



The  
Electoral  
Commission

# Resource accounts 2009–10



# Resource accounts 2009–10

Presented to Parliament pursuant to Schedule 1(17) of the Political Parties, Elections and Referendums Act 2000

Ordered by the House of Commons to be printed 26 July 2010

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ISBN: 9780102968286

Printed in the UK for The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office

ID P002371531 06/10

Printed on paper containing 75% recycled fibre content minimum.

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# 1 Foreword

- 1.1 The Electoral Commission is an independent body that was set up under the Political Parties, Elections and Referendums Act 2000. The Commission is independent of Government and political parties and is directly accountable to Parliament through a committee chaired by the Speaker of the House of Commons.
- 1.2 The Commission's 2009–10 resource accounts are prepared in accordance with an accounts direction, set out on page 58 issued by HM Treasury under paragraph 17 (2) of Schedule 1 to the Political Parties, Elections and Referendums Act 2000.

## Aim and objectives for 2009–10

- 1.3 The Electoral Commission's corporate plan sets out what we plan to do to achieve our aim of integrity and public confidence in the UK's democratic process. The 2009-10 plan identified an ambitious agenda and continued a significant shift in the Commission's focus and approach in order to focus on regulating party and election finance and ensuring that elections and electoral registration are well run.
- 1.4 The Commission aims for:
- Integrity and public confidence in the UK's democratic process**
- 1.5 Our 2009-10 objectives were:
- 1. Integrity and transparency of party and election finance**
  - 2. Complete and accurate electoral registers supported by a well-run electoral registration process**
  - 3. Well-run elections and referendums which produce results that are accepted**
  - 4. Fair boundary arrangements for elections in England**
- 1.6 The cost and associated income of the Commission's work in meeting these strategic objectives is shown in the Statement of Operating Costs by Strategic Objectives on page 39 of the accounts.
- 1.7 The Commission's current *Corporate Plan 2010–11 to 2014–15* (HC465) approved by the Speaker's Committee is available at [www.electoralcommission.org.uk](http://www.electoralcommission.org.uk)

## Main activities

- 1.8 During 2009-10 the Commission was responsible for:
- registering political parties
  - making sure people understand and follow the rules on party and election finance

- publishing details of where parties and candidates get money from and how they spend it
- setting the standards for running elections and electoral registration and reporting on how well this is done
- making sure people understand it is important to register to vote, and know how to vote
- making sure boundary arrangements for local government in England are fair (this responsibility transferred to the Local Government Boundary Commission for England on 1 April 2010)

## Management commentary

### Going concern note

- 1.9 The Statement of Financial Position as at 31 March 2010 shows negative taxpayers' equity of £1.104m. The future financing of the Commission's liabilities is to be met by grants of supply approved annually by Parliament. Approval for amounts required for 2010–11 has already been given and there is no reason to believe that future approvals will not be forthcoming. Therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Investment and funding

- 1.10 As an independent public body, the Commission is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans was sought through a Main Supply Estimate for 2009-10 (HC 525), presented to the House of Commons, specifying the estimated expenditure and requesting the necessary funds to be voted. The Commission drew down voted funds during the year from the Consolidated Fund as required.
- 1.11 The Estimate was structured by request for resources (RfR) and included a formal description or ambit of the services to be financed under the RfR.
- 1.12 The Commission had one request for resources for 2009–10: RfR 1. In these Accounts, the Statement of Parliamentary Supply shows outturn figures against the Estimate.
- 1.13 The Cash Flow Statement analyses the net cash flow from operating activities; identifies cash spent by the Commission on capital expenditure and investment; records income from fines or penalties paid by political parties which the Commission is required to surrender to the Consolidated Fund and shows the funding that the Commission drew down from the Consolidated Fund in order to finance its activities during the year.

### Performance for the year

- 1.14 As set out in the Statement of Parliamentary Supply on page 33, Parliament approved the Commission's net request for resources in 2009–10 to enable the Commission to carry out its statutory functions.
- 1.15 During 2009–10 the Commission's key achievements included:

**Objective 1 – Integrity and transparency of party and election finance**

- We made good progress against plan with our ongoing regulatory work and preparing to regulate in the post-Political Parties and Elections Act (PPE Act) world, with one exception (we postponed a review of our regulation-making powers because of pressure from other work during the year).
- We made good progress against plan in relation to guidance and advice to those we regulate; and in developing our underlying processes, but our project to develop a new database (“Party Elections and Finance (PEF) Online”) has suffered delays and is behind plan.
- We made good progress against plan in relation to developing our monitoring and horizon-scanning approach; but we are still waiting for the commencement by government and Parliament of a critical PPE Act change, which will give us access to new powers and sanctions.
- We exceeded our targets for responding to requests for advice, despite very high levels of activity as the year went on – and for dealing with potential enforcement cases. We conducted 99% of initial case assessments within 5 working days, against a target of 90%; and closed 98% of cases under review within 90 days, against a target of 90%. In both these areas we achieved 100% in quarters 2, 3 and 4. However, two large, complex cases took considerably longer than our six-month target for completion of investigations.
- We just missed our target for publishing all the returns submitted to us on time within 20 working days – this was down to a short-lived IT problem; and we had a 100% record against our target for registering new parties.
- In terms of the impact our work had on the regulated community, we saw a drop (from 95% to 94%) in the percentage of donations reported in the correct quarter by party accounting units; and – more seriously – a drop from 99% to 97% in the equivalent performance by party headquarters.
- Looking at the wider context in which we carry out this aspect of our work, public confidence that “the authorities would take appropriate action if someone was caught breaking party finance rules” fell from 41% in 2008-09 to just 31% in 2009-10.

