asked to do by IPSA albeit there was a delay in obtaining the information from British airways, 3. The hotel invoice was submitted on time and his proxy provided further clarification to IPSA with regards to the subsistence claims, 4. His proxy asked for the forms to be returned in order for the mistakes to be rectified. 5. The process was delayed by the fact that IPSA withheld the hotel invoice for a period of time, mistakenly believing it related to the February Procurement Card bill.

The Review

20. In conducting the review, the Compliance Officer has utilised the ninth Edition of the Scheme and the relevant areas considered are described in Appendix A of this review.

21. In addition, the Compliance Officer has reviewed the following information:

1. Validation Notes – notes appended to a claim submitted by an MP and notes by the IPSA Validator describing the reason for the rejection of a claim;
2. Workflow History – shows the date the claim was opened by the MP or proxy, the date of submission to IPSA and details of how the claim was processed by IPSA;
3. CRM History – computer records of all interactions between the MP and IPSA;
4. Correspondence between IPSA and the MPs office, and with the MP directly.
5. Additional information that has been provided to the compliance office by the MP in light of this review.
6. Additional information that has been provided to the Compliance Officer by the Reviewing Officer.
7. The hard copy file relating to claim 635907.

Chronology of claim

22. It is important to note, it has not been possible for the Compliance Officer to gather a complete chronology of the progress of this claim form. The difficulties have been caused in part due to the large number of claims submitted on the form itself, the fact that the supporting evidence has been sent in on different dates (or not at all in some cases) or there was confusion by IPSA in relation to the hotel invoice which was initially held back by them in error. It is also apparent that not all communications in the form of e mails or telephone calls has been recorded on the CRM system. It is clear for example, that there has been information provided by the MP's proxy which is not recorded on the CRM system but appears on the validation notes and also the first entry on the CRM system from IPSA is an email dated 15th March which alludes to previous e mails sent on 8th and 28th February which are not recorded there.
23. From the available evidence it is clear that Mr Shannon was sent the list of expenditure incurred on his procurement Card in January through the on line system on 8th February. He was also e mailed by IPSA on that date and again on 28th February to inform him the deadline for him to reconcile the form and supply the supporting evidence to IPSA was 6th March 2018.
24. IPSA sent a further e mail on 15th March informing Mr Shannon that his General Procurement Card had been suspended and a further request was made for the form to be reconciled and the supporting evidence supplied to IPSA by 29th March.
25. On 16th March a further email was sent to the MP to inform him that the expense form had been returned with notification that several claims had been rejected (24 out of 57) by the validation team at on the basis there was a lack of supporting evidence. It is worthy of note, however, that in the same email IPSA do acknowledge they had the receipt from the hotel but had held it back on the basis they believed it was relevant to the MP's February bill. In effect, a number of claim lines had been rejected on the basis there was a lack of supporting evidence (21 in total) when the same e mail acknowledged IPSA had possession of the relevant invoice.

26. On 20th March, Mr Shannon's proxy responded to the e mail informing IPSA that the hotel accommodation for six people had been pre booked and paid for in January and so the invoice did relate to the January Procurement Card. She also stated she had previously explained within the notes section of the on line system that line 47 related to subsistence claims for 6 members of staff but she had been unable to split the values on the claims form, which means she was unable to detail individual claims. This was the entry dated 7th March and is detailed at paragraph 17.
27. On 26th March Mr Shannon's proxy sent in a further e mail stating she had resubmitted the expense form and also attached some additional evidence in relation to lines 6 and 23 (British airways flight invoice). In fact, this invoice related to booking reference KLTJPO which was an invoice for a different flight altogether.
28. On 28th March, the original decision to reject 24 out of 57 claims was upheld by the validator and Mr Shannon was informed. This led to his request for an internal review which was conducted by the Head of the Policy and Assurance Team.
29. On 9th April the Reviewing Officer sent an e mail to the MP's office and requested the correct invoices for the British Airways flight be provided and asked for further clarification in relation to the Hotel invoice which included an entry which read "The invoice shows food purchases totalling £312 in 4 separate charges. However, the claim includes lines for Food and drink MP Staff totalling £350. As you know, the maximum amount claimable for subsistence is £25 per overnight stay. For 2 nights x 6 staff members, this should be a maximum of £50 each, or £300 in total". The proxy was asked to confirm the correct amounts to be claimed and a deadline date of 13th April was set for a response.
30. There was no response to this e mail and so it was sent again on 18th April and a deadline date for a response set for 23rd April.
31. Mr Shannon's proxy replied on 20th April and informed the Reviewing Officer that she had contacted British Airways and requested a copy of the invoice(s) relating to lines 6 and 23 on the claims form. A representative from British Airways had communicated

that it could take up to 28 days for the information to be supplied. The British Airways invoice was sent to the MP's office on 25th April but not supplied to IPSA until 30th May.

