

**Election Accounts  
UK and European Parliaments  
2005-06**

**Returning Officers' Expenses**

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Presented pursuant to the Government Resources and Accounts Act 2000 Section 7(2)

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2005-06**

**Returning Officers' Expenses**  
**(For the year ended 31 March 2006)**

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# ELECTION ACCOUNTS: UK AND EUROPEAN PARLIAMENTS 2005-06

## RETURNING OFFICERS' EXPENSES

### 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 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 Parliamentary Elections (Returning Officers' Charges) Order 1997 (SI 1997 No 1034), which came into force on 8 April 1997;
- The European Parliamentary Elections (Local Returning Officers' Charges) Order 1999 (SI 1999 No 1377) took effect from 18 May 1999;
- The Parliamentary Elections (Returning Officers' Charges) Order 2001 (SI 2001 No 1736), which came into force on 15 May 2001;
- 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. Parliamentary elections in the United Kingdom are financed from the Consolidated Fund. 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 Letters 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.

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### 1.3 Main Areas of Receipts and Payments

Most payments in 2005-06 were in relation to the UK Parliamentary General Election in May 2005. Advances to Returning Officers for the UK 2005 election were £5,081,380.10 and Royal Mail costs were £3,063,813.92. Two by-elections also took place during 2005-06. Advances to the Returning Officer for the Livingston by election were £87,345.00 and payments to Royal Mail for the same election were £104,305.16. Advances to the Returning Officer for the Dunfermline West by election were £80,948.78, with Royal Mail costs of £ 97,665.31.

Further payments in relation to settlement of the UK 1997 election totalled £53,261.37 and in relation to settlement of accounts for the UK 2001 further payments were made of £1,303.77. A settlement amount of £19,116.64 was also made in respect of the Hamilton by election. Examination of the account submitted by Inverclyde Council highlighted an overpayment of £7,110.77 for the General Election in 2001 and this sum was refunded in 2006-07.

Final settlement payments to Returning Officers in relation to European Parliamentary elections in 1999 were £274,606.77. A further £22,740.84 was advanced to Returning Officers for the European Parliamentary elections in 2004. Other payments made were £58.75 of storage charges for stationery, £124.00 for account charges, £91.64 for repairs to a stair lift damaged during an election and £32,821.84 in respect of irrecoverable VAT incurred by councils as a result of the European election 1999.

Monies to be returned to the Consolidated Fund totalled £76,500.00 in respect of forfeited deposits and £13,835.59 in Bank Interest, which included £574.63 received in 2004-05, too late to return to the Consolidated Fund in that financial year.

The main receipts were advances from the Consolidated Fund for the UK Parliamentary General election 2005 of £9,900,000.00. A number of accounts were settled resulting in £94,731.01 of receipts. Returning Officers also returned a total of £227,919.71 in surplus of advances previously made. Bank interest payments of £13,260.96 were received from Returning Officers in 2005-06, whilst a further £339.00 surrendered to the wrong account in 2004-05 was transferred into the account. £76,500.00 in forfeited deposits was also received.

## 2. **Statement of Accounting Officer's Responsibilities**

The Scotland Office is required to prepare a statement of accounts for each financial year in respect of Returning Officers' Expenses in the form and on the basis directed by HM Treasury. 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.

HM Treasury has appointed the Head of the Scotland Office as the Accounting Officer for Returning Officers' Expenses. His relevant responsibilities as Accounting

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Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officer Memorandum issued by HM Treasury and published in Managing Public Money.

**3. Statement on Internal Control**

**Scope of Responsibility**

I acknowledge my personal 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 and ensuring the efficient and effective management of and proper accounting for the resources delegated to me.

**The Purpose of the System of Internal Control**

The system of internal control is based on an ongoing process designed to identify, evaluate and manage efficiently, effectively and economically, the principal risks to the achievement of business strategies, plans and objectives. The system is maintained and operated, and provides reasonable assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The overall system of internal control is subject to satisfactory review, and independent checking of controls is taking place on a regular basis.