**Objective 2 – Complete and accurate electoral registers supported by a well-run electoral registration process**

- We made good progress against plan with our research into levels of, and barriers to, electoral registration in Great Britain, tying it in with our work on performance standards for electoral registration officers (EROs); we are, however, behind plan on the publication of our first set of data on the funding of electoral registration services in Great Britain. We did not carry out the further round of research into Northern Ireland registration that we had planned as it was too late to influence the decision about whether or not the canvass would go ahead.

- We made good progress against plans to provide EROs with better, more targeted support and guidance based on assessed weaknesses against our performance standards, including in particular new guidance on integrity and participation.
- We saw significant improvements in the percentage of electors whose EROs meet or exceed our performance standards; and in the percentage of EROs who meet key elements of the performance standards. There is still room for improvement however – particularly in relation to EROs’ efforts to increase levels of registration and in some elements of how EROs deal with last-minute registration applications, where we saw some problems in the run-up to the May 2010 elections.
- We made good progress against plans to review our approach to electoral integrity work, providing a sound basis of evidence on which to develop a new strategy for 2010-11; and we continued to strengthen our successful alliance involving a wide range of interested parties including the police, prosecutors, political parties and electoral administrators, committed to tackling electoral malpractice. As part of that work we published fresh guidance on preventing, detecting and dealing with malpractice.
- We published our second round of assessments of EROs’ performance against our standards in March 2010; and developed a database to help target areas where extra support is needed, and a strategy for ensuring overall improvement against areas of weakness revealed by our performance standards assessments.
- We reached agreement that the performance standards approach will extend to Northern Ireland in future.
- We had planned to amend our performance standards framework to take account of plans to introduce a system of individual, rather than household, registration; but those plans are on hold while we await decisions from the UK Government on how this change will be implemented in practice. We are fully engaged with the UK Government in discussions about their plans for introducing Individual Electoral Registration (IER). Although we had also planned to engage with the Government’s plans for developing a Co-ordinated Online Record of Electors, developments in this area are paused while plans for IER are still developing.
- We slightly missed (207,000 against a target of 215,300) our target for the number of registration forms ordered as a result of public awareness campaigns activity during 2009-10, following our decision not to run a specific student registration campaign. But taken as whole (i.e. including the part of the campaign that ran into the early part of 2010-11), our public information campaigns in the run-up to the 2010 elections look set to be the most successful the Commission has ever run.
- We slightly missed (296 out of 301) our target of responding to 100% of queries from EROs within 3 working days.
- Looking at the wider impact of our work, we saw increases both in the absolute number of people registered to vote, and in the percentage of the UK public who say they know how to register.

**Objective 3 – Well-run elections and referendums which produce results that are accepted**

- We reported as planned on the administration of the 2009 European Parliamentary elections, and used the opportunity to emphasise lessons for the forthcoming 2010 elections; and we conducted our planned public opinion research into voters' experience of elections. The report was published two weeks later than planned, which put it outside our 18-week target – but there were good reasons for the delay, to do with planning around other events.
- We are behind plan on the publication of our first set of data on the funding of electoral services in Great Britain.
- We published our planned study of postal vote rejection rates in October 2009.
- We published our first analysis of Returning Officers' (ROs) performance against standards; and developed a database to help target areas where extra support is needed, and a strategy for ensuring overall improvement against areas of weakness revealed by our performance standards assessments. Despite our work to target areas of identified weakness, however, some problems still emerged at the May 2010, most notably difficulties for voters in some larger towns and cities in England who were unable to vote by the time the polls closed despite having queued for a significant amount of time. We shall need to take further action in 2010-11 to ensure that ROs avoid such difficulties in future elections.
- We published full guidance for ROs on planning for and managing the special challenges of a UK General Election; and reinforced this with briefings across Great Britain. Most responded well, although as mentioned above, some significant problems remained.
- We also published election guidance for candidates and agents.
- We published our guidelines on assessing proposed referendum questions in November 2009, and the key principles that will govern our approach to conducting referendums in March 2010.
- We reached agreement that the performance standards approach will extend to Northern Ireland in future.
- We published our Making your Mark guidance (on making the electoral process more accessible for voters) for policymakers and electoral administrators.
- We developed our position on how the co-ordination and management of elections should be improved, both in our report on the 2009 European Parliament elections, and in our assessment of how the Interim Electoral Management Board in Scotland had performed. Some of these issues re-emerged in our interim report on the problems with queues at some English polling stations at the May 2010 elections.
- We continued to push the UK Government to move forward on the issue of modernising the electoral process, but saw little progress during the year.

- Our discussions on extending the Commission's advice, guidance and reporting role in Scotland to encompass local government elections have continued.
- We ran a campaign in advance of the European and United Kingdom Parliamentary General Elections to help voters understand how to vote successfully.
- We slightly missed (1,571 out of 1,634) our target of responding to 100% of queries from ROs within 3 working days.
- Looking at the wider impact of our work, we saw an increase in the percentage of the UK public who said they know how to vote (93%, up from 92% in 2008-09), but a decrease in those who said they are satisfied with the voting experience in the UK (73%, down from 75% in 2008-09).

