
**Returning Officers' Expenses
England & Wales**

**Statement of Accounts
2012-13**

Returning Officers' Expenses England & Wales

Statement of Accounts 2012-13

(For the year ended 31 March 2013)

*Accounts presented to the House of Commons pursuant to Section 7 of the
Government Resources and Accounts Act 2000*

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FOREWORD - INTRODUCTION BY RICHARD HEATON CB

I am pleased to present the Returning Officers' Expenses England & Wales Statement of Accounts 2012-13 which have been authorised by me as Accounting Officer and audited and certified by the Comptroller and Auditor General. The Statement of Accounts includes:

- Management Commentary
- Statement of Accounting Officer's Responsibilities which sets out my responsibilities for preparing the Accounts and for ensuring the regularity of financial transactions
- Governance Statement which is compliant with HM Treasury guidance
- Certificate and Report of the Comptroller and Auditor General to the House of Commons
- Audited financial statements.

BASIS OF ACCOUNTS

The Returning Officers' Expenses England & Wales Statement of Accounts has been prepared on a statutory basis in accordance with the requirements of HM Treasury and is designed to comply with the Accounts Direction issued by HM Treasury under section 7(2) of the Government Resources and Accounts Act 2000.

AUDITORS

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses have been included in the amount reported in the Cabinet Office Annual Report and Accounts 2012-13 (HC 15). During the reporting year, no payment was made to the auditors for non-audit work (2011-12: £Nil).

STATEMENT ON THE DISCLOSURE OF RELEVANT AUDIT INFORMATION

I hereby confirm that so far as I am aware, there is no relevant audit information of which the auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the auditors are aware of that information.



Richard Heaton CB

Permanent Secretary Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

30 September 2013

MANAGEMENT COMMENTARY

Overview

This section includes the following content:

- Elections
- The Legislative Framework
- Funding Mechanism
- Financial Review

Elections

The accounts only relate to expenditure for the running of UK Parliamentary elections, European Parliamentary elections and UK Parliamentary by-elections in England and Wales.

The expenditure reported in the statement of accounts relates to the following elections in England and Wales held during the financial year:

- Cardiff South and Penarth UK Parliamentary by-election on 15 November 2012
- Corby UK Parliamentary by-election on 15 November 2012
- Manchester Central UK Parliamentary by-election on 15 November 2012
- Croydon North UK Parliamentary by-election on 29 November 2012
- Rotherham UK Parliamentary by-election on 29 November 2012
- Middlesbrough UK Parliamentary by-election on 29 November 2012
- Eastleigh UK Parliamentary by-election on 28 February 2013

The responsibility for accounting for Returning Officer's expenditure in Northern Ireland and Scotland rests with the Northern Ireland Office and Scotland Office respectively.

The responsibility for accounting for the Police and Crime Commissioner elections in November 2012 rests with the Home Office.

The accounts do not cover the costs of local elections which are funded by local authorities from the monies which they receive from the Government's Revenue and Support Grant.

The Legislative Framework

Primary Legislation

Under section 29(4) of the Representation of the People Act 1983, as amended by the Representation of the People Act 1991 and the Electoral Administration Act 2006, a Returning Officer at a UK Parliamentary general election is entitled to recover charges in respect of his services or expenses. There are similar provisions for European Parliamentary elections in regulation 15 of the European Parliamentary Elections Regulations 2004, as amended by the European Parliamentary Elections (Amendment) Regulations 2009.

The legislation also requires the elections expenses of Returning Officers for these polls (including by-elections) to be met directly from HM Treasury's Consolidated Fund.

Charges Orders

The maximum recoverable amounts which Returning Officers can claim for their fees and expenses in relation to UK Parliamentary elections (including by-elections) are set out in the following Charges Order:

SI No.	Name	Effective from
SI 2010 No 830	The Parliamentary Elections (Returning Officers' Charges) Order 2010 http://www.legislation.gov.uk/ukSI/2010/830/contents/made	15 March 2010

In addition to setting out the maximum recoverable amounts which Returning Officers are entitled to claim (providing that the expenditure is necessary and reasonable for the effective conduct of the poll), the Charges Order specifies the types of expenses which can be claimed, for example, printing and producing the ballot papers and conducting the verification / count process.

Accounts Regulations

Returning Officers' Accounts Regulations issued at Parliamentary elections require Returning Officers to submit statements of account within a period of twelve months from the date on which the result of the Parliamentary election is announced. Although this is a statutory deadline, the legislation does not provide for any sanctions to be applied for those failing to meet it. The regulations do allow for a Returning Officer to submit an incomplete account if necessary and to agree a date for delivery of the final account with the Department.

The following regulations set out the form in which the accounts are to be submitted, the deadlines and the address to which they should be sent:

Name	Effective From
The Returning Officers' Accounts (Parliamentary Elections) (England and Wales) Regulations 2010	May 2010

Candidates Mailings

Under section 91 of the Representation of the People Act 1983, candidates at UK Parliamentary elections are entitled to have one election address (often called mailings) to each elector or household within the voting area delivered at public expense. The main purpose of allowing candidates to send one communication free of charge for delivery is to allow the electorate to be informed of the policies of candidates / parties standing and to help them to make informed choices when casting their vote.

The Royal Mail, as the only universal service provider, undertakes the delivery of all these communications and is reimbursed from the Consolidated Fund according to the requirements of legislation and the terms of a Service Level Agreement in place between the Cabinet Office and the Royal Mail.

Funding Mechanism

Returning Officers' Expenses

In advance of UK Parliamentary general elections the Cabinet Office estimates the likely costs that each Returning Officer will incur. The assumptions which are used to calculate the cost of UK Parliamentary elections (including by-elections) are largely based upon the size of the electorate and the number of individuals who might apply to vote by post. These factors determine many of the costs, such as the number of ballot papers, polling stations, poll cards, postal ballot packs and estimates of labour costs.

