

**Scottish Parliament  
Election Accounts:  
2007-2008 Account**

**Returning Officers' Expenses**

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(For the year ended 31 March 2008)

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# SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT- RETURNING OFFICERS' EXPENSES

## 1. Foreword

### 1.1 Statutory Background

The Scotland Act 1998 conferred upon the Secretary of State for Scotland the power to make by Order provisions as to the conduct of elections for membership of the Scottish Parliament. Under this power the Secretary of State made the Scottish Parliament (Elections etc) Order 1999 which provided for the making of regulations to set out the range and scale of fees and expenses which will apply to elections to the Scottish Parliament. Subsequently, the Secretary of State made the Scottish Parliamentary Elections (Returning Officers' Charges) Order 1999 which came into force on 12 April 1999.

In preparation for the second elections to the Scottish Parliament in May 2003, the Secretary of State made the Scottish Parliament (Elections etc) Order 2002 which consolidated amendments made to the legislation since 1999. This Order also provided for the making of regulations to set out the range and scale of fees and expenses which will apply to elections to the Scottish Parliament. Subsequently, the Secretary of State made the Scottish Parliamentary Elections (Returning Officers' Charges) Order 2003 which came into force on 22 January 2003.

In preparation for the third elections to the Scottish Parliament in May 2007, the Secretary of State made the Scottish Parliamentary Elections (Returning Officers' Charges) Order 2007 which came into force on 24 April 2007.

### 1.2 History of the Account

The account came into effect in February 1999 in order to provide the necessary funding for Returning Officers to conduct the first elections to the Scottish Parliament held on 6 May 1999 and subsequent Scottish Parliament Elections. The elections are financed from the Scottish Block and funds are drawn as required 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 the 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' accounts have been approved, any outstanding balances are received or disbursed as appropriate.

The Scotland Office Finance and Elections Team embarked on an active campaign to encourage Reporting Officers to submit outstanding Scottish Parliament Election Accounts, which has resulted in all outstanding election accounts, prior to the 2007 Scottish Parliament Election, being settled.

### 1.3 Main Areas of Receipts and Payments

Most of the payments in 2007-08 were in relation to the 2007 Scottish Parliament Election in May 2007. Advances to Returning Officers were £10,738,000.00, Royal Mail costs were £6,718,001.54 and miscellaneous expenditure was £241,792.94. Monies returned to the Consolidated Fund in respect of forfeited deposits for the 2007 election totalled £71,000.00.

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Further payments in relation to final settlements of the 1999 election accounts totalled £35,520.06 and £159,953.18 of expenditure was incurred on equipment used in connection with the 1999 Scottish Parliament Election, which had previously been reported in the UK & European Parliamentary Election Account, awaiting finalisation of all Scottish Parliamentary Election Accounts. Payments of £62,680.55 were made in settlement of the 2003 election and miscellaneous payments totalled £54.64. Bank interest of £4,200.55 was returned to the Consolidated Fund

The main areas of income were final settlements of £9,573.28, refunds of surplus advances of £27,429.76 and a refund of bank charges of £39.50.

David Middleton  
Accounting Officer  
Scotland Office  
8 December 2008



## **SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT- RETURNING OFFICERS' EXPENSES**

### **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 Scottish 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 2008 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.

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,

## **SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT– RETURNING OFFICERS' EXPENSES**

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.

### **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

## **SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT- RETURNING OFFICERS' EXPENSES**

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

David Middleton  
Accounting Officer  
Scotland Office  
8 December 2008

# **SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT- RETURNING OFFICERS' EXPENSES**

## **Scottish Parliament Election : Returning Officers' Expenses**

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

I have audited the financial statements of the Scottish Parliament Election : Returning Officers' Expenses for the year ended 31 March 2008 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 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 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.

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

## **SCOTTISH PARLIAMENT ELECTION ACCOUNTS: 2007-08 ACCOUNT- RETURNING OFFICERS' EXPENSES**

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 Scottish Parliament Election: 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 2008 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.