#### **Objective 4 – Fair boundary arrangements for elections**

- We completed administrative and structural reviews in Cornwall, Northumberland, Devon, Norfolk and Suffolk during the year; but the review in County Durham was still ongoing at the end of the year. We commenced all the new reviews we had planned during the year in these categories.
- We commenced six out of eight of the planned electoral reviews during the year; the Commission decided not to instruct the Boundary Committee for England (BCfE) to commence reviews in West Lindsey and Swindon.
- The BCfE developed, as planned, a two-year programme of electoral reviews for 2010-11 and 2011-12.
- The new Local Government Boundary Commission for England (LGBCE) was successfully established on 1 April 2010.
- 72% of stakeholders consulted were satisfied with the review process (an improvement against the 2007-08 figure of 68%).
- No reviews that commenced during 2009-10 were due to be completed within the same financial year. The new LGBCE will report on the outcome of these reviews, which are now its responsibility.

#### **Use of Resources**

- 1.16 In achieving its objectives the Commission used £22.628m of resources. This amount was £0.840m (or 3.6%) less than the sum of £23.468m approved by Parliament in the Commission's Supply Estimate (HC525) for the net resource requirement.
- 1.17 The Commission expenditure included the set-up cost of LGBCE.
- 1.18 The key areas that contributed to the Commission using £0.840m less than the sum approved by Parliament in 2009–10 were:
- The Commission was able to make efficiency savings in travel and subsistence as a result of using the travel framework agreement which is

comprised of three service providers delivering services on air/rail travelling accommodation and car hire at competitive rates

- The Commission has delivered planned savings in conferences and hospitality. The decision not to take an exhibition stand space at the party conferences in 2009-10 was the major contributor
- Reduction on depreciation as a result of delays and reprioritisation of some capital projects in order to fund the cost of the establishment of the LGBCE
- Unclaimed grants from the Partnership Grants budget (2009-10 is the last year for this programme) and the Policy Development Grants budget
- Savings from online recruitment, lower staff turnover and reduced training led to savings in training and recruitment
- Review of the contract in relation to the registration campaign aimed at homemovers led to a reduction in spend £0.128m
- The planned expenditure on a review of guidance in the Party and Election Finance directorate has been rescheduled to 2010-11

1.19 The Commission collected £16,000 in fines from political parties and this will be surrendered to the Consolidated Fund as required by law.

1.20 The Commission required cash amounting to £22.779m in 2009–10 to finance its activities which was £0.616m less than the sum of £23.395m approved by Parliament in the Commission’s Supply Estimate; note 5 of the accounts provides a reconciliation between resources approved and the cash requirement.

1.21 A table reconciling the resource expenditure between the Estimate and Operating Cost Statement (OCS) is set out below:

	<b>£000</b>
<b>Resource Requirement (Estimate)</b>	23,468
Adjustments to additionally include:	
Consolidated Fund Extra Receipts in the OCS	(25)
Unallocated Resource	<u>(840)</u>
<b>Net Operating Cost (Accounts)</b>	<b><u>22,603</u></b>

## Going forward

1.22 The Commission’s Supply Estimate for 2010–11 (HC133), provides for a net resource requirement of £23.540m. The key factors influencing the resources requested by the Commission for 2010–11 are plans:

- to maintain and publish information about political parties and their finances
- to ensure that parties, candidates and others understand and follow the rules on party and election finance

- to set standards for running elections, electoral registration and reporting on how well this is done; in particular, reporting on the performance of Electoral Registration Officers and Returning Officers
- to provide support, advice and training for those involved in delivering elections
- to carry out work designed to make sure people understand it is important to register to vote, and know how to vote
- to make grants to eligible political parties for policy development
- to conduct a programme of research to support and inform the Commission's work
- to report on the May 2010 elections and begin activities for the 2011 elections in Wales, Scotland and Northern Ireland
- for administering a referendum in Wales
- to contribute to the ongoing discussion on electoral reform and funding of political parties

## The Speaker's Committee

1.23 The Speaker's Committee is established under Section 2(1) of the Political Parties, Elections and Referendums Act 2000 (the Act) to perform the functions conferred on it by that Act. Its functions include:

- examining the Commission's annual financial estimates and laying them before the House of Commons, with or without modification
- examining the Commission's five year plan and forward resource estimates and laying them before the House of Commons, with or without modification
- receiving the Commission's accounts
- receiving an annual report from the Comptroller and Auditor General on the economy, efficiency and effectiveness with which the Commission has used its resources
- designating the Commission's Accounting Officer
- reporting to the House of Commons, at least once a year, on how it has carried out its functions

1.24 The Speaker's Committee met in October 2009 to consider the Commission's Supply Estimate for the 2010–11 financial year and the Commission's five-year corporate plan for 2010–11 to 2014–15. The five-year corporate plan was laid before the House of Commons in pursuance of paragraph 15(4) of Schedule 1 to the Act and published in March 2010.

1.25 The members of the Committee during the year were:

- Mr John Bercow MP Speaker of the House of Commons (Chairman) from June 2009
- Rt Hon Michael J Martin MP, Speaker of the House of Commons (Chairman) until June 2009
- Rt Hon Jack Straw MP, Lord Chancellor and Secretary of State for Justice
- Lady Sylvia Hermon MP
- Mr Humfrey Malins CBE MP
- Mr Gary Streeter MP

- The Rt Hon Sir Alan Beith MP, Chairman of the House of Commons Justice Committee
- The Rt Hon Sir Gerald Kaufman MP
- Mr John Healey MP (until June 2009, then Rt Hon Rosie Winterton MP from October 2009)
- Sir Peter Viggers MP (until May 2009)

The Secretary of the Speaker's Committee was Mr Steve Priestley until 1 April 2010 when Mrs Elizabeth Hunt succeeded him as the Secretary.