**Capacity to Handle Risk**

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

Registers that identify, assess and set out mitigating actions to significant risks are in place across the 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.

**The Risk and Control Framework**

The key elements of the Risk Management Policy and Framework document 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

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- Formal programme and project management disciplines, incorporating procedures for the management of risk.

The other key elements in the 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.

**Review of Effectiveness**

I also have responsibility for reviewing the effectiveness of the system of internal control operating in my business area. My review is informed by the work of the managers within the office who have responsibility for the development and maintenance of the internal control framework, and comments made by the internal and external auditors in their management letters and other reports.

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

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

David Middleton  
30 November 2007

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**The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

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 2006 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 the preparation of 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 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.

I also report to you if, in my opinion, the Foreword is not consistent with the financial statements, if the Accounting Officer has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 3 to 5 reflects compliance with HM Treasury's guidance on the Statement on Internal Control 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 opinion**

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, and of whether the

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accounting policies are most appropriate to the circumstances, consistently applied and adequately disclosed.

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**

In my opinion:

- the financial statements properly present, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, the receipts and payments of the UK and European Parliamentary Elections : Returning Officers' Expenses for the year ended 31 March 2006 and the balances held at that date;
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury; and
- 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.

I have no observations to make on these financial statements.

***John Bourn***  
***Comptroller and Auditor General***  
***National Audit Office***  
***157-197 Buckingham Palace Road***  
***Victoria***  
***London***  
***SW1W 9SP***  
***5 December 2007***

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**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH  
2006**

	Notes	2005-06 £	2004-05 £
<b>RECEIPTS</b>			
Advances from the Consolidated Fund		9,900,000.00	8,725,000.00
Other Receipts	2	<u>412,750.68</u>	<u>97,218.15</u>
<b>Total</b>		<b>10,312,750.68</b>	<b>8,822,218.15</b>
<b>PAYMENTS</b>			
Local Authority Claims	3	5,620,703.27	5,410,939.82
Other Expenditure	3	<u>3,298,880.62</u>	<u>3,021,811.65</u>
<b>Total</b>	3	<b>8,919,583.89</b>	<b>8,432,751.47</b>
<b>Excess of receipts over payments /(payments over receipts) before amounts surrendered to the Exchequer</b>		<b>1,393,166.79</b>	<b>389,466.68</b>
Less: amounts surrendered to the Exchequer in respect of:			
Forfeited Deposits		76,500.00	20,000.00
Bank interest received		<u>13,835.59</u>	<u>2,522.00</u>
<b>Total</b>		<b>90,335.59</b>	<b>22,522.00</b>
<b>Excess of receipts over payments /(payments over receipts) in the year</b>		<b>1,302,831.20</b>	<b>366,944.68</b>
<b>STATEMENT OF BALANCES AS AT 31 MARCH 2006</b>			
Balance at the beginning of the period		506,491.24	139,546.56
Excess of receipts over payments /(payments over receipts)		<u>1,302,831.20</u>	<u>366,944.68</u>
Balance at end of the period	5	<b>1,809,322.44</b>	<b>506,491.24</b>

The notes on pages 9 to 11 form part of these accounts

## Note 1

These accounts are prepared on a cash basis and drawn up in a form directed by HM Treasury

## Note 2

### Breakdown of Other Receipts

	<b>2005-06</b>	<b>2004-05</b>
	£	£
Refund on final settlement	£94,731.01	£14,280.82
Surplus of Advances	£227,919.71	£62,241.58
Bank Interest	£13,599.96	£695.75
Forfeited Desposits	£76,500.00	£20,000.00
<b>Total Other Receipts</b>	<b>£412,750.68</b>	<b>£97,218.15</b>