The Department agrees the estimates with HM Treasury so that funds can be made available from the Consolidated Fund for UK Parliamentary elections once the Charges Order has been made by the Secretary of State. Following agreement from HM Treasury, residual monies from the funding which was provided for the 2010 UK Parliamentary general election have and will continue to be used to cover the cost of UK Parliamentary by-elections.

Prior to the poll for UK Parliamentary and European Parliamentary elections, the Department makes an initial advance to each Returning Officer of up to 75% of the estimated cost of running the election, including the costs of setting up and staffing polling stations. Thereafter Returning Officers can request further funding to cover invoices that need to be paid before completed accounts can be submitted. Further advances to cover such invoices are capped so that the total of advances to any Returning Officer does not exceed 90% of the original estimate.

Following the election, Returning Officers are required to submit statements of account showing the actual costs they incurred in running the election. The Department reviews and confirms the validity of the expenditure reported in these statements of account to supporting documentation. Where the advance exceeds the total costs incurred, the Returning Officer returns the excess monies to the Department.

Where the total costs incurred exceed the advance, the Department pays the Returning Officer the balance. In exceptional cases where the total cost of a claim exceeds the estimated amount, the Department has the discretion to pay the additional expenses which are being claimed if the Returning Officer can provide evidence that the expenditure was necessary and reasonable for the effective and efficient conduct of the poll.

Candidates' Mailings

In addition to the funding for the conduct of the UK Parliamentary and European Parliamentary elections, agreement is reached between the Department on the level of costs which will be required for the delivery of the candidates' mailings. The cost of delivering the mailings is based on the prices contained in the Service Level Agreement between the Department and Royal Mail and is presented and agreed in ranges with the Treasury as (a) the number of candidates standing at the election is not known until close of nominations and (b) information on whether each candidate has used addressed or unaddressed mailings (which cost different amounts) is only known after the election has taken place.

Financial Review

The tables below compare the costs of the 2009 European Parliamentary election, 2010 UK Parliamentary general election and subsequent UK Parliamentary by-elections to the amounts drawn from HM Treasury's Consolidated Fund as reported in the 2009-10, 2010-11, 2011-12 and 2012-13 accounts. Further information on the figures in the tables is set out at Note 2 to the Accounts.

Under-spends against funds drawn and budget

The final amount of under-spends against budget for the European Parliamentary elections, UK Parliamentary general election are reported below.

2009 European Parliamentary Election

Financial Year	Conduct of the poll	Royal Mail	Total expenditure
	£	£	£
Budget	64,047,804	31,252,196	95,300,000
Undrawn	(300,000)	–	(300,000)
Drawn	63,747,804	31,252,196	95,000,000
Actual expenditure / (accrual write-back)			
2009-10	54,861,759	35,439,760	90,301,519
2010-11	(186,158)	–	(186,158)
2011-12	(976,151)	–	(976,151)
2012-13	(96,770)	–	(96,770)
Total cost of election	53,602,680	35,439,760	89,042,440
Under-spend	10,145,124	(4,187,564)	5,957,560

By 31 March 2013, expenditure on the 2009 European Parliamentary election amounted to £89,042,440 which is £5,957,560 less than budgeted funds drawn down from HM Treasury's Consolidated Fund of £95,000,000. This under-spend has been surrendered to the Consolidated Fund.

2010 UK Parliamentary General Election

Financial Year	Conduct of the poll	Royal Mail	Total expenditure
	£	£	£
Budget	70,700,000	31,500,000	102,200,000
Undrawn	(344,729)	-	(344,729)
Drawn	70,355,271	31,500,000	101,855,271
Actual expenditure / (accrual write-back)			
2010-11	70,413,992	28,655,271	99,069,263
2011-12	(6,370,117)	-	(6,370,117)
2011-12 ¹	(3,000,000)	-	(3,000,000)
2012-13	(334,343)	-	(334,343)
Total cost of election	60,709,532	28,655,271	89,364,803
Under-spend	9,645,739	2,844,729	12,490,468

¹ see next table 'UK Parliamentary By-elections'

By 31 March 2013, expenditure on the 2010 UK Parliamentary election amounted to £89,364,803 which is £12,490,468 less than budgeted funds drawn from HM Treasury's Consolidated Fund of £101,855,271. Of the £12,490,468 under-spend, £4,132,360 has been retained to cover costs of UK By-elections held subsequent to the 2010 UK Parliamentary general election and the balance has been surrendered to HM Treasury's Consolidated Fund.

UK Parliamentary By-elections

Financial Year	Conduct of the poll	Royal Mail	Total expenditure
	£	£	£
Residual funding from 2010 UK Parliamentary election	-	-	4,132,360
2010-11			
Oldham East and Saddleworth	127,740	94,292	222,032
Barnsley Central	131,783	-	131,783
Settled expenditure for 2010-11	259,523	94,292	353,815
2011-12			
Barnsley Central	-	85,144	85,144
Leicester South	111,304	86,324	197,628
Feltham and Heston	159,329	116,439	275,768
Bradford West	110,005	110,000	220,005
Settled expenditure for 2011-12 (see Note 2)	380,638	397,907	778,545
2012-13			
Cardiff South and Penarth	148,959	99,367	248,326
Corby	113,963	115,793	229,756
Manchester Central	136,286	128,441	264,727
Croydon North	163,542	122,405	285,947
Rotherham	134,341	87,779	222,120
Middlesbrough	116,210	86,198	202,408
Eastleigh	134,238	126,554	260,792
Committed expenditure for 2012-13 (see Note 2)	947,539	766,537	1,714,076
Total cost of UK By-elections held up until 31 March 2013	1,587,700	1,258,736	2,846,436
Uncommitted funding for future UK By-elections (see Notes 5 & 6)	-	-	1,285,924

The Cabinet Office has no budget cover for UK Parliamentary by-elections and HM Treasury has approved that a portion of the unused funding remaining from the UK Parliamentary General Election 2010 may be applied against UK by-elections.