- 1.26 The Speaker is *ex officio* chairman of the Speaker's Committee, and the chairman of the House of Commons Justice Committee and the Secretary of State for Justice are *ex officio* members. The appointments of the Minister for Local Government, made by the Prime Minister under Section 2 (3) of the Act; and of the other five members, made by the Speaker under Section 2 (4), are (subject to the provisions of paragraph 2 of Schedule 2 to the Act) for the duration of the Parliament.
- 1.27 During the year the Committee published three reports which are available from its website [www.publications.parliament.uk/pa/cm/cmspeaker.htm](http://www.publications.parliament.uk/pa/cm/cmspeaker.htm)

## Pensions

- 1.28 Under Schedule 1(5) of the Political Parties, Elections and Referendums Act 2000, the pension arrangements for the Electoral Commissioners may be provided for by the House of Commons in a resolution. The only provision made under this section is for the Chair of the Commission.
- 1.29 Employees of the Commission are eligible for membership of the Civil Service Pension Scheme. The Scheme includes a choice between a defined benefit scheme and stakeholder pension. Liability rests with the Scheme, and not with the Commission. Benefits are paid from the Civil Superannuation Supply Estimate to which the Commission makes contributions to cover accruing pension entitlement for staff employed. Statements of Account for the Scheme are provided in the Cabinet Office Civil Superannuation Resource Accounts. Further details are provided in note 9 to the Accounts.

## Audit Committee

- 1.30 The Accounting Officer has established an Audit Committee to support him in discharging his formal accountability responsibilities by offering objective advice and ensuring that the most efficient, effective and economic risk, control and governance processes are in place, and that the associated assurance processes are optimal. The Audit Committee also acts on behalf of the Electoral Commissioners to provide them with assurance on these issues.
- 1.31 The terms of reference are kept under review. They are based on best practice guidelines from a variety of sources. The Committee meets at least three times a year as required and the Chair of the Committee may convene further meetings as necessary, including at the request of the Accounting Officer, the Head of Internal Audit or the external auditor. The Committee reviews in particular:

- strategic processes for risk, control and governance and the statement of internal control
- accounting policies, the accounts and the annual report of the Electoral Commission, including the process for review of the accounts prior to submission for audit; levels of error identified; and management's letter of representation to the National Audit Office
- planned activity and results of the National Audit Office and internal audit
- adequacy of management response to issues identified by audit activity
- assurances relating to the corporate governance requirements for the Electoral Commission
- proposals for tendering for either external or internal audit services, or for the purchase of non-audit services from contractors who provide audit services

1.32 The members of the Committee during the year were:

- Ian Kelsall OBE DL, Electoral Commissioner (Committee Chair)
- Max Caller CBE, Electoral Commissioner
- Henrietta Campbell CB, Electoral Commissioner
- Elizabeth Butler FCA, independent external member

1.33 Ian Kelsall's appointment as Chair of the Committee ended on 31 March 2010. Elizabeth Butler was appointed as Chair of the Committee commencing 1 April 2010.

1.34 Elizabeth Butler was paid fees of £1,818 in 2009-10 for her work as Independent member of the Audit Committee.

1.35 The Audit Committee met on three occasions during the 2009–10 financial year and considered a number of specific matters.

### Early departure costs

1.36 The Commission meets the additional pension costs of any employees who retire before they reach normal pensionable age. The total pension liability up to the normal retiring age in respect of each employee is charged to the account in the year in which the employee takes early retirement and a provision for future payments is created. There were no early retirement costs for 2009-10.

### Accounting Officer

1.37 In accordance with Schedule 1(19) of the Political Parties, Elections and Referendums Act 2000, the Speaker's Committee has appointed the Chief Executive as Accounting Officer of the Electoral Commission. His responsibilities as the Accounting Officer and for the Commission's system of internal control are set out separately on pages 22 to 29.

### Auditors

1.38 The Comptroller and Auditor General was appointed as the Electoral Commission's external auditor under Schedule 1 to the Political Parties, Elections and Referendums Act 2000. As disclosed in note 10 to the accounts, a notional cost of £59,500 was

incurred on audit services provided by the Comptroller and Auditor General (2008–09: £56,000).

1.39 Internal audit services during 2009–10 were provided by RSM Tenon.

## Policy for payment of suppliers

1.40 Although the Commission is an independent organisation, the policy is to comply with the Prompt Payment Code, in line with the rest of central government departments, and it aims to pay valid and undisputed invoices within a target of 10 days from date of receipt and within 30 days at the latest or in line with the contractual term if less. For the year 2009-10, the Commission paid 79.8% of invoices within 30 days, compared to 95.2% in 2008-09.

## Staff relations

1.41 The Commission is committed to communicating directly with all staff and taking into account their views on all matters affecting their employment. To enable the Commission and its staff to achieve this objective, a recognition agreement is in place between the Commission and the Public and Commercial Services Union (PCSU). This agreement encourages clear working arrangements which promote the mutual interests of the Commission and its employees to maintain good relations by fostering a spirit of understanding, co-operation and trust between the Commission, its employees and the Union. Staff involvement is also actively encouraged as part of the day-to-day process of line management and information on current and prospective developments is widely disseminated.

## Occupational health and safety report

1.42 The Commission's health and safety policy is published and is available to all staff. In addition, procedures and risk assessments are in place covering the Commission's core activities.

1.43 A Health and Safety group oversees the Commission's arrangements but the primary responsibility rests with line management. The group meets on a quarterly basis and reports to the Commission's Management Team.

1.44 The Commission initiates independent health and safety audits at all of its premises each year. In addition, the internal auditor reviews the Commission's compliance with statutory and regulatory requirements in this area and reports its findings to the Health and Safety group for consideration and action as appropriate.