Note 3 Payments Summary

	Payment to Returning Officers Funding Advance	Settlement	Total Local Authority Claims	Royal Mail	Other Payments Miscellaneous (Note 4)	Total Other Payments	2005-06 Total	2004-05 Total
<b>UK General Election</b>								
1997 UK General Election	-	53,261.37	53,261.37	-	-	-	53,261.37	27,173.75
2001 UK General Election	-	1,303.77	1,303.77	-	-	-	1,303.77	-
2005 UK General Election	5,081,380.10	-	5,081,380.10	3,063,813.92	91.64	3,063,905.56	8,145,285.66	-
<b>Sub Total</b>	<b>5,081,380.10</b>	<b>54,565.14</b>	<b>5,135,945.24</b>	<b>3,063,813.92</b>	<b>91.64</b>	<b>3,063,905.56</b>	<b>8,199,850.80</b>	<b>27,173.75</b>
<b>European Election</b>								
1999 European Election	-	274,606.77	274,606.77	-	32,821.84	32,821.84	307,428.61	11,586.32
2004 European Election	22,740.84	-	22,740.84	-	-	-	22,740.84	8,391,096.61
<b>Sub Total</b>	<b>22,740.84</b>	<b>274,606.77</b>	<b>297,347.61</b>	<b>-</b>	<b>32,821.84</b>	<b>32,821.84</b>	<b>330,169.45</b>	<b>8,402,682.93</b>
<b>By - Elections</b>								
UK - Livingston	87,345.00	-	87,345.00	104,305.16	-	104,305.16	191,650.16	-
UK - Dumfriemline	80,948.78	-	80,948.78	97,665.31	-	97,665.31	178,614.09	-
UK - Hamilton	-	19,116.64	19,116.64	-	-	-	19,116.64	-
<b>Sub Total</b>	<b>168,293.78</b>	<b>19,116.64</b>	<b>187,410.42</b>	<b>201,970.47</b>	<b>-</b>	<b>201,970.47</b>	<b>389,380.89</b>	<b>-</b>
Costs not directly attributable to a specific election	-	-	-	-	182.75	182.75	182.75	2,894.79
<b>Total</b>	<b>5,272,414.72</b>	<b>348,288.55</b>	<b>5,620,703.27</b>	<b>3,265,784.39</b>	<b>33,096.23</b>	<b>3,298,880.62</b>	<b>8,919,583.89</b>	<b>8,432,751.47</b>

In order to provide more useful information to users of the financial statements the layout of this note has been revised from that of the 2004-05 accounts. However, there have been no changes to prior year comparatives or accounting policies applied.

<b>Note 4</b>	<b>2005-06</b>	<b>2004-05</b>
<b>Breakdown of Miscellaneous Expenditure</b>	<b>£</b>	<b>£</b>
Stationery Office - Storage Costs	58.75	2,894.79
Account Charges	124.00	-
Direct payment to supplier for damage to stair lift at voting site	91.64	-
VAT Payments	32,821.84	11,586.32
Voters' Device for 2004 European Election	-	44,541.17
<b>Total</b>	<b>33,096.23</b>	<b>59,022.28</b>

<b>Note 5</b>	<b>2005-06</b>	<b>2004-05</b>
<b>Breakdown of Year End Balances</b>	<b>£</b>	<b>£</b>
Amounts due to the Consolidated Fund	1,649,369.26	431,152.05
Amounts due to the Scottish Parliament Election Account	159,953.18	75,339.19
<b>Total</b>	<b>1,809,322.44</b>	<b>506,491.24</b>

The amounts due to the Scottish Parliament Election Account represent expenditure incurred from the Scottish Parliament Election account on equipment, which will be reimbursed from the UK and European Parliamentary account when all local authorities have settled their claims.

#### **Note 6**

The majority of the expenditure borne on the Account in 05-06 comprises advances to Returning Officers, which may be subject to adjustment in later years following settlement of final accounts.

David Middleton  
Accounting Officer

30 November 2007

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