

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

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## **Referendum Accounts Scottish Devolution 2005-06**

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

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## **Referendum Accounts Scottish Devolution 2005-06**

**Returning Officers' and Counting  
Officer's Expenses  
(For the year ended 31 March 2006)**

*Ordered by the House of Commons to be printed  
7 February 2008*

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# REFERENDUM ACCOUNTS: SCOTTISH DEVOLUTION 2005-06

## 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 £3,203.43 of Bank Interest and £15,944.01 of unused funds returned to the Consolidated Fund. The receipts were all in respect of final settlements for the 1997 Referendum totalling £81,345.72.

### **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 and for the keeping of proper records, are set out in the Accounting Officer Memorandum issued by HM Treasury and published in Managing Public Money.

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

#### **Scope of Responsibility**

I acknowledge my personal responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Scotland Office, whilst safeguarding and ensuring the efficient and effective management of and proper accounting for the resources delegated to me.

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

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

#### **Capacity to Handle Risk**

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

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

#### **The Risk and Control Framework**

The key elements of the Risk Management Policy and Framework document are maintained in the Scotland Office as follows:

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

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

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

### **Review of Effectiveness**

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

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

- All expenditure / income has been recorded and properly spent / received with regard to propriety and regularity;
- The expenditure / income spent and received comply with law and regulations including those which provide the legal framework within which the office conducts its activities;
- Expenditure has been properly classified and transfers of expenditure between expenditure classifications have only been made in accordance with the Finance Manual;

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- There have been no breaches of delegated financial authority;
- Budgets are monitored regularly, comparing actual expenditure to forecasts, and variances reported upon;
- Controls are in place to ensure that assets of the Scotland Office are safeguarded against unauthorised use or disposal;
- There are adequate control procedures in place to guard against fraud;
- There have been no breaches of the Finance Manual regarding hospitality and gifts;
- All losses and special payments have been reported, authorised and recorded in accordance with the Finance Manual; and
- All instances of loss resulting from a weakness in internal financial control have been reported and any necessary remedial action taken.

David Middleton  
30 November 2007

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

I certify that I have audited the financial statements of the Scottish Devolution Referendum : Returning Officers' and Counting Officers' Expenses for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000. These comprise the receipts and payment account and associated notes and have been prepared in the form and on the basis directed by HM Treasury.

**Respective responsibilities of the Accounting Officer and Auditor**

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

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

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

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

I review whether the statement on pages 2 to 3 reflects compliance with HM Treasury's guidance on the the Statement on Internal Control and I report if it does not. I am not required to consider whether this statement covers all risks and controls or form an opinion on the effectiveness of the Scotland Office's corporate governance procedures or its risk and control procedures.

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

**Basis of audit opinion**

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

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

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

### **Opinions**

In my opinion:

- the financial statements properly present, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, the receipts and payments of the Scottish Devolution Referendum : Returning Officers' and Counting Officers' Expenses for the year ended 31 March 2006 and the balances held at that date;
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

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

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RETURNING OFFICERS' AND COUNTING OFFICERS' EXPENSES**

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

	Notes	2005-2006	2004-05
		£	£
<b>RECEIPTS</b>			
Bank Interest		3,203.43	-
Settlement of Referendum 1997		<u>81,345.72</u>	<u>67,127.00</u>
		<b>84,549.15</b>	<b>67,127.00</b>
<b>PAYMENTS</b>			
Local Authority Claims		—	<u>225.05</u>
		<u>—</u>	<u>225.05</u>
<b>Excess of receipts over payments/(payments over receipts) before amounts surrendered to the Exchequer</b>		<b>84,549.15</b>	<b>66,901.95</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>		<b>19,147.44</b>	-
<b>Excess of receipts over payments in the year</b>		<b>65,401.71</b>	<b>66,901.95</b>
<b>STATEMENT OF BALANCES AS AT 31 MARCH 2006</b>			
Balance at the beginning of the period		185,185.15	118,283.20
Excess of receipts over payments		<u>65,401.71</u>	<u>66,901.95</u>
Balance at end of the period	2	<b>250,586.86</b>	<b>185,185.15</b>

The notes on Page 8 form part of these Accounts.

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**Note 1**

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

	<b>2005-06</b>	<b>2004-05</b>
	£	£
<b>Breakdown of Year End Balances</b>		
Referendum Expenses Account		
Referendum Receipts Account	250,586.86	169,241.14
<b>Total</b>	<hr/> <b>250,586.86</b>	<hr/> <b>185,185.15</b>
<b>15,944.01</b>		

David Middleton  
Accounting Officer

30 November 2007

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