## Environmental policy

1.45 Among the initiatives which the Commission has taken in relation to environmental matters are:

- completed the investigation of the possibility and viability of carbon offsetting the organisation's air travel
- continuing to use double-sided printing as the default setting for printers, and printing on recycled paper

- encouraging staff to use public transport, for instance through the provision of Oyster cards for business travel in London, and issuing non-London offices with their own Oyster cards for travel in to London

## Equal opportunities and diversity

1.46 The Commission is committed to the principle of equality of opportunity and values diversity. It opposes all forms of discrimination and is committed to the principle that no job applicant or employee shall face discrimination. The Commission has equality schemes covering race, disability and gender. It also has a separate equality scheme for Northern Ireland.

## Disability

1.47 The Commission is committed to ensuring that disability is not a bar to recruitment or to advancement and has successfully retained the 'Two Ticks' Disability Symbol. The symbol is awarded to employers who have agreed to meet five commitments regarding the recruitment, employment and retention and career development of disabled people.

1.48 This award enhances the Commission's existing working practices so that no job applicant or employee is discriminated against due to a disability. The Commission is a member of the Employer's Forum on Disability and staff receive a copy of the Employer's Forum on Disability booklet *Welcoming Disabled Customers* as part of the Commission's work to increase awareness about working with, communicating with, and providing services to disabled people.

## Sickness absence

1.49 In 2009-10 the average number of days for sickness absence was 4.7 per employee compared with 4.8 in 2008-09. The Electoral Commission is committed to the health and well-being of all staff and promotes a well-balanced life style. There is a comprehensive sickness absence policy available on the intranet, along with a guide for managers on dealing with staff absence. The Commission offers healthcare for all staff through a corporate membership to Benenden Healthcare. Other events to promote health and well-being awareness include a well-being week in January each year. The Commission monitors sickness absence and reports quarterly on this to help ensure sickness absence is tackled and levels remain low.

## Personal data related incidents

1.50 There were no protected personal data related incidents reported to the Information Commissioner's Office over the financial year nor any such incidents in previous financial years. There was one complaint raised with the ICO regarding management of personal data by an employee which proved to be unfounded.

- 1.51 There were four incidents concerning personal data that were identified through internal monitoring controls. These included two instances where a removable device was lost or stolen and later recovered; one instance of a third party providing inaccurate personal information and one instance of a third party organisation mishandling personal data. None of these incidents resulted in the loss or misuse of personal data.
- 1.52 A statement of actions to manage information risk is set out in the Statement on Internal Control on pages 23 to 29.

### Events after the reporting date

- 1.53 There have been no events since the Statement of Financial Position date that would affect the financial statements for the year ended 31 March 2010.

The events affecting financial statements for year ending 31 March 2011 are:

- The Local Government Boundary Commission for England (LGBCE) has now been set up as an independent organisation from 1 April 2010 to focus on reviews of local authority electoral arrangements in England.
- Transfer of LGBCE assets and liabilities in 2010-11 was under statutory transfer agreement and any outcomes of reviews that are still outstanding relating to prior years are now the responsibility of LGBCE.
- Cessation of the partnership grants scheme on 31 March 2010
- It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that the Electoral Commission provides to employees.

### Disclosure of audit information to the auditors

- 1.54 As far as the Accounting Officer is aware, there is no relevant audit information of which the Commission's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken, to make himself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

**Peter Wardle**  
**Chief Executive and Accounting Officer**  
**14 July 2010**

## 2 Remuneration report

### The Commissioners and Deputy Commissioners and their remuneration

- 2.1 Commissioners, the first of whom were appointed on 19 January 2001, are appointed by Royal Warrant to exercise the functions of the Commission as described in the Political Parties, Elections and Referendums Act 2000. The Chair of the Commission is appointed on a part time, three day a week basis, and the other Commissioners worked between 3-12 days per month.
- 2.2 The following Commissioners served during the year:
- Jenny Watson (Chair)
  - Karamjit Singh CBE (until 18 January 2010)
  - Max Caller CBE
  - Henrietta Campbell CB
  - Ian Kelsall OBE DL
  - John McCormick
  - Tony Hobman (from 19 January 2010)
- 2.3 A recruitment process, which was overseen by the Speaker's Committee and independently assessed, was undertaken in 2009 to appoint a successor to Karamjit Singh CBE, whose term of office ended on 18 January 2010.
- 2.4 The Chair, Jenny Watson, was appointed from 1 January 2009 to 31 December 2012. Max Caller CBE and Henrietta Campbell CB were appointed from 19 July 2007 to 31 December 2011. Ian Kelsall OBE DL and John McCormick were appointed from 19 January 2008 to 31 December 2012. Tony Hobman was appointed from 19 January 2010 to 31 December 2013.
- 2.5 The House of Commons has resolved that fees for the Commissioners shall increase on 1 April each year (by the percentage increase paid for High Court Judges).
- 2.6 The fees for Commissioners are paid out of the Consolidated Fund, as may be specified in a resolution of the House of Commons. Commissioners were paid a daily fee of £359 for the period 1 April 2009 to 31 March 2010 (2008–9: £354). The Chair receives a salary direct from the Consolidated Fund. Tony Hobman waived his fees during 2009/10.
- 2.7 The pension arrangements for Commissioners may be provided for by the House of Commons in a resolution. The only provision made under this section is for the Chair of the Commission.
- 2.8 The Commission appointed Deputy Commissioners under the powers contained in Section 15(1) of the Political Parties, Elections and Referendums Act 2000.
- 2.9 The following Deputy Commissioners served during the year:
- Joan Jones CBE
  - Professor Colin Mellors
  - Jane Earl

