



**SCOTTISH CONSOLIDATED FUND
RECEIPTS & PAYMENTS ACCOUNT**

**1 APRIL 2010
To
31 MARCH 2011**

SG/2011/254

**Authorised for issue date:
13 December 2011**

Scottish Government

FOREWORD

BACKGROUND

1. The Scottish Consolidated Fund (The Fund) was set up following devolution in 1999 and received its statutory powers under the Scotland Act 1998.

SCOPE OF THE ACCOUNT

2. This account has been prepared under Section 19 (2) of the Public Finance and Accountability (Scotland) Act 2000 (the Act) which requires the Scottish Ministers to prepare and lay before Parliament an account showing payments into and out of the Fund.

3. The Fund receives, from the Ministry of Justice, sums which have been voted by the UK Parliament for the purpose of "grant payable to the Scottish Consolidated Fund". Receipts not authorised to be used to support expenditure shall also, by virtue of Section 64(3) of the Scotland Act 1998, be payable into The Fund.

4. The sums payable from The Fund are set out in Sections 4 and 6 of the Act.

5. From April 1 2011 the Scotland Office took over as the UK Department, from Ministry of Justice.

ACCOUNTABLE OFFICER

6. The Permanent Secretary of the Scottish Government is the Accountable Officer for The Fund. The Accountable Officer is responsible for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for the preparation and submission of appropriate accounts as set out in Section 15 of the Act.

SCOTTISH CONSOLIDATED FUND RECEIPTS AND PAYMENTS

7. These accounts show the transactions for the services set out above. The receipts paid into The Fund during the year totalled **£30.8 billion** with payments from The Fund of **£30.7 billion**.

COMPARATIVE
FIGURES

8. Comparative figures for 2009-10 are shown in the accounts.

AUDIT

9. The accounts of The Fund are audited by an auditor appointed by the Auditor General for Scotland as set out in Section 19(7) of the Act.



Peter Housden
Accountable Officer
12 December 2011

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITY

1. Section 19 (2) of The Act requires the Scottish Ministers to prepare and lay before Parliament an account showing the receipts into and payments out of the Scottish Consolidated Fund. The accounts are prepared on a cash basis and must properly present the Scottish Consolidated Fund's transactions for the period 1 April 2010 to 31 March 2011.

2. The responsibilities of the Accountable 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 Memorandum to Accountable Officers issued by the Principal Accountable Officer to each Accountable Officer.



Peter Housden
Accountable Officer
12 December 2011

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives, set by the Scottish Ministers for the Scottish Consolidated Fund (The Fund), whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve those 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 the principal risks to the achievement of The Fund's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. The process has been in place for the year ended 31 March 2011 and up to the date of approval of the annual accounts and accords with guidance from the Scottish Ministers.

The operation of The Fund is governed by the provisions of the Scotland Act 1998 and the Public Finance and Accountability (Scotland) Act 2000 which set out the conditions for payments to be made out of The Fund and sums to be paid into The Fund.

RISK AND CONTROL FRAMEWORK

The Fund uses and relies on the core financial management systems of the Scottish Government to carry out its accounting and payment functions. I have received satisfactory assurances from the Director of Finance on the reliance of these central systems.

My responsibility for receipts begins only when they are actually paid into The Fund. Other Accountable Officers may be responsible up to that point.

The following procedures to identify, evaluate and manage significant risks have already been implemented:

- ❖ Guidance on Risk Management has been prepared and issued by the Scottish Government. The risks associated with the operation of The Fund have been identified and incorporated within the Divisional Risk Register together with the determination of a control strategy for each risk which is kept under constant review.
- ❖ The Scottish Government's internal auditors provide reports on the adequacy and effectiveness of the Fund's systems of internal control together with recommendations for improvement.

In the financial year 2010-11 The Fund has:

- ❖ Monitored the balance on the account and taken appropriate action to maintain the balance at an appropriate level whilst remaining within the cash limits set by the UK and Scottish parliaments.
- ❖ Regularly reviewed its processes to identify and keep up to date a risk register and related control strategies.
- ❖ Promoted good practice in risk management through awareness training.
- ❖ Ensured that there was a full risk and control assessment before reporting on the year ending 31 March 2011.
- ❖ Ensured that during the year staff have received continuous training on any revision to procedures and arrangements operating within The Fund.
- ❖ Reviewed the procedures in place to monitor the drawdown of funds.
- ❖ Ensured that the transfer of banking from HM Office of Paymaster General to the Government Banking Service and the related operation of bank accounts at Royal Bank of Scotland and Citi Bank were managed in an effective manner.

During financial year 2011-12 The Fund further plans to:

- ❖ Continually review the procedures of The Fund to take account of any comments made by external and internal auditors and opportunities for improvement identified from operational activities and to produce a complete manual covering The Fund and the relevant regulations.
- ❖ Review process of dealing with cash management in the Scottish Government to ensure that we remain within the cash limits set by the UK and Scottish parliaments.

