

**Election Accounts:
UK and European Parliamentary
Elections
2008-09 Account**

Returning Officers' Expenses

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2008-09 Account**

Returning Officers' Expenses
(For the year ended 31 March 2009)

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1. Foreword

1.1 Statutory Background

The Representation of the People Act 1983 provides for the making of regulations to set out the range and scale of fees and expenses, which will apply to elections. On 22 August 1991, when responsibility for elections accounts was transferred from the HM Treasury to the Secretaries of State for the Home Departments, by the Transfer of Functions (Returning Officers' Charges) Order 1991 (SI 1991 No 1728), the provisions in force for parliamentary elections were contained in the Returning Officers' Charges Order 1991 (SI 1991 No 1687).

As accounts from Returning Officers are often delayed, the Charges Order that relates to the relevant election date is applicable; thus, different Orders may apply to different accounts. The Orders applied in this Account were:-

- The European Parliamentary Elections (Local Returning Officers' Charges) (Great Britain and Gibraltar) Order 2004 (SI 2004 No 1299) took effect from 7 May 2004; and
- The Parliamentary Elections (Returning Officers' Charges) Order 2005 (SI 2005 No 780), which came into force on 23 March 2005.

1.2 History of the Account

The account came into effect on 22 August 1991 when responsibility for accounting related to parliamentary elections in the United Kingdom was transferred from HM Treasury to the Home Departments. The transfer was made in order to consolidate responsibility for parliamentary election matters within the areas where electoral policy and legislation were already covered.

UK Parliamentary elections in the United Kingdom are financed from the Consolidated Fund. European elections are financed from the Scottish Block. Funds are drawn down as required either to meet expenses already incurred by Returning Officers (e.g. to purchase or maintain election equipment on an ad hoc basis) or, when an election is called, to provide sufficient advances for necessary preparations to be put in hand. Other calls on the account are made by the payment of postal charges to Royal Mail for delivery of poll cards, the free election material permitted under the Representation of the People legislation, and payments for printing and storage of election stationery. Finally, when Returning Officers' Election Accounts have been approved, any outstanding balances are received or disbursed as appropriate.

The Scotland Office Finance and Elections Team continued an active campaign to encourage Returning Officers to submit outstanding Election Accounts during 2008-09, which resulted in all outstanding election accounts being settled. This included the completion of the accounts for the Glasgow East and Glenrothes 2008 Westminster By-elections.

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1.3 Main Areas of Payments and Receipts

All expenditure in this year related to two UK By-elections, with initial advances totalling £215,000.00, final settlement payments totalling £84,189.55 and Royal Mail costs totalling £147,474.95

The only income received in the year related the £500,000 transfer of funds from the Scottish Parliament Election Account to fund the UK Parliamentary By-elections and £6,000.00 of forfeited deposits, which was subsequently surrendered to HM Treasury.

Alisdair McIntosh
Accounting Officer
Scotland Office
10 December 2009

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2. Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Scotland Office to prepare a statement of accounts for each financial year in respect of Returning Officers' expenses for the Westminster and European Parliamentary elections. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at year-end.

In preparing the accounts, the Accounting Officer is required to observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and prepare the accounts on a going concern basis.

HM Treasury has appointed the Head of the Scotland Office as the Accounting Officer for the Scotland Office. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Office's assets, are set out in *Managing Public Money* published by HM Treasury.

3. Statement on Internal Control

3.1 Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Scotland Office, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

3.2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Scotland Office for the year ended 31 March 2009 and up to the date of approval of the accounts, and accords with HM Treasury guidance.

3.3 Capacity to Handle Risk

I acknowledge my overall responsibility for the effective management of risk throughout the Scotland Office.

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Registers that identify, assess and set out mitigating actions to significant risks are in place across the Scotland Office and are regularly reviewed by the Office Management Group. Risk management is incorporated into the planning and decision making processes, with assessment of risk to business objectives documented, along with mitigating actions and reported on through risk registers and other means which are regularly reviewed and updated.

3.4 The Risk and Control Framework

As part of the Ministry of Justice (MoJ), the Scotland Office applies the Ministry's Risk Management Policy and Framework document and the key elements are maintained in the Scotland Office as follows:

- A formal process for identifying, evaluating, managing and reporting risk;
- A system of analysis and reporting that identifies risk to objectives, risk impact and likelihood, current and planned mitigating action and individual risk owners; and
- Formal programme and project management disciplines, incorporating procedures for the management of risk.

The other key elements in the MoJ control system, which are followed, are: regular management information, financial and administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- Approval by the Management Group of the business plans;
- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Management Group;
- Regular reviews by the Management Group of periodic and annual financial reports prepared to indicate financial performance against the forecasts;
- Target setting to measure financial and other performance;
- A formal system of financial and other controls, consisting of core control checks with an auditable trail of evidence, and a review and reporting mechanism to provide assurances from Budget Managers, that internal controls are in place and operating effectively; and
- Business Continuity Plans, ensuring that key activities can continue effectively following a disruption continue to be developed and refined.

During the year the Cabinet Office introduced a new Security Policy Framework setting out universal mandatory standards for physical, personnel and information/data security across Government. This included a mandatory requirement to report on any significant

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control weaknesses in the annual Statement on Internal Control. The Scotland Office has undertaken a review of all the mandatory requirements and is either compliant or well under way to be compliant. There are no significant weaknesses, nor were there any breaches of information that were required to be notified to the Information Commissioner during the year.