32. The Proxy also confirmed that the amount being claimed in relation to the hotel invoice was the full amount because she had sent in a cheque for £58.25 at the time of the initial submission of the claims form to cover the £12 additional Food and Drink expenditure and other unrelated items.
33. The Reviewing Officer concluded that 21 out of 24 original claims could be paid but refused the claims associated with the air tickets on the basis that the invoice had not been supplied within the permitted timescales. In addition, one of the subsistence claims at line 47 was partially rejected on the basis that the amount claimed £180 exceeded the £25 maximum subsistence amount allowed for a single staff member.
34. In summary the Reviewing Officer authorised payment for all the other subsistence claims including a partial payment of £25 in respect of line 47. In total of £195 was authorised in respect of the subsistence claims. This can be broken down as follows: 6 individual claims of £25, 2 individual claims of £10 and an additional £25 authorised in respect of line 47.
35. A review of the expense form revealed that details of six members of staff were correctly recorded relating to accommodation costs, but only five names were recorded relating to subsistence costs. One of the five staff members named at line 47 was associated with a claim that exceeded the permissible amount.

Considerations

36. The scheme at annex C sets out very clearly the rules regarding the use of a General Procurement Card. In summary, within 30 days of being notified of the expenditure on a General Procurement Card, the MP has to account for the transactions and provide supporting evidence.
37. The submission of expense claims to IPSA is computer based and access is controlled by RSA SecureID Token less Authentication. MPs are at liberty to designate a proxy who can

be authorised to enter expenses onto the system but where the MP retains control of submissions via a separate confirmation. Alternatively, the proxy can be authorised to submit and authorise expense claims. Mr Shannon's proxy does not have direct submission rights.

38. The first Fundamental Principle of the Scheme states:

"In claiming for public funds through the scheme, MP's must adhere to the following principles.

1. Parliamentary: MP's may only claim for expenditure for Parliamentary purposes.
2. Value for Money: MP's must have regard to value for money when making claims.
3. Accountability: MP's are legally responsible for all money claimed and for managing their budgets and staff.
4. Probity: When making claims, MP's must adhere to the MP's Code of Conduct including the seven principles of public life".

It is the responsibility of the MP to ensure adherence to the Scheme and therefore an error by his proxy, is not a determining factor in this review.

39. With regards to the three claims subject of this review, the supporting evidence for the air tickets was not supplied by the MP within the 30 day timescale. In fact it was not supplied until the end of May which takes it outside of the 90 deadline which is permissible for all other claims even taking in to account the delay caused in making the request to British Airways.

40. The hotel invoice was supplied to IPSA on time but held back by them because they mistakenly believed it related to the February Procurement Card expenditure. Due to the mistaken belief, 22 of the claims relating to the hotel including the subsistence claims were rejected as part of the validation process.

41. The Reviewing Officer did ultimately approve all entries relating to the hotel except for line 47, a single subsistence claim for £180 whereby she authorised a payment of £25

which is the permissible amount for an overnight stay. The Reviewing Officer did acknowledge that Mr Shannon was entitled to claim up to £300 for six members of staff but because the subsistence claims only related to five members of staff, the full amount could not be authorised.

42. The Reviewing Officer did identify the name of the sixth staff member as her details were correctly recorded in relation to accommodation costs but there were no claims attributed to that member of staff for food and drink.
43. During the review process, Mr Shannon's proxy was asked to confirm the total amount being claimed for Food and Drink Costs. In her reply she confirmed that the total food and drink bill in relation to the subsistence claims was £300. The relevant invoice gave an overall total of £312 for food and drink but did not break down the individual items of expenditure. (The additional £12 was reimbursed by the MP at an early stage).
44. This information was in addition to the information she provided on 7th March that the hotel invoice related to accommodation and food and drink claims for six staff members. This information does not seem to have been considered by the IPSA validators. The Compliance Officer can only surmise that the reason for this was because they believed the invoice related to the February Procurement Card bill.
45. Whilst the Compliance Officer acknowledges the MP's position that this expenditure should have been divided across 6 members of staff and this information was supplied by his proxy on 7th March, the fact remains this is not how it was recorded on the expense form submitted by his proxy and later authorised by him.
46. The view of IPSA on this matter is they consider a claim on the basis of how it is recorded. There were claims for subsistence which varied between £10, £25 and £180, it would not be appropriate for IPSA to alter the claim once it had been entered by the MP or his proxy or interpret it in any other way than the way it had been presented.