This portion of unused funding amounts to £4,132,360 and comprises:

£353,815 applied to by-elections held in 2010-11 and included within the expenditure amount of £70,413,992 reported in the previous table;

£778,545 applied to by-elections held in 2011-12 and included within the accrual written back of £6,370,117 reported in the previous table; and

£3,000,000 retention approved by HM Treasury as at 31 March 2013.

Against this funding:

£1,132,360 has been applied to by-elections held during 2010-11 and 2011-12 (as noted above) whose costs have been settled;

£1,714,076 has been committed to by-elections held during 2012-13; and

£1,285,924 remains uncommitted at 31 March 2013 and is to be applied against future by-elections.

Under-spend against budget

The evidence in the tables shows that the cost of the UK Parliamentary general and European Parliamentary elections has fallen below the budget which was agreed with HM Treasury for both of those polls. In view of these figures, and further to a previous intention to assess the funding process, the Cabinet Office has commenced a review to look at how the funding mechanisms worked at the 2009 European Parliamentary election and the 2010 UK Parliamentary general election, the changes which need to be made for future elections and where efficiencies can be made.

The analysis which had been undertaken up to mid-2012 was shared with the Home Office, which used the information to ensure that the funding which was allocated to Returning Officers for the Police and Crime Commissioner elections on 15 November 2012 took account of the available learning from the 2009 European Parliamentary and 2010 UK Parliamentary general election.

Comparison between costs for the 2009 European Parliamentary and 2010 UK Parliamentary general election and UK Parliamentary By-elections

The costs for the 2010 UK Parliamentary general election of £89,364,803 are slightly higher than the costs for the 2009 European Parliamentary election of £89,042,440; see tables above. The conduct of the poll for the 2010 UK Parliamentary general election of £60,709,532 was higher than for the 2009 European Parliamentary election of £53,602,680 by £7,106,852.

Royal Mail for the 2010 UK Parliamentary general election of £28,655,271 was lower than for the 2009 European Parliamentary election of £35,439,760 by £6,784,489.

The costs of Royal Mail candidates' mailings represent:

- 40% of the total actual cost of the 2009 European Parliamentary election
- 32% of the total actual cost of the 2010 UK Parliamentary general election
- 44% of the total actual cost of the UK Parliamentary By-elections subsequent to 2010 UK Parliamentary general election.

This may be attributed to the following areas of spend.

Conduct of the poll

The conduct of the 2010 UK Parliamentary General election was higher by £7 million compared to the 2009 European Parliamentary election due to both a predicted and actual higher level of voter turnout, resulting in higher levels of expenditure required to provide the infrastructure for running the poll and the cost of actual votes cast and the cost of counting them.

Royal Mail – Candidates Mailings

Following the European Parliamentary elections in 2009 and the significant costs arising from the delivery of elections mailings, officials worked hard to challenge Royal Mail costings and agree an SLA that included more preferential unit costs. As part of this Royal Mail developed a new product called 'Electionsort' which had a lower unit cost in return for more of the administrative sorting work being carried out by the parties using Royal Mail supplied software. As a consequence lower unit costs and a cheaper option (that appealed to parties) were achieved and reflected in the overall billing for the May 2010 polls.

The cost of Candidate Mailings represented 44% of the cost of the Parliamentary by-elections subsequent to 2010 UK Parliamentary general election. Part of the reason for this increase was due to a decision made by the European Court of Justice in the case of TNT Post UK Ltd (Case C-357/07), confirming that Royal Mail, as the operator providing the public postal service, is the only postal body in the UK eligible to exempt postal services from VAT. However, it also ruled that exemption only applies to the public postal services (that is, Royal Mail) acting as such and does not apply to services made by Royal Mail for which the terms have been individually negotiated.

As a result, some postal services supplied by Royal Mail - those which are individually negotiated or not subject to any price and regulatory control, such as candidate mailings, which had been treated as exempt, then became liable to VAT at the standard rate. These changes came into effect on 31 January 2011.

Some of these by-elections had a higher number of candidates than usual, For example, the Eastleigh by-election was contended by fourteen candidates, eleven of which made use of the candidate mailings service. This was a further contributory factor to the increased cost of by-elections.

Insurance

Acting Returning Officers make their own arrangements to insure themselves against any risks which they face in taking forward their statutory duties at local and UK Parliamentary elections. The cover obtained usually forms part of the local authority's own insurance arrangements.

Deposits

Under Rules 9 and 53, Schedule 1 of the Representation Act, in order to stand as a candidate at a UK Parliamentary election, a candidate is required to pay a deposit of £500. If the candidate doesn't receive one twentieth of the votes which are cast at the poll he / she loses their deposit and it is returned within twenty four hours of the declaration of the result by the Returning Officer to the Consolidated Fund. The income payable to the Consolidated Fund through forfeited deposits for the UK Parliamentary election and by-elections in 2011-12 was £6,000. The equivalent figure for the UK Parliamentary by-elections which took place in 2012-13 was £26,000. These amounts are set out at Note 3 to the Accounts.

Contingent Liabilities

No claims made in 2012-13.

Receipt and Settlement of Claims

Details of the claims received and settled for past elections as at 31 March 2013 are set out in the table below. Returning Officers are required to submit claims showing actual cost incurred in running elections within 12 months of each election date.