- Professor Ron Johnston (until his resignation on 8 July 2009)
- Dr Peter Knight CBE

- 2.10 Joan Jones was reappointed for a period of one year from 1 January 2009 until 31 December 2009. Professor Colin Mellors was reappointed for a period of 2 years from 1 April 2009 until 31 March 2011. Jane Earl and Professor Ron Johnston were appointed from 1 April 2008 to 31 March 2011. Dr Peter Knight CBE was appointed from 25 October 2007 to 24 October 2010. Professor Johnston resigned on 8 July 2009.
- 2.11 The Commission agreed in 2008, until further notice that a year-on-year increase in the daily fee rate of Deputy Commissioners, should be in line with that of Commissioners as stated in point 2.5.
- 2.12 Deputy Commissioners receive a daily fee which is determined by the Commission under Schedule 1(6) of the Political Parties, Elections and Referendums Act 2000. Their remuneration is included in the figures for 'others' in note 9 to the accounts. They were paid a daily fee of £316 (2008–09: £311) for the period 1 April 2009 to 31 March 2010.
- 2.13 The salary and fees paid from the Consolidated Fund to the Commissioners during 2009–10 were as follows:

Name	2009–10 Salary or Fees £	2008–09 Salary or Fees £
Jenny Watson (Chair)*	100,375	24,125
Max Caller CBE	13,090	15,381
Max Caller CBE (Chair BCfE)	27,809	37,443
Henrietta Campbell CB	24,768	24,888
John McCormick	24,372	23,315
Ian Kelsall OBE DL	13,275	18,812
Karamjit Singh CBE	6,803	14,834
Tony Hobman	-	-

\*When the 2008-09 Resource Accounts were prepared and audited the Commission was advised by Xafinity Paymaster that the fees paid from the Consolidated Fund to Jenny Watson (Chair) in 2008-09 were £24,125, as in the table above. It has now been agreed that the payment was £25,000.

For pension arrangements see section 1.28

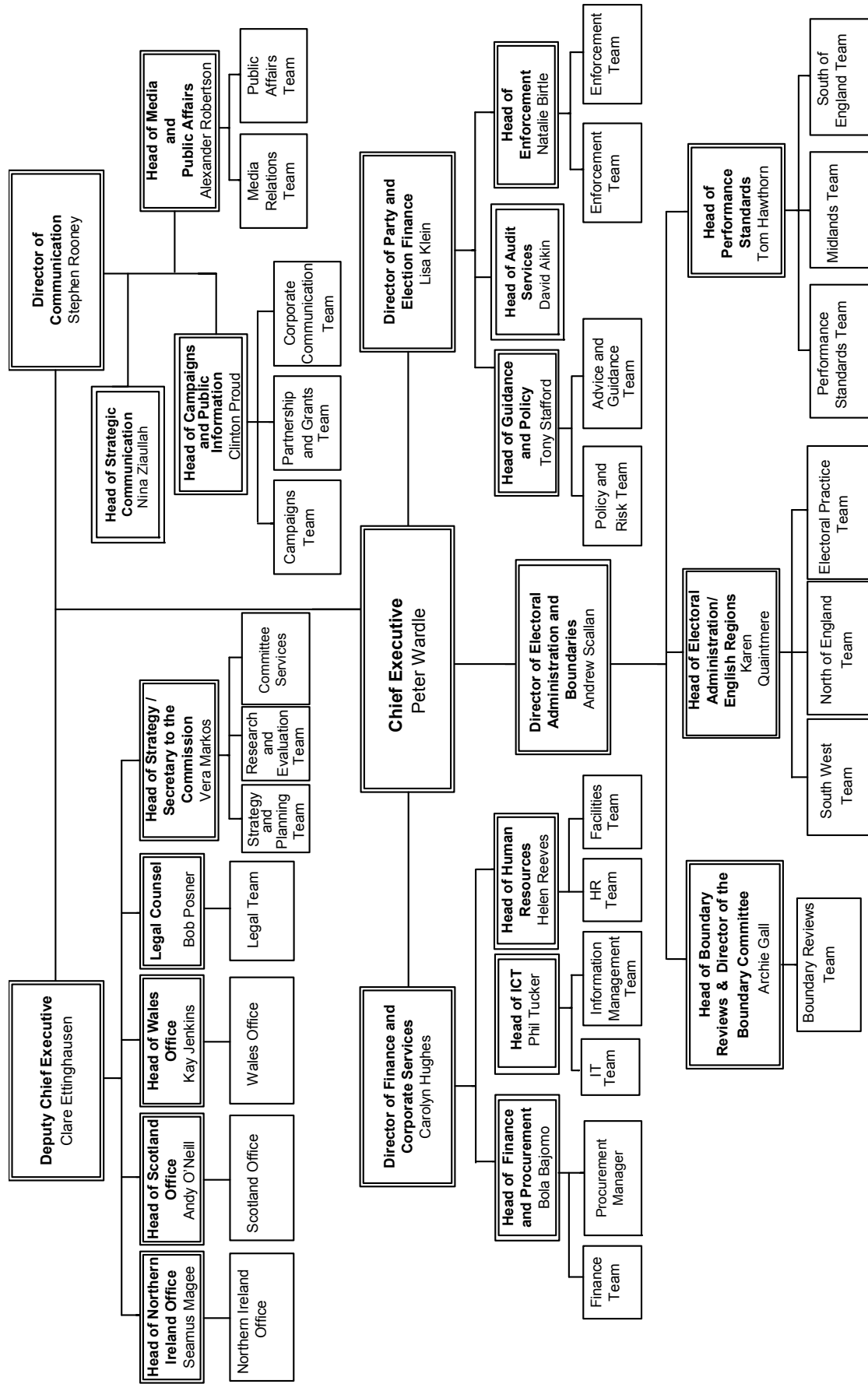
- 2.14 The fees paid by the Commission to the Deputy Commissioners for the Boundary Commission for England (BCfE) activities during the year were as follows:

Name	2009–10 £	2008–09 £
Joan Jones CBE	12,831	31,038
Professor Ron Johnston	5,668	24,382
Professor Colin Mellors	8,690	21,844
Dr Peter Knight CBE	8,910	17,000
Jane Earl	9,225	18,172

- 2.15 From 1 April 2010 all the Deputy Commissioners moved to LGBCE as Commissioners and future fees will be paid by the Consolidated Fund.

