

**Scottish Devolution  
Referendum Accounts:  
2006-2007 Account**

**Returning Officers' and Counting  
Officers' Expenses**

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Officers' Expenses  
(For the year ended 31 March 2007)

*Ordered by the House of Commons to be printed  
17 July 2008*

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SCOTTISH DEVOLUTION REFERENDUM ACCOUNTS: 2006-2007 ACCOUNT -  
RETURNING OFFICERS' AND COUNTING OFFICERS' EXPENSES

**1. Foreword**

1.1 Statutory Background

The Referendum Scotland and Wales Act 1997 applied the powers conferred upon the Secretary of State by section 29(3) and (4) of the Representation of the People Act 1983 to set out the range and scale of fees and expenses which applied to the Referendum for a Scottish Parliament held in Scotland on 11 September 1997. Under these provisions the Secretary of State made The Referendum (Scotland) (Returning Officers' and Counting Officers') Charges Order 1997. The determination came into force on 8 August 1997.

1.2 History of the Account

The account came into effect in July 1997 in order to provide the necessary funding for Returning Officers and Counting Officers to conduct the Referendum for a Scottish Parliament held on 11 September 1997. The Referendum was financed from the Scottish Block. Funds are drawn down from the Consolidated Fund 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 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 and Counting Officers' referendum accounts have been approved, any outstanding balances are received or disbursed as appropriate.

1.3 Main Areas of Income and Expenditure

The only area of expenditure was a £200,000.00 transfer of unused funds to the Scottish Parliament Election Account. The funds had originally come from the Scottish Block and therefore it was agreed with HM Treasury that as both accounts are funded by the Consolidated Fund, this transfer was appropriate. The only receipt was a final settlement for the 1997 Referendum of £26,606.48, which had been mistakenly posted to the Scottish Parliament Election Account in 2005-06.

1.4 Account Closure

All Returning Officers' Election Accounts for the 1997 referendum have now been completed and the account will be formally closed during 2007-08, with any outstanding balance being surrendered to the Consolidated Fund.

David Middleton  
Accounting Officer  
Scotland Office  
4 July 2008

## **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 Officer, including his responsibility for the propriety and regularity of the public finances for which the Accounting Officer is accountable, for the keeping of proper records and for safeguarding the Office's assets, are set out in Managing Public Money.

## **3. Statement on Internal Control**

### **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.

### **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 2007 and up to the date of approval of the accounts, and accords with HM Treasury guidance.

### **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**

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.

### **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

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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, 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  
4 July 2008

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

I have audited the financial statements of the Scottish Devolution Referendum : Returning Officers' and Counting Officers' Expenses for the year ended 31 March 2007 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.

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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 Scottish Devolution Referendum : Returning Officers' and Counting 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 2007 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  
10 July 2008*

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**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED  
31 MARCH 2007**

<b>RECEIPTS</b>	<b>Notes</b>	<b>2006-07</b>	<b>2005-06</b>
		<b>£</b>	<b>£</b>
Bank Interest		-	3,203.43
Account Settlements		<u>26,606.48</u>	<u>81,345.72</u>
		<b>26,606.48</b>	<b>84,549.15</b>
<b>PAYMENTS</b>			
Local Authority Claims		-	-
Transfer to the Scottish Parliament Election Account		<u>200,000.00</u>	<u>-</u>
		<b>200,000.00</b>	<b>-</b>
<b>Excess of (payments over receipts)/receipts over payments before amounts surrendered to the Exchequer</b>		<b>(173,393.52)</b>	<b>84,549.15</b>
Less: amounts surrendered to the Exchequer in respect of:			
Refunds of advances from the Consolidated Fund		-	15,944.01
Bank Interest Received		-	3,203.43
<b>Total</b>		<u>-</u>	<u>19,147.44</u>
<b>Excess of (payments over receipts)/receipts over payments in the year</b>		<b>(173,393.52)</b>	<b>65,401.71</b>

**STATEMENT OF BALANCES AS AT 31 MARCH  
2007**

Balance at the beginning of the period		250,586.86	185,185.15
Excess of (payments over receipts)/receipts over payments		<u>(173,393.52)</u>	<u>65,401.71</u>
Balance at end of the period	2	<b>77,193.34</b>	<b>250,586.86</b>

David Middleton  
Accounting Officer  
Scotland Office  
4 July 2008

The notes on page 8 form part of these accounts.

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**Note 1**

These accounts are compiled in accordance with the accounts direction issued by HM Treasury dated 1 November 2007.

	<b>2006-07</b>	<b>2005-06</b>
	<b>£</b>	<b>£</b>
<b>Note 2</b>		
<b>Breakdown of Year End Balances</b>		
Referendum Expenses Account	77,193.34	250,586.86
<b>Total</b>	<b><u>77,193.34</u></b>	<b><u>250,586.86</u></b>

**Note 3**

**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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