Election / UK Parliamentary by-election ("by-election")	As at 31 March 2013		As at 31 March 2012	
	Claims Received	Claims Settled	Claims Received	Claims Settled
2010 UK Parliamentary Election (6 May 2010)	100%	100%	100%	90%
2009 European Parliamentary Election (4 June 2009)	100%	100%	100%	99%
Oldham East and Saddleworth by-election (13 January 2011)	100%	100%	100%	0%
Barnsley Central by-election (3 March 2011)	100%	100%	100%	0%
Leicester South by-election (5 May 2011)	100%	100%	0%	0%
Feltham and Heston by-election (15 December 2011)	100%	100%	0%	0%
Bradford West by-election (29 March 2012)	100%	100%	0%	0%
Cardiff South and Penarth by-election (15 November 2012)	0%	0%		
Corby by-election (15 November 2012)	0%	0%		
Manchester Central by-election (15 November 2012)	0%	0%		
Croydon North by-election (29 November 2012)	0%	0%		
Rotherham by-election (29 November 2012)	0%	0%		
Middlesbrough by-election (29 November 2012)	0%	0%		
Eastleigh by-election (28 February 2013)	0%	0%		

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Cabinet Office to prepare for each financial year, a statement of accounts in respect of the Returning Officers' Expenses, England & Wales in the form and on the basis set out in the Accounts Direction which they have provided.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Returning Officers' Expenses England & Wales at 31 March 2013 and of their income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Secretary of the Cabinet Office as Accounting Officer for Returning Officers' Expenses England & Wales.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets related to the Returning Officers' Expenses England & Wales, are set out in *Managing Public Money*, published by HM Treasury.

GOVERNANCE STATEMENT

Overview

The Cabinet Office is responsible for supporting the Prime Minister and Deputy Prime Minister, supporting the Cabinet, and taking forward work to strengthen the Civil Service. The Deputy Prime Minister has responsibility for electoral policy and responsibility for setting and reimbursing the fees and expenses of Returning Officers at Parliamentary elections in England and Wales rests with the Elections and Parliament Division (EPD) within the Cabinet Office.

Returning Officers for UK Parliamentary elections (technically, Acting Returning Officers) are appointed by statute and whilst acting in that capacity do so independently of both the local authority that employs them (the law requires them to be local authority officers) and Central Government. In practice, this means that Returning Officers take on considerable responsibility in administering elections and are ultimately responsible to the courts for their actions and decisions.

Returning Officers are entitled to recover specified amounts from HM Treasury's Consolidated Fund for their services and the expenses they incur in conducting UK Parliamentary elections in their respective voting areas. Returning Officers are personally responsible for all the expenditure incurred for running the aforementioned polls and must ensure that their claims for costs are complete, legitimate, properly presented, submitted on time and auditable.

The Finance Shared Services Division (FSSD) of the Department for Communities and Local Government (DCLG) act as an agent for EPD to run the day-to-day operations of the Returning Officer's Expenses for England and Wales.

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, 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*".

A system of internal control operates in Departmental headquarters, including the Elections and Parliament Division (EPD) within the Cabinet Office and the Department for Communities and Local Government's (DCLG) Finance Shared Services Division (FSSD).

EPD has the delegated responsibility for managing the performance and compliance of DCLG against the service level agreement (SLA) that governs the provision of financial services by them to the Department.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to 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 on-going 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 Department for the year ended 31 March 2013, and up to the date of approval of the statement of accounts, and accords with HM Treasury guidance.

Risk Management in the Cabinet Office

As Accounting Officer, I acknowledge my overall responsibility for the effective management of risk throughout the Department. Further details on the Department's capacity to handle risk is set out in the Governance Statement contained in the Cabinet Office Annual Report and Accounts 2012-13. A link to the accounts is provided below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225980/HC_15.pdf

The Cabinet Office Audit and Risk Committee (COARC) continued to provide the Cabinet Office Management Board with an independent view of the department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

Risk Management in DCLG

Risk management is also incorporated into FSSD's day-to-day activities and forward planning. Risk assessments are carried out in accordance with the DCLG risk management guidance and, in relation to the delivery of business objectives, a risk register is maintained and reviewed as part of the business planning and performance reporting process.

The department manages risk for financial, strategic and compliance controls throughout its governance arrangements.

To the extent that controls are delegated to both EPD and DCLG, I place reliance upon the assurance provided by them in support of this Governance Statement. This includes particular reliance on the Statement of Assurance that Sue Higgins (Director-General, Finance and Corporate Services, DCLG)

provided on 9 May 2013 which confirms that DCLG have a sound system of internal control in place which ensures the efficient and effective management of and proper accounting for the services provided to the Cabinet Office by the Finance Shared Services Division.

EPD has created and is responsible for maintaining a register which identifies and captures the risks associated with Returning Officers' expenditure at UK Parliamentary and European Parliamentary elections. The risks contained on the register are regularly viewed to ensure that appropriate remedial action has been identified and put in place.

Work of Internal Audit

Internal Audit carried out a review in the 2011-12 financial year on the governance, risk management and control arrangements which are in place over the settlement of Returning Officers' expenses. This included consideration being given to the efficiency and cost effectiveness of the current process for dealing with anomalous items of Returning Officers' expenditure. The review concluded that sound governance, risk and control mechanisms had been established and were operating effectively in relation to risk management. It also found that sound governance, risk and control mechanisms had been established and were working effectively with only minor weaknesses detected in relation to the governance and control arrangements which were in place. The results of the on-going funding review will be used to inform the governance arrangements which are put in place for future UK Parliamentary and European Parliamentary elections. An internal audit review to provide the Cabinet Office Accounting Officer with an independent and objective opinion on the governance, risk management and control arrangements covering election administration processes with a particular focus on the review of election funding began on 24 May 2013. The outcomes of this audit will be reported on in the 2014-15 Statement of Accounts.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of internal auditors, the Statement of Assurance from DCLG, assurance statements from EPD and in addition comments made by the external auditors in their management letter and other reports. The key elements of the system of internal control are set out in the section above and contribute to my review of the system's effectiveness.

I outline below a review of the effectiveness of internal control over the following elements of the process during the reporting period and prior to me signing these accounts:

- The timing of the submission of claims by Returning Officers;
- Monitoring of the service level agreement with DCLG; and
- Ensuring that value for money judgements are made by Returning Officers on all expenditure which is incurred for the polls.