## Executive Team

- 2.16 Peter Wardle was appointed as Chief Executive by the Commissioners on 1 December 2004. The Speaker's Committee also designated him the Commission's Accounting Officer. The Chief Executive's contract of employment is for an indefinite period up to the normal civil service pension scheme retirement age. Under the current arrangements he may choose to retire and draw pension at any age between 60 (pension age) and 65 (retirement age). The termination of his employment will be a matter for the Commissioners.
- 2.17 The Executive Team is the Chief Executive's forum for strategic decisions and is responsible for advising Commissioners on aims and objectives and for ensuring they are met.
- 2.18 The Executive Team consists of:
- Chief Executive- Peter Wardle
  - Deputy Chief Executive- Clare Ettinghausen (maternity leave from February 2010)
  - Director of Party and Election Finance- Lisa Klein
  - Director of Electoral Administration and Boundaries- Andrew Scallan
  - Director of Communication- Stephen Rooney
  - Director of Finance and Corporate Services - Carolyn Hughes (Acting Deputy Chief Executive from February 2010)
- 2.19 The structure is set out on the following page.



- 2.20 The remuneration of the Commission's Chief Executive and the Executive Team is funded through the Commission's Supply Estimate and accounted for in the Commission's resource accounts.
- 2.21 Unless otherwise stated below, the people covered by this report hold appointments which are open-ended until they reach Commission retirement age of 65, although staff have the option to retire and draw pension at any age between 60 and 65. Early termination, with qualifying service other than for misconduct, would normally result in the individual receiving compensation as set out in the Civil Service Compensation Scheme which may be accessed at [www.civilservice.gov.uk/my-civil-service/pensions/index](http://www.civilservice.gov.uk/my-civil-service/pensions/index)
- 2.22 Andrew Scallan, who is Head of Statutory Services at Manchester City Council, is working on secondment to the Commission as Director of Electoral Administration and Boundaries. The secondment is currently due to end on 31 December 2011.
- 2.23 The remuneration of the Chief Executive and the Executive Team is agreed by the Remuneration Committee composed of three Commissioners. In setting the remuneration the Remuneration Committee have regard to the following considerations:
- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
  - the Commissioners' policies for improving the Commission, including the requirement to meet its output targets for the delivery of Commission's services
  - the funds available to the Commission as set out by Parliament
- 2.24 This Committee takes account of wider economic considerations and the affordability of their recommendations.
- 2.25 Appointment to the Executive Team is on merit and follows open competition

## Executive Team emoluments

- 2.26 The salary and pension entitlements of the Executive Team of the Commission were as follows:

Name	2009-10	2009-10	2008-09	2008-09
	Salary £	**Benefits in Kind £	*Salary £	**Benefits in Kind £
Peter Wardle - Chief Executive	121,800	-	120,000	-
Clare Ettinghausen - Deputy Chief Executive*	97,856	-	93,996	-
Carolyn Hughes - Director of Finance and Corporate Services	92,420	-	91,054	-
Stephen Rooney - Director of Communication	92,420	-	91,054	-
Andrew Scallan** - Director of Electoral Administration and Boundaries	92,420	32,240	91,054	30,375
Lisa Klein - Director Party and Election Finance	92,420	-	91,054	-

\* In 2008-09 Clare Ettinghausen received £2,414 less than the contractual salary of £96,410 due to planned absence

\*\* Accommodation costs in support of secondment arrangement. The Commission makes a payment to HM Revenue & Customs to cover the tax liability which arises on these payments.

All the Executive team members except Andrew Scallan (see 2.22) are employed on a permanent basis and their notice period is 3 months.

The information in paragraphs 2.26 and 2.27 of this Remuneration Report is audited.

2.27 Salary includes gross salary. No bonuses, overtime or any other allowance were paid. This report is based on payments made by the Commission and thus recorded in these accounts.

<b>Name</b>	<b>Accrued pension at age 60 as at 31 March 2010 and related lump sum</b>	<b>Real increase in pension and related lump sum at age 60</b>	<b>CETV at 31.3.10</b>	<b>CETV at 31.3.09</b>	<b>Real increase in CETV</b>	<b>Employer contribution to partnership pension account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Peter Wardle Chief Executive	40-45: 120-125	0-2.5 5-7.5	664	593	35	–
Clare Ettinghausen Deputy Chief Executive	5-10 N/A	7.5-10 N/A	73	12	9	2
Lisa Klein Director of Party and Election Finance	5-10 N/A	0-2.5: N/A	202	161	28	–
Stephen Rooney Director of Communications	5-10 N/A	0-2.5: N/A	79	57	15	–
Carolyn Hughes Director of Finance and Corporate Services	0-5 N/A	0-2.5: N/A	66	40	20	–
Andrew Scallan* Director of Electoral Administration and Boundaries	–	–	–	–	–	–

\*Andrew Scallan, who is on secondment to the Commission, has pension benefits provided by his employer, Manchester City Council.

2.28 Peter Wardle's pension disclosures reflects his entitlement for the full period of employment within the Commission together with service transferred from his previous employer, rather than reflecting entitlement since joining the Commission.

## Pensions

2.29 Pension benefits for Commission staff are provided through the Civil Service pension arrangements.

2.30 From 30 July 2007, employees of the Commission have had a choice between an occupational pension scheme ("Nuvos") that provides a pension based on pensionable earnings in each year of membership to the scheme and the Retail Price Index, or a "Partnership" pension which is a 'money purchase' stakeholder arrangement with a significant employer contribution.

2.31 New entrants to the Commission before 30 July 2007 but after 1 October 2002 had a choice between membership of "Premium" (a statutory based 'final salary' defined benefit scheme) or a "Partnership" pension.

- 2.32 Employees of the Commission prior to 1 October 2002 may be in one of three statutory based 'final salary' defined benefit schemes ("Classic", "Premium", and "Classic Plus"). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under "Classic", "Premium" and "Classic Plus" are increased annually in line with changes in the Retail Prices Index.
- 2.33 Employee contributions are set at the rate of 1.5% of pensionable earnings for "Classic" and 3.5% for "Nuvos", "Premium" and "Classic Plus". Benefits in "Classic" accrue at the rate of  $1/80^{\text{th}}$  of pensionable salary for each year of service. In addition, a lump sum equivalent to  $3/80^{\text{th}}$  of final pensionable pay is payable on retirement. For "Premium," benefits accrue at the rate of  $1/60^{\text{th}}$  of final pensionable earnings for each year of service. Unlike "Classic", there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). "Classic Plus" is essentially a variation of "Premium", but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in "Classic". Benefits for "Nuvos" mean employees earn 2.3% of their pensionable earnings towards their pension each year they are in the scheme. Similarly to "Premium" there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum).
- 2.34 The "Partnership" pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).
- 2.35 The accrued pension quoted is the pension the member is entitled to receive when he or she reaches 60 for "Classic", "Classic Plus" and "Premium" pension schemes and 65 for the "Nuvos" pension scheme; or immediately on ceasing to be an active member of the scheme if that member is over 60 or 65 respectively.
- 2.36 Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

## Cash equivalent transfer values

- 2.37 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in his/her former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of his/her total membership of the pension scheme, not just the service in a senior capacity to which disclosure applies. The CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the

scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

### Real increase in the Cash Equivalent Transfer Value (CETV)

- 2.38 This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Peter Wardle**  
**Chief Executive and Accounting Officer**  
**14 July 2010**

### **3 Statement of Accounting Officer's Responsibilities**

- 3.1 Under the Political Parties, Elections and Referendums Act 2000, the Electoral Commission is required to prepare resource accounts for each financial year, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Commission during the year.
- 3.2 The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.
- 3.3 In preparing the accounts, the Accounting Officer is required to comply with the *Government Financial Reporting Manual (FReM)* prepared by HM Treasury, and in particular to:
- observe 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 *FReM* have been followed, and disclose and explain any material departures in the accounts
  - prepare the accounts on a going concern basis
- 3.4 In accordance with paragraph 19(1) of Schedule 1 to the Political Parties, Elections and Referendums Act 2000, the Speaker's Committee on the Electoral Commission has designated the Chief Executive as Accounting Officer of the Electoral Commission, with responsibility for preparing the Commission's accounts and for transmitting them to the Comptroller and Auditor General.
- 3.5 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 Commission's assets, are set out in *Managing Public Money* published by HM Treasury.

## Statement on internal control

### Scope of responsibility

- 4.1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Electoral Commission's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I have been designated as the Accounting Officer for the Electoral Commission by the Speaker's Committee. The Committee's functions are set out at paragraph 1.23. I am responsible for the propriety and regularity of finances and ensuring that proper records are kept and that assets are safeguarded.

### The purpose of the system of internal control

- 4.2 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 ongoing process designed to:

- identify clearly the Commission's policies, aims and objectives, reviewing and updating them as necessary
- monitor the achievement of the Commission's objectives
- identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically
- report regularly to the Commission's senior management and to the Electoral Commission Board

- 4.3 The system of internal control has been in place in the Commission for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

- 4.4 Under the Commission's risk management arrangements, responsibility for identifying, assessing and managing the key risks which could affect the achievement of the Commission's policies, aims and objectives and which need to be managed lies with the members of the Executive Team and the Executive Team has discharged this responsibility during the year. The Executive Team is supported in identifying, assessing and managing risks by the managers who report directly to Executive Team members, and by staff in the Commission's Strategy and Planning Team who help to keep the risk management process under regular review.

- 4.5 The Commission's risk management processes are designed to:

- maintain a clear framework across the organisation within which risks are identified, assessed, managed and regularly reviewed
  - assign specific responsibility for managing risks to the achievement of objectives in their area of responsibility to individual Executive Team members (including managing risks to significant projects in their capacity as Senior Responsible Officers for those projects)
  - ensure that the significance and impact of risks are assessed on a consistent basis
  - ensure that risks are regularly reviewed, and that new risks are identified and managed within the process
- 4.6 The Commission's risk management framework is regularly reviewed by the Audit Committee and changes arising from each review are implemented across the organisation promptly. The most recent review led to updated guidance for staff at all levels of the Commission and that updated guidance is currently being provided to staff.
- 4.7 Training on the Commission's risk management framework is provided to those managers identified as needing it, and also forms part of the Commission's training package for staff wishing to move into management roles. The Commission aims to ensure that all its managers are