Conclusion

47. IPSA is correct in terms of the Scheme in determining that the MPs' claims were not payable for the air fares on the basis that the supporting evidence was not provided until after the 30 day deadline date.
48. **The Compliance Officer can therefore only conclude that the determination by IPSA to refuse the claim was made in accordance with the Scheme and should be upheld. This part of review must therefore be rejected.**
49. IPSA is also correct in its assertion that the claims in relation to subsistence were not completed correctly. However, it is clear that six members of the MP's staff did attend a two day course and their details are correctly recorded on the expense form in relation to accommodation costs. In addition, the MP's proxy did notify IPSA on 7th March that the invoice relating to the subsistence claims should be spread across six members of staff who were eligible to claim £25 subsistence for each of the two days. The proxy also confirmed to the review officer that a total of £300 was being claimed for food and drink.
50. The Compliance Officer concludes that IPSA's recording of communications with the MPs office could have been better in this case and the matter resolved prior to the end of the validation process. The initial rejection of the claims form was on the basis that there was a lack of supporting evidence not that the form was completed incorrectly. The supporting evidence and additional information in relation to the subsistence claims was provided by the MP's office but not considered for reasons already outlined above.
51. **The Compliance Officer acknowledges there were some complexities which arose during the processing of this particular expense claim form which have been outlined within the report. When considering all the facts, the Compliance Officer concludes that on balance, the MP is entitled to claim a total of £300 for subsistence costs. This part of the review is therefore upheld in favour of Mr Shannon.**

52. Prior to concluding this review, the Compliance Officer sent a copy of the provisional findings to both Mr Shannon and IPSA offering them the opportunity to make representations. A response was received from IPSA which confirmed they accepted both the Findings and Recommendations of the Compliance Officer. No representations were received from Mr Shannon.

53. Section 6A(6) of the Act provides that an MP requesting a review may appeal the decision of the Compliance Officer to a 'First-tier Tribunal' if they are not satisfied with the outcome. The appeal must be submitted within 28 days of receiving the decision. Further information on how to appeal a decision by the Compliance Officer can be found at the following address: <https://www.gov.uk/guidance/mp-expenses-appeal-a-compliance-officers-decision>.

54. In accordance with the Guidance on the Conduct of Reviews by the Compliance Officer for IPSA, details of the review will be published in a manner decided by the Compliance Officer.

Review Recommendations

1. The Reviewing Officer for IPSA made a recommendation that the MP's office should be provided with additional support in an effort to improve their record keeping. The Compliance Officer is in full support of this recommendation.
2. The Compliance officer recommends to the Head Of Operations that all staff be reminded of the importance of accurately recording all communications relating to an expense claim within the CRM systems.

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Annex A Relevant Areas of the Scheme

The compliance Officer has also considered the relevant areas of the scheme which are set out below:

Chapter One: Overall process and rules

- 1.2 IPSA may allow MPs to delegate the submission of claims to their designated proxy, or where MPs are unable to fulfil their parliamentary functions, to another MP. MPs retain the responsibility for the claims.

Chapter Two: Determination and Review of Claims

- 2.1 MPs are responsible for complying with the Scheme and must only make claims that are for parliamentary purposes. IPSA supports MPs and their staff to comply with the rules of the Scheme by providing advice on the rules and whether a particular claim is likely to fall within the Scheme. Such advice is not a decision to allow or refuse a claim. That decision can only be made when the claim is submitted, together with the supporting evidence.

- 2.4 If IPSA determines to refuse the claim or to allow only part of the amount claimed, it will notify the MP and specify the reasons for the refusal.

Chapter Nine Travel and Subsistence Costs

- 9.1 Travel and Subsistence claims may be made for the costs of travel, and travel-related subsistence incurred by MP or others, which are in support of the MP's parliamentary functions.
- 9.2 MPs may claim for travel by public transport, private transport, taxis and hire cars.
- 9.3 IPSA will pay MPs' claims for travel and subsistence costs relating to journeys which fall into one of the following categories:
 - a. journeys between Westminster and anywhere in MPs' constituencies, except, in the case of London Area MPs, their residences.
- 9.26 MPs may claim for the cost of purchasing food and non-alcoholic drinks where they have stayed overnight outside the London Area and their constituency. This is limited to £25 for each night they have stayed, but the claims can be for purchases made during the day.

Subsistence costs for MPs' staff

9.30 MPs may claim for the cost of an overnight hotel stay for a member of their staff, where the staff member has travelled in support of their parliamentary functions, or for training purposes, and it would be unreasonable for him or her to have to return to their own residence.

9.32 The subsistence rates in paragraph 9.26 also apply to MPs' staff.

Annex C

Section 5 Payment Card

IPSA provides a Government procurement card, known as a payment card, to MPs. MPs can use the payment card to pay for any business cost or expense allowable under the Scheme. It is not intended for personal use. IPSA will make payment to the payment card supplier every month. Before taking ownership of a payment card, MPs must sign a form that indicates their agreement to use the payment card only for spending that falls within the Scheme rules. MPs must also agree to reconcile the items of spending on a monthly basis and within the time limits set out below.

Each transaction is limited to £1,000, and the monthly credit limit is £4,000. IPSA may consider increases to these limits if requested by an MP.

IPSA will provide, on a monthly basis, through the online expense system, a list of the expenditure that MPs have incurred on their payment card. MPs are required to account for that expenditure within 30 days of notification of the transactions and to provide supporting evidence. IPSA may suspend use of the payment card if there is expenditure unaccounted for after this 30 day period.

IPSA may seek repayment for any unaccounted-for use of the card, or where IPSA determines that a purchase cannot be paid under the scheme and marks it as "Not Paid" on the reconciliation form