The timing of the submission of claims by Returning Officers

The completion and submission of claims has been a particularly problematic issue in previous years with a number being submitted late – sometimes many years after the due date. This was remedied for the claims for the 2009 European Parliamentary elections with a stricter regime using the available levers (of which there are few given the independence of Returning Officers) of refusing to pay outstanding balances and reducing future advances. Disappointingly, even though we applied the same levers for the 2010 UK Parliamentary elections, claims from 18.8% of Acting Returning Officers were still outstanding after the twelve month deadline for submitting accounts under the Returning Officers' Accounts (Parliamentary Elections) (England and Wales) Regulations 2010 passed on 6 May 2011. (Whilst 44 of these claims had been submitted (without prior approval being given from the Department) electronically, which left a total of 73 claims where the Department had no evidence to support that the advances paid to Acting Returning Officers prior to the poll had indeed been applied to the purposes intended by Parliament.) These were subsequently dealt with by the middle of June 2011, following robust correspondence from Cabinet Office requiring claims to be submitted or monies that were not yet accounted for to be returned.

Of the claims for the subsequent seven by-elections in 2012-13, five have been received by the Elections Claims Unit. The two remaining Returning Officers have until 29 November 2013 to submit their claims.

In a wider perspective, for the Police and Crime Commissioner elections in 2012, which were funded via the Home Office, any Returning Officers who fail to submit their claims in accordance with the deadlines prescribed by the Home Office will receive reduced advances for the 2014 European Parliamentary elections. This approach enables the sanction to take effect in the swiftest possible time after it has been imposed which will help to reinforce the message to Returning Officer's that penalties will be applied by relevant departments in a coherent and consecutive fashion across Government in circumstances where the claims are not submitted by the statutory deadline.

Monitoring of the service level agreement with DCLG

Whilst the Home Office has held monthly monitoring meetings with DCLG to ensure that PCC claims are being processed effectively, Cabinet Office has not needed to continue these with such regularity when only a limited number of by-elections are taking place. However, there has been regular contact between EPD and ECU as relevant claims and queries arise including visits to DCLG's offices at Hemel Hempstead.

The Service level agreement with DCLG for the services of the Elections Claims Unit (ECU) was reviewed in 2011-12 to take into account the lessons which have been learned following the receipt and processing of the claims from the 2009 European Parliamentary and 2010 UK Parliamentary elections. As a result of the review a revised service level agreement was signed off by the Cabinet Office and DCLG on 28 May 2013.

Regularity, Propriety and Value for Money

EPD officials seek to ensure rigorous oversight of the assessment of claims and to ensure they are aware of any anomalies and queries so they can take necessary decisions on policy or judgements of any significance. ECU is required to refer all claims to the Cabinet Office for final resolution where there is either an overall over-spend, over-spends on particular elements of the poll or in circumstances where novel or unusual spends are identified.

Upon the receipt of any such claims from ECU, the Cabinet Office has taken forward additional work with Returning Officers to explore the reasons behind the over-spends or unusual types of expenditure which have been incurred.

As part of this work, the Cabinet Office has asked Returning Officers to evidence the value for money judgements which they took when committing expenditure for the conduct of the poll. Where a Returning Officer has provided evidence to prove that the expenditure was reasonable and necessary for the effective conduct of the poll, we have instructed ECU to settle the claim. In other instances, we have reduced the amounts which we have paid to Returning Officers for the conduct of the poll and / or have secured their agreement for greater value for money judgements to be undertaken for future polls.

Whilst many Returning Officers (ROs) and their teams have found this onerous, EPD is keen to ensure that there is appropriate challenge and clarification / supporting evidence where queries arise. This helps to regulate the process and ensure that the amounts which Returning Officers spend for elections are in accordance with the purposes intended by Parliament.

Additional measures to improve funding and accounting arrangements for future polls

Advances

Applications for further advances (beyond 60%) will continue to be denied to Returning Officers who at the most recent election failed to submit their claims on time, unless there are genuinely mitigating circumstances. Applications for further advances received later than six months after the date of the election will be denied without exception. Applications for further advances in excess of 90% of the maximum recoverable amount shown in the Charges Order from any Returning Officer will be denied unless there are genuinely exceptional circumstances.

Timetable for submitting claims

As part of the funding review, and after deadlines of 8 months in the UK Referendum on the voting system for UK Parliamentary elections in May 2011, and the PCC elections in November 2012, we are looking at the case for reducing the timetable for submitting claims from 12 months to 6 months. This is largely due to the evidence we have collected suggesting that some Returning Officers and their staff wait until near the deadline to submit their claims and then find themselves caught up in running the next set of elections. Setting an earlier statutory deadline will avoid that clash whilst also lengthening the time between that deadline and the one for submitting the Cabinet Office's annual accounts.

The Cabinet Office has few levers to enforce submission of claims until the statutory deadline is reached and the gap between the respective deadlines will provide the Department with greater ability to leverage pressure on any Acting Returning Officers who do not submit their claims on time.

In future, where any claim is received after the statutory deadline without prior agreement to an extension being agreed by the Cabinet Office, our intention is to require Returning Officers to pay back the advances which they received before the poll to the Consolidated Fund via Cabinet Office with immediate effect.

For future UK Parliamentary and European Parliamentary elections, the Electoral Claims Unit on behalf of the Cabinet Office will ask Returning Officers to make a signed declaration prior to confirming that they understand that if they do not submit their claims by the statutory deadline the Department reserves the right to impose sanctions, including a request for all monies which have been provided to be returned and/or for reduced advances to be provided for future polls.

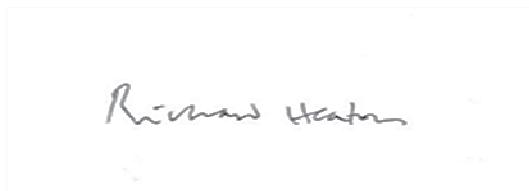
Funding Review

The Cabinet Office is undertaking a review of the funding arrangements which are in place for national polls. The funding review is looking at the following issues:

- Examine the effectiveness of the current election funding system, which has been in place since 2009.
- Look at improvements which can be made to the system to ensure value for money is achieved whilst maintaining a robust, transparent process supporting well run elections.
- Identify the on-going basis for local authority allocations including analysis of actual expenditure data from 2009-2011 national polls.