*TJ Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
18 December 2008*

**RECEIPTS AND PAYMENTS ACCOUNT FOR  
THE YEAR ENDED 31 MARCH 2008**

<b>RECEIPTS</b>	<b>Notes</b>	<b>2007-2008</b>	<b>2006-2007</b>
		<b>£</b>	<b>£</b>
Advances from the Consolidated Fund		-	19,000,000.00
Other Receipts	2	<u>112,243.09</u>	<u>352,188.56</u>
<b>Total Receipts</b>		<b>112,243.09</b>	<b>19,352,188.56</b>
 <b>PAYMENTS</b>			
Local Authority Claims	3	10,836,200.61	336,871.96
Other Expenditure	3	<u>7,119,802.30</u>	<u>69,710.46</u>
		<b>17,956,002.91</b>	<b>406,582.42</b>
 <b>Excess of (payments over receipts)/receipts over payments before amounts surrendered to the Exchequer</b>		 <b>(17,843,759.82)</b>	 <b>18,945,606.14</b>
Less: amounts surrendered to the Exchequer in respect of:			
Refund of advances from the Consolidated Fund		449,984.61	15,050.37
Forfeited Deposits		71,000.00	500.00
Bank Interest		<u>4,200.55</u>	<u>602.51</u>
		<b>525,185.16</b>	<b>16,152.88</b>
<b>Excess of (payments over receipts)/receipts over payments in the year</b>		<b>(18,368,944.98)</b>	<b>18,929,453.26</b>
 <b>STATEMENT OF BALANCES AS AT 31 MARCH 2008</b>			
Balance at the beginning of the period		19,671,150.50	741,697.24
Excess of (payments over receipts) / receipts over payments		<u>(18,368,944.98)</u>	<u>18,929,453.26</u>
Balance at the end of the period	5	<b>1,302,205.52</b>	<b>19,671,150.50</b>

David Middleton  
Accounting Officer  
Scotland Office  
8 December 2008

The notes on Page 9 to 11 form part of these Accounts.

## 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

	<b>2007-08</b>	<b>2006-07</b>
	£	£
Final Settlements	1,686.57	64,093.87
Transfer of final settlement from UK & European Parliamentary Elections Account	7,886.71	-
Surplus of Advances	27,429.76	69,126.35
Transfer of surplus funds from the Scottish Devolution Referendum Account	-	200,000.00
Bank Interest	4,200.55	657.15
Forfeited Deposits	71,000.00	500.00
Transfer of Funds from European Election Account	-	17,760.03
Bank Charges refunded	39.50	51.16
<b>Total Other Receipts</b>	<b><u>112,243.09</u></b>	<b><u>352,188.56</u></b>

Note 3 Payments Summary

	Payment to Returning Officers		Total Local		Other Payments			Total Other Payments	Total	Prior Year Comparatives
	Funding Advance	Settlement	Authority	Claims	Royal Mail	Miscellaneous (1)				
	£	£	£	£	£	£	£	£	£	£
<b>Scottish Parliamentary Election</b>										
1999 SP General Election	-	35,520.06	35,520.06	-	-	159,953.18	159,953.18	195,473.24	-	-
2003 SP General Election	-	62,680.55	62,680.55	-	-	54.64	54.64	62,735.19	223,169.54	223,169.54
2007 SP General Election	10,738,000.00	-	10,738,000.00	6,718,001.54	241,792.94	6,959,794.48	6,959,794.48	17,697,794.48	-	-
<b>Sub Total</b>	<b>10,738,000.00</b>	<b>98,200.61</b>	<b>10,836,200.61</b>	<b>6,718,001.54</b>	<b>401,800.76</b>	<b>7,119,802.30</b>	<b>7,119,802.30</b>	<b>17,956,002.91</b>	<b>223,169.54</b>	<b>223,169.54</b>
<b>By - Elections</b>										
Anniesland (23 November 2000)	-	-	-	-	-	-	-	-	-	30,122.10
Banff & Buchan (7 June 2001)	-	-	-	-	-	-	-	-	-	1,101.31
Strathkelvin & Bearsden (7 June 2001)	-	-	-	-	-	-	-	-	-	21,227.81
Moray (27 April 2006)	-	-	-	-	-	-	-	-	-	100,365.36
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,816.58</b>
<b>Costs not directly attributable to a specific election</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,596.30</b>
<b>Total</b>	<b>10,738,000.00</b>	<b>98,200.61</b>	<b>10,836,200.61</b>	<b>6,718,001.54</b>	<b>401,800.76</b>	<b>7,119,802.30</b>	<b>7,119,802.30</b>	<b>17,956,002.91</b>	<b>406,582.42</b>	<b>406,582.42</b>

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



<b>Note 4</b>	<b>2007-08</b>	<b>2006-07</b>
<b>Breakdown of Miscellaneous Expenditure</b>	<b>£</b>	<b>£</b>
Erroneous posting of bank interest	54.64	-
Voting devices for the blind	112,755.35	-
Equipment costs in relation to 1999 Scottish Parliament Election transferred to the UK & European Election Account	159,953.18	-
Scotland Office share of e-counting costs	129,037.59	-
Transfer of funds to 1997 Referendum account	-	26,606.48
Transfer of funds to 1999 UK/European account	-	3,950.32
Bank Charges	-	39.50
<b>Total</b>	<b>401,800.76</b>	<b>30,596.30</b>

<b>Note 5</b>	<b>2007-08</b>	<b>2006-07</b>
<b>Breakdown of Year End Balances</b>	<b>£</b>	<b>£</b>
Amounts due to the Consolidated Fund	1,302,205.52	19,671,150.50
<b>Total</b>	<b>1,302,205.52</b>	<b>19,671,150.50</b>

#### **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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