REVIEW OF EFFECTIVENESS

My review of the effectiveness of the system of internal control is informed by:

- ❖ The managers within the Organisation who have responsibility for the development and maintenance of the internal control framework.
- ❖ The work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Head of Internal Audit's independent and objective adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement.
- ❖ Comments made by the external auditors in the management letters and other reports.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

A handwritten signature in cursive script that reads "Peter Housden".

Peter Housden
Accountable Officer
12 December 2011

THE SCOTTISH CONSOLIDATED FUND
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 1 APRIL 2010 TO 31 MARCH 2011

RECEIPTS	NOTE	£000	£000	2009-2010 £000
Receipts from the Ministry of Justice under section 64(2) of the Scotland Act 1998		26,772,500		26,929,090
Non Domestic Rates Income		2,068,200		2,165,100
National Insurance Contributions		1,886,124		1,898,502
Repayment of Loans formerly from National Loans Fund Principal and Interest		55,821		69,916
Repayment of unused funds by Forestry Commission		1,575		14,539
Queen's and Lord Treasurer's Remembrancer		2,587		3,484
Pension contributions from Auditor General	3	32		32
Other Receipts	1	59,508		114,952
TOTAL RECEIPTS			30,846,347	31,195,615
PAYMENTS				
Payments authorised under the Budget Act Documents	2	30,637,283		30,865,475
Charges on the Fund				
Judicial Salaries	4	29,500		18,000
Designated Receipts	1	34,680		70,557
National Loans Fund repayments to Ministry of Justice of Principal and Interest		55,821		69,916
Ministerial Pension Payments		141		88
Repayment of Scottish Consolidated Fund Excess Receipt to the Scottish Government		6,646		5,021
TOTAL PAYMENTS			30,764,071	31,029,057
SURPLUS/(DEFICIT) FOR THE PERIOD	5		82,276	166,558



Peter Housden
Accountable Officer
Scottish Government
12 December 2011

The notes on pages 8 to 11 form part of these accounts.

NOTE 1**ANALYSIS OF RECEIPTS NOT AUTHORISED TO BE USED TO SUPPORT EXPENDITURE**

As provided for in section 64(3) of the Scotland Act 1998 (and certain other legislative provisions) all sums received by members of the Scottish Administration (and certain other bodies) are to be paid into the Scottish Consolidated Fund unless there are alternative statutory provisions. In practice, most of the receipts of the bodies concerned were authorised to be used to support expenditure under the Budget Act and the Budget Orders (see Note 2).

The Scotland Act 1998 (Designation of Receipts) Order 2009 designates certain receipts (designated receipts) and provides that sums equivalent to these are to be paid to the Ministry of Justice, in practice for paying into the UK Consolidated Fund.

<u>2010-2011</u>	Receipts paid into Fund during period £000	Receipts classed as Designated £000
Finance and Sustainable Growth	515	351
Health and Wellbeing	-	-
Transport	-	-
Rural Affairs and The Environment	636	519
Justice	47,925	31,055
Crown Office & Procurator Fiscal Service	10,432	621
TOTAL FOR 2010-2011	59,508	32,546

During 2010-11 CFER payments were paid to Ministry of Justice of £34,680,164.87 (2009-2010 £70,556,951.36) The payment in 2010-11 included a total of £5,640,891.87 in respect of 2009-10 and 2007-8 The residual balance of £3,506,829.65 will be paid over in 2011-12.

<u>2009-2010</u>	Receipts paid into Fund during period £000	Receipts classed as Designated £000
Finance and Sustainable Growth	76,679	1,560
Health and Wellbeing	33	33
Rural Affairs and The Environment	1,929	1,759
Justice	30,939	26,981
Crown Office & Procurator Fiscal Service	5,372	5,000
TOTAL FOR 2009-2010	114,952	35,333

NOTE 2

PAYMENTS AUTHORISED UNDER THE BUDGET ACTS

For the period of this account the Scottish Parliament approved: Budget (Scotland) Act 2010 as amended by the Budget (Scotland) Act 2010 Amendment Order 2010 (SSI 2010/282), The Budget (Scotland) Act 2010 Amendment (No. 2) Order 2010 (SSI 2010/445), The Budget (Scotland) Act 2010 Amendment Order 2011 (SSI 2011/212)

These Orders appropriate sums out of the Scottish Consolidated Fund for the financial year ending 31 March 2011 for the purposes of meeting expenditure in that year in connection with the functions for which expenditure is, by virtue of the Scotland Act 1998 and provisions made under it, payable out of that fund during the year.

2010-2011	£000	£000
Scottish Government and Associated Departments	30,357,501	
Crown Office & Procurator Fiscal Services	112,200	
SCOTTISH ADMINISTRATION		30,469,701
Forestry Commission (Scotland)		74,500
Food Standards Agency		10,109
The Scottish Parliamentary Corporate Body		76,300
Audit Scotland		6,673
TOTAL PAID		30,637,283

During 2009-10 the authorised payments under the Budget Acts was £30,865m
this is summarised below.