- Consider the remuneration for fees – the award or allocation of fees to ensure remuneration for elections is transparent and fit for purpose. This will also review the issue of superannuation in relation to the fee.
- Consider how the process and system for election expenditure and fees can be improved to provide greater transparency and effective accounting for monies spent at elections.
- Consider the deadline for submission of claims in a shorter time period in relation the financial year and electoral calendar.
- Clarify the issue of insurance and indemnity for Returning Officers and Counting Officers specifically for the European Parliamentary elections in May 2014 and more widely.

The Cabinet Office disseminated an informal consultation document to all relevant stakeholders with an interest in election funding in July 2013. The paper contains a series of proposals for potential changes to be implemented for the next European Parliamentary elections, taking place in May 2014. The review aims to produce the accompanying Fees and Charges Order with relevant expenses guidance to Returning Officers six months before the date of the poll. This is something that has been consistently called for by Returning Officers and election administrators. The review plans to operate in two phases, with further work and potential changes to funding model to take place in 2014, for implementation at the 2015 General election and beyond.

A rectangular box containing a handwritten signature in dark ink. The signature is written in a cursive style and appears to read "Richard Heaton".

Richard Heaton CB

Permanent Secretary Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

30 September 2013

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 Returning Officers' Expenses (England & Wales) for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with the International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of Returning Officers' Expenses (England & Wales) Accounts and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Returning Officers' Expenses (England and Wales) as at 31 March 2013 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion, the information given in the 'Foreword - Introduction' and 'Foreword – Management Commentary' sections as identified in the contents page for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

4 October 2013

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2013

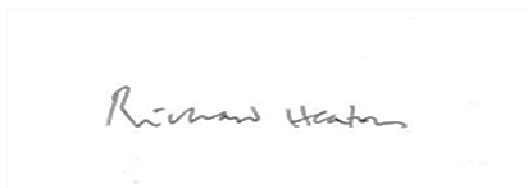
£	Note	2012-13	2011-12
European Parliamentary Election 2009			
Conduct of the poll - under-spend surrenderable to the Consolidated Fund		(96,770)	(976,151)
	2	(96,770)	(976,151)
UK Parliamentary General Election 2010			
Conduct of the poll - under-spend surrenderable to the Consolidated Fund		(334,343)	(5,591,572)
Accrual released to cover costs of UK By-elections		(1,714,076)	(778,545)
	2	(2,048,419)	(6,370,117)
UK Parliamentary By-elections			
Conduct of the poll		947,539	380,638
Royal Mail delivery of candidates' mailings		766,537	397,907
	2	1,714,076	778,545
Total	2	(431,113)	(6,567,723)
Bank charges		902	1,217
Income payable to the Consolidated Fund	3	(26,000)	(6,883)
Total Comprehensive Net Income for the period ended 31 March 2013		(456,211)	(6,573,389)

Notes 1 to 11 form part of these accounts

Statement of Financial Position

as at 31 March 2013

£	Note	As at 31 March 13	As at 31 March 12
Current assets			
Trade and other receivables	4	779,662	7,240,675
Cash and cash equivalents	5	1,666,296	14,852,731
Total current assets		2,445,958	22,093,406
Current liabilities			
Trade and other payables	6	(2,445,958)	(22,090,906)
Total assets less current liabilities		-	2,500
Taxpayers' Equity			
General fund		-	2,500
Total taxpayers' equity		-	2,500



Richard Heaton CB

Permanent Secretary Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

30 September 2013

Notes 1 to 11 form part of these accounts

Statement of Cash Flows

for the period ended 31 March 2013

£	2012-13	2011-12
	Note	
Cash flows from operating activities		
Net operating income	456,211	6,573,389
Decrease in trade and other receivables	4 6,461,013	41,351,666
Decrease in trade and other payables	6 (19,644,948)	(51,703,369)
<i>Movement in trade and other payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		
Non-voted receipts surrenderable to the Consolidated Fund	6 8,841,802	(3,380,814)
Net cash outflow from operating activities	(3,885,922)	(7,159,128)
Non-voted receipts of current year surrendered to the Consolidated Fund	(372,770)	(19,355)
Non-voted receipts of prior year surrendered to the Consolidated Fund	(8,927,743)	(5,546,929)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	5 (13,186,435)	(12,725,412)
Cash and cash equivalents at the beginning of the period	5 14,852,731	27,578,143
Cash and cash equivalents at the end of the period	5 1,666,296	14,852,731

Notes 1 to 11 form part of these accounts

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2013

£		As at 31 March 2013	As at 31 March 2012
	Note		
Balance at 1 April		2,500	2,376,209
Non-voted receipts surrendered to the Consolidated Fund		(372,770)	(19,355)
Non-voted receipts surrenderable to the Consolidated Fund	6	(85,941)	(8,927,743)
Comprehensive Net Income for the year		456,211	6,573,389
Balance at 31 March		-	2,500

Notes 1 to 11 form part of these accounts

Notes to the Accounts for the year ended 31 March 2013

1. Statement of accounting policies

1.1 Statement of compliance

This statement of accounts has been prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below and have been applied consistently in dealing with items that are considered material to the statement of accounts.

1.2 Basis of preparation

This statement of accounts has been prepared under the historical cost convention.

1.3 Going concern

The statement of accounts has been prepared on the basis of going concern. Legislation requires that election expenses of Returning Officers are met directly from HM Treasury's Consolidated Fund as a Consolidated Fund Standing Service without the need for further annual authorisation from Parliament.

1.4 Operational and presentational currency

The statement of accounts is presented in sterling.

1.5 Programme expenditure

The Statement of Comprehensive Net Expenditure classifies income and expenditure as programme. This classification follows the definition set out in the *Consolidated Budgeting Guidance* issued by HM Treasury which describes programme expenditure as associated with the provision of direct frontline services.