3.5 Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Office who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Group and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I confirm that all key controls identified as a result of an assessment of my key business risks, in addition to the following key financial areas, are in place for the following and have been applied:

- all expenditure / income has been recorded and properly spent / received with regard to propriety and regularity;
- the expenditure / income spent and received comply with law and regulations including those which provide the legal framework within which the Office conducts its activities;
- expenditure has been properly classified and transfers of expenditure between expenditure classifications have only been made in accordance with the Finance Manual;
- there have been no breaches of delegated financial authority;
- budgets are monitored regularly, comparing actual expenditure to forecasts, and variances reported upon;
- controls are in place to ensure that assets of the Office are safeguarded against unauthorised use or disposal;
- there are adequate control procedures in place to guard against fraud;
- there have been no breaches of the Finance Manual regarding hospitality and gifts;
- all losses and special payments have been reported, authorised and recorded in accordance with the Finance Manual; and

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- all instances of loss resulting from a weakness in internal financial control have been reported and any necessary remedial action taken.

Alisdair McIntosh
Accounting Officer
Scotland Office
10 December 2009

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UK and European Parliamentary Elections : Returning Officers' Expenses

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the UK and European Parliamentary Elections : Returning Officers' Expenses for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the receipts and payment account and associated notes and have been prepared in the form and on the basis directed by HM Treasury.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Foreword and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements properly present the receipts and payments and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and with HM Treasury directions made thereunder. I also report whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

In addition, I report to you if the Scotland Office has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury is not disclosed.

I review whether the Statement on Internal Control reflects the Scotland Office's compliance with HM Treasury's guidance and I report if it does not. I am not required to consider whether this statement covers all risks and controls or form an opinion on the effectiveness of the Scotland Office's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Foreword and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

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I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Audit Opinion

In my opinion:

- the financial statements properly present the receipts and payments of the UK and European Parliamentary Elections : Returning Officers' Expenses, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury for the year ended 31 March 2009 and the balances held at that date; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury.

Audit Opinion on Regularity

In my opinion, in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

*Amyas CE Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
15 December 2009*

**ELECTION ACCOUNTS: UK AND EUROPEAN PARLIAMENTARY ELECTIONS
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**RECEIPTS AND PAYMENTS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 2009**

	Notes	2008-09 £	2007-08 £
RECEIPTS			
Advances from the Consolidated Fund		-	-
Other Receipts	2	<u>506,000.00</u>	<u>300,421.58</u>
Total		506,000.00	300,421.58
PAYMENTS			
Local Authority Claims	3	299,189.55	460,808.63
Other Expenditure	3	<u>147,474.95</u>	<u>7,886.71</u>
Total	3	446,664.50	468,695.34
Excess of receipts over payments/(payments over receipts) before amounts surrendered to the Exchequer		59,335.50	(168,273.76)
Less: Amounts Surrendered to the Exchequer in Respect of:			
Refund of Advances from the Consolidated Fund		-	-
Unused Funds		-	584,352.51
Forfeited Deposits		6,000.00	-
Bank Interest Received		-	7,013.19
Total		<u>6,000.00</u>	<u>591,365.70</u>
Excess of receipts over payments/(payments over receipts) in the year		53,335.50	(759,639.46)

STATEMENT OF BALANCES AS AT 31 MARCH 2009

Balance at the beginning of the period		-	759,639.46
Excess of receipts over payments / (payments over receipts)		<u>53,335.50</u>	<u>(759,639.46)</u>
Balance at end of the period	5	53,335.50	-

Alisdair McIntosh
Accounting Officer
Scotland Office
10 December 2009

The notes on pages 10 to 12 form part of these accounts.

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Note 1

These accounts have been prepared on a receipts and payments basis in accordance with the accounts direction issued by HM Treasury dated 1 November 2007.

Note 2

Breakdown of Other Receipts

	2008-09	2007-08
	£	£
Refund on final settlement	-	78,065.79
Surplus of Advances	-	55,460.17
Transfer of funds from Scottish Parliament Election account	500,000.00	159,953.18
Bank Interest	-	6,942.44
Forfeited Deposits	6,000.00	-
Total Other Receipts	<u>506,000.00</u>	<u>300,421.58</u>

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Note 3 **Payments Summary**

	Payment to Returning Officers	Total Local	Other Payments			Total Other	Total	Prior Year
	Funding Advance	Authority Claims	Royal Mail	Miscellaneous	Payments		Comparatives	
	£	£	£	£	£	£	£	
UK General Election								
2001 UK Election	-	-	-	-	-	-	78,305.88	
2005 UK Election	-	-	-	-	-	-	229,171.59	
Sub Total	-	-	-	-	-	-	307,477.47	
European Election								
2004 European Election	-	-	-	-	-	-	124,994.57	
Sub Total	-	-	-	-	-	-	124,994.57	
By - Elections								
UK General Election								
West Lothian Council								
Livingston <i>(29 September 2005)</i>	-	-	-	-	-	-	36,072.83	
Moray Council								
Banff & Buchan <i>(7 July 2001)</i>	-	-	-	-	-	-	150.47	
City of Glasgow Council								
Glasgow East <i>(24 July 2008)</i>	105,000.00	44,810.17	73,929.03	-	73,929.03	223,739.20	-	
Fife Council								
Glenrothes <i>(6 November 2008)</i>	110,000.00	39,379.38	73,545.92	-	73,545.92	222,925.30	-	
Sub Total	215,000.00	84,189.55	147,474.95	-	147,474.95	446,664.50	36,223.30	
Total	215,000.00	84,189.55	147,474.95	-	147,474.95	446,664.50	468,695.34	

A breakdown of the miscellaneous payments can be found in Note 4.

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Note 4

There was no miscellaneous expenditure

Note 5

	2008-09	2007-08
Breakdown of Year End Balances	£	£
Amounts due to the Consolidated Fund	<u>53,335.50</u>	<u>-</u>
Total	<u><u>53,335.50</u></u>	<u><u>-</u></u>

Note 6

Events After Year End

In accordance with the requirements of FRS21, events after the year end are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.



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