2009-2010	£000	£000
Scottish Government and Associated Departments	30,606,748	
Crown Office & Procurator Fiscal Services	112,500	
SCOTTISH ADMINISTRATION		30,719,248
Forestry Commission (Scotland)		51,000
Food Standards Agency		10,400
The Scottish Parliamentary Corporate Body		77,750
Audit Scotland		7,077
TOTAL PAID		30,865,475

NOTE 3**AUDITOR GENERAL FOR SCOTLAND'S PENSION FUND**

During the year Audit Scotland paid a total of £31,891 into The Fund in respect of pension contributions (2009-10 £31,845). The sum is paid to The Fund as the liability to pay any future pensions will fall to Audit Scotland and be paid from their annual budget, which in turn will be funded by The Fund.

NOTE 4**JUDICIAL SALARIES****RECEIPTS AND PAYMENTS ACCOUNT****FOR THE PERIOD 1 APRIL 2010 TO 31 MARCH 2011**

RECEIPTS	£000	£000	2009-2010 £000
Received from the SCF	29,500		18,000
Income from Scottish Government	20		29
TOTAL RECEIPTS		29,520	18,029
PAYMENTS			
Repayment of drawdown to the SCF	-		-
Salary Costs	29,714		29,527
Bank Charges	1		1
TOTAL PAYMENTS		29,715	29,528
Excess of Receipts Over Payments		(195)	(11,499)
		£000	
Balance held at the Office of HM Paymaster General as at 31 March 2010		1,009	
Excess of receipts over payments in the period to 31 March 2011		(195)	
Balance held at the Office of HM Paymaster General as at 31 March 2011		814	

The salaries of the judiciary are a matter for the UK Government. Information on the salaries payable are set out in a report by the Senior Salaries Review Body.

During 2010-11 the number of paid judiciary in post at 31 March 2011 was

Stipendary Magistrates	4.00
Judges	34.00
Sheriff Principals	6.00
Sheriffs	140.00
Members of the Lands Tribunal	1.80 FTE
Chairman of the Scottish Land Court	1.00
Members of the Scottish Land Court	2.40 FTE

Comparative figures for 2009-10 are	Stipendary Magistrates	4.00
	Judges	33.00
	Sheriff Principals	6.00
	Sheriffs	141.00
	Members of the Lands Tribunal	1.80 FTE
	Chairman of the Scottish Land Court	1.00
	Members of the Scottish Land Court	2.40 FTE

NOTE 5**SUMMARY OF THE BALANCE HELD AT THE OFFICE OF HM PAYMASTER GENERAL**

	2010-2011 £000	2009-2010 £000
Balance brought forward from 2009-2010	211,386	44,828
Surplus/(Deficit) of receipts over payments for the period 2010-2011	82,276	166,558
Balance at 31 March 2011	293,662	211,386
The balance represents the following items:		
Designated Receipts not yet paid to UK Consolidated Fund	4	5,641
General SCF Reserve	293,658	205,745
Balance held at the Office of HM Paymaster General	293,662	211,386

The balance on the General Reserve of the Scottish Consolidated Fund does not necessarily represent an amount available for appropriation by a Budget Act or other means as there may be sums due to the Scottish Government or other funded bodies and/or sums due to the Ministry of Justice for onward transmission to the UK Consolidated Fund. In particular, non-domestic rates paid to and by Scottish Ministers are credited to or drawn from the Scottish Consolidated Fund and are accounted for in more detail in a separate non-domestic rating account.

Independent Auditor's Report

Independent auditor's report to the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Consolidated Fund for the year ended 31 March 2011 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Receipts and Payments Account, Statement of Balances and related notes. These financial statements have been prepared under Section 19 (2) of the Public Finance and Accountability (Scotland) Act 2000.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members, in their individual capacities, or to third parties.

Respective responsibilities of the Accountable Officer and Auditor

As explained more fully in the Statement of the Accountable Officer's Responsibility set out on page 3, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments for the financial year, and is also responsible for ensuring the regularity of receipts and payments. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of receipts and payments.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of payments and receipts 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 body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the directions made thereunder by the Scottish Ministers, the receipts and payments of the Scottish Ministers in respect of the Scottish Consolidated Fund for the year ended 31 March 2011 and the balance held at that date;
- have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In my opinion in all material respects:

- the sums paid out of the Scottish Consolidated Fund were paid out in accordance with section 65 of the Scotland Act 1998 and sections 4 to 6 of the Public Finance and Accountability (Scotland) Act 2000
- the account complies with any applicable direction by virtue of any enactment.

Opinion on prescribed matter

In my opinion the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to 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
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.



Mark Taylor CPFA

Assistant Director

13 December 2012

Audit Scotland

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