1.6 Income payable to the Consolidated Fund

Bank interest earned on advances held by Returning Officers and the forfeited deposits of unsuccessful election candidates are accounted for on an accruals basis and are treated as non-voted receipts surrenderable to the Consolidated Fund.

1.7 Value added tax

The activities performed by the Returning Officers are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category.

1.8 Financial assets

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made where there is objective evidence that balances will not be recovered in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other receivables include advances to Returning Officers and amounts owed by Returning Officers.

Advances to Returning Officers

Prior to an election, advances are made to Returning Officers for 75% of the maximum recoverable amount and are recognised as receivables in the accounts until expense claims are settled.

If Returning Officers have spent more than the amount advanced to them, they will be reimbursed accordingly. Unless however, they have failed to submit an expense claim within agreed deadlines and sanctions are applied against them, in which case no additional payments are made and Returning Officers must bear the additional cost of the elections themselves.

Amounts owed by Returning Officers

If Returning Officers have spent less than the amount advanced to them, an invoice for the under-spend will be raised upon them resulting in a debtor balance.

Returning Officers are required to return any forfeited deposits to the Consolidated Fund via the Cabinet Office no later than one working day after the result of the election has been declared.

1.9 Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at bank. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

1.10 Financial liabilities

Trade and other payables are recognised at cost which is deemed to be materially the same as the fair value. Trade and other payables include an accrual for election expenses, cash received from Returning Officers in respect of unsettled claims and non-voted receipts surrenderable to the Consolidated Fund.

Accruals for European elections and UK Parliamentary elections including By-elections

On the date of an election, an accrual is raised for the costs of candidates' mailings and for the maximum recoverable amount for each Returning Officers' constituency as listed in the Charges Order.

Accruals at 31 March are adjusted to reflect the actual level of claims received from Returning Officers in cases where trends indicate that the actual level of claims may be materially lower than the maximum recoverable amount.

Accruals are reversed in full within the operating cost upon settlement of Royal Mail invoices and upon settlement of each Returning Officer's actual expense claim.

For by-elections held subsequent to the 2010 UK Parliamentary General Election, HM Treasury advised that an unused portion of the general election funding should be retained to cover their costs. Therefore upon establishment of an accrual for a by-election as described above, a commensurate portion of the remaining accrual pertaining to the 2010 General Election is released which results in a neutral overall impact on the operating cost.

Cash received from Returning Officers in respect of unsettled claims

Returning Officers may attach a cheque upon submission of their expense claim in cases where they have spent less than the amount originally advanced to them. These cheque receipts are recorded as a liability to the Returning Officers until their claims have been checked, at which point their cheques are recognised as settlement of the invoice raised upon them and offset against the debtor.

Non-voted receipts surrenderable to the Consolidated Fund

Election expenses are classified as Consolidated Fund Standing Services which Parliament has decided by statute should be met directly from the Consolidated Fund rather than being voted annually by Parliament. The Consolidated Fund is the Government's current account operated by HM Treasury.

Excess funding from the Consolidated Fund for standing services is classified as non-voted receipts which are surrenderable to the Consolidated Fund. Excess funding arises in cases where Returning Officers claim less than the maximum recoverable amount for their constituency as listed in the Charges Order.

Excess funding is calculated when almost all claims have been settled to Returning Officers and represents the saving against the amount drawn down from the Consolidated Fund as the budgeted cost of the election. It may also be calculated on a case by case basis for each Returning Officer where sanctions have been applied as a result of claims being submitted exceptionally late beyond the agreed deadline. Where those deadlines were not met and no acceptable reason was given for the claims not being submitted, then it was decided that no further payments would be made to Returning Officers in respect of those claims.

1.11 Contingent liabilities

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the Notes to the Accounts in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future events or present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured.

In addition to contingent liabilities disclosed in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, this statement of accounts discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

1.12 Impact of accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been published whose application will be required on or after 1 April 2013 or later periods, following EU-adoption and as applied by the *FReM*. Any new accounting standard in issue but not yet effective has not been applied to this statement of accounts. The Department will assess the impact of the following standards which are not currently expected to have a significant impact on the financial statements:

Effective 1 January 2013:

IFRS 13 'Fair Value Measurement'

This will provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.

Annual improvements 2009-11 on or after 1 January 2013:

IAS 1 'Presentation of Financial Statements'

This will provide clarification of the requirements for comparative information.

IAS 34 'Interim Financial Statements'

Interim financial reporting and segment information for total assets and liabilities.

IFRS 9 'Financial Instruments' (effective on or after 1 January 2015)

This comprises 3 phases:

- phase 1 addresses classification and measurement issues
- phase 2 impairments
- phase 3 hedge accounting.

2. Election expenses

£	2012 13	2011-12		
European Parliamentary Election 2009				
Conduct of the poll – reversal of prior year accrual upon settlement of claims	(96,770)	(1,040,634)		
Indemnity claims	–	24,035		
Equipment grants	–	40,448		
Conduct of the poll – under-spend surrenderable to the Consolidated Fund	(96,770)	(976,151)		
UK Parliamentary General Election 2010				
Conduct of the poll – reversal of prior year accrual upon settlement of claims and under-spend surrenderable to the Consolidated Fund	(334,343)	(5,591,572)		
Accrual released to cover accrued costs of UK By-elections	(1,714,076)	(778,545)		
Sub total	(2,048,419)	(6,370,117)		
UK Parliamentary By-elections				
	Conduct of the poll	Royal Mail	Conduct of the poll	Royal Mail
Barnsley Central	–	–	–	85,144
Leicester South	–	–	111,304	86,324
Feltham and Heston	–	–	159,329	116,439
Bradford West	–	–	110,005	110,000
Cardiff South and Penarth	148,959	99,367	–	–
Corby	113,963	115,793	–	–
Manchester Central	136,286	128,441	–	–
Croydon North	163,542	122,405	–	–
Rotherham	134,341	87,779	–	–
Middlesbrough	116,210	86,198	–	–
Eastleigh	134,238	126,554	–	–
	947,539	766,537	380,638	397,907
Sub total		1,714,076		778,545
Total		(431,113)		(6,567,723)

The Charges Orders which are made prior to UK Parliamentary General and European Parliamentary elections set out the maximum recoverable amounts which Returning Officers are entitled to recover for their services and the expenses which they incur for conducting the respective polls. The expenses for the poll include the cost of polling stations, postal voting, poll cards and the count. Figures for by-elections are also included in the Charges Order. For example, the amounts which were allocated to Returning Officers for UK Parliamentary by-elections which took place in 2010-11, 2011-12 and 2012-13 are set out in the Parliamentary Elections (Returning Officers' Charges) Order 2010.

Accruals are reversed in full within the operating cost upon settlement of each Returning Officer's actual expense claim; see Note 1.10. Any resulting negative expenditure indicates under-spends against original budget which are surrenderable to HM Treasury's Consolidated Fund.

The costs of UK Parliamentary by-elections are offset by a commensurate release of the residual accrual pertaining to the 2010 UK Parliamentary General Election. The rationale for this is explained at Note 1.10 and within the Management Commentary on UK Parliamentary by-elections.

3. Income payable to the Consolidated Fund

£	2012-13	2011-12
Forfeited deposits:		
UK Parliamentary By-elections	26,000	6,000
Bank Interest	-	883
Total	26,000	6,883

Deposits are forfeited by those candidates who fail to obtain one twentieth of the total votes cast at UK Parliamentary elections and by-elections. For European Parliamentary elections candidates must obtain one fortieth of the vote in order to have their deposit returned. Returning Officers are required to return any forfeited deposits to the Consolidated Fund via the Cabinet Office no later than one working day after the result of the election has been declared.

Bank interest is earned by Returning Officers who place their advances on an interest bearing bank account prior to disbursements for expenditure in the conduct of the poll.

These receipts are classified as non-voted receipts which are surrenderable to HM Treasury's Consolidated Fund.

4. Trade and other receivables

£	As at 31 March 2013	As at 31 March 2012
Advances to Returning Officers – claims not yet settled	779,662	7,193,236
Amounts owed by Returning Officers – advances exceed claims	–	44,939
Amounts owed by Returning Officers – forfeited deposits	–	2,500
Total	779,662	7,240,675

The table below analyses the balance at 31 March by election:

2010 UK General Election	–	4,855,469
2009 European Election	–	1,919,280
UK By-elections	779,662	465,926
Total	779,662	7,240,675

5. Cash and cash equivalents

£	As at 31 March 2013	As at 31 March 2012
Balance at 1 April	14,852,731	27,578,143
Net change in cash and cash equivalent balances	(13,186,435)	(12,725,412)
Balance at 31 March	1,666,296	14,852,731

The following balances at 31 March were held at:

Government Banking Service	1,666,296	14,852,731
Balance at 31 March	1,666,296	14,852,731

The table below analyses the balance at 31 March by election:

2010 UK General Election (see Note 6)	85,941	9,892,524
2009 European Election	–	1,670,971
UK By-elections held by 31 March 2013	294,431	289,236
Future UK By-elections (see Note 6)	1,285,924	3,000,000
Total	1,666,296	14,852,731

6. Trade and other payables

	As at 31 March 2013	As at 31 March 2012
Accrued election expenses:		
2010 UK General Election	–	6,875,818
2009 European Election	–	2,537,184
UK By-elections	1,074,093	750,161
	<u>1,074,093</u>	<u>10,163,163</u>
Advances retained from the Consolidated Fund for By-election expenses	1,285,924	3,000,000
Non-voted receipts surrenderable to the Consolidated Fund		
2010 UK General Election	85,941	7,872,175
2009 European Election	–	1,053,068
UK By-elections	–	2,500
	<u>85,941</u>	<u>8,927,743</u>
Total	<u>2,445,958</u>	<u>22,090,906</u>

Advances retained from the Consolidated Fund for by-election expenses represent a residual accrual from the 2010 UK Parliamentary General Election which HM Treasury has agreed may be applied to cover the expenditure of future UK By-elections. Further explanation is set out in the Management Commentary on UK Parliamentary By-elections.

Non-voted receipts surrenderable to the Consolidated Fund represent under-spend to date against the overall funding drawn from the Consolidated Fund in respect of the 2010 UK General Election.

The movement in the accrual for advances retained from the Consolidated Fund for by-elections expenses of £1,714,076 from £3,000,000 (2011-12) to £1,285,924 (2012-13) comprises two amounts: the first is settled expenditure relating to Royal Mail expenses incurred for by-elections in 2012-13 of £639,983 and the second is accrued costs of by-elections of £1,074,093 consisting of £947,539 costs of elections and £126,554 Royal Mail expenses for the Eastleigh by-election. Detail of these costs can be seen in Note 2 Election Expenses.

7. Financial instruments

International Financial Reporting Standard 7 *Financial Instruments: Disclosures* requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Funding for the Returning Officers' expenses is received directly from the Consolidated Fund and therefore there is no exposure to liquidity risk. Material deposits are held with the Government Banking Service so there is no exposure to interest rate risk. Deposits held by Returning Officers in commercial bank accounts at 31 March 2013 were not material. All material assets and liabilities are denominated in sterling so there is no exposure to exchange rate risk.

8. Contingent assets and liabilities

There are no material contingent assets or liabilities at 31 March 2013 for disclosure under IAS 37 nor contingent liabilities for inclusion for parliamentary reporting and accountability purposes.

9. Losses and special payments

There are no losses and special payments to report.

10. Related party transactions

No members of staff within the Cabinet Office and the Department for Communities and Local Government had undertaken any material transactions with Returning Officers.

11. Events after the reporting period

In accordance with the requirements of International Accounting Standard 10 *Events after the Reporting Period*, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as being the date on the Certificate and Report of the Comptroller and Auditor General to the House of Commons. There are no events after the reporting period which affects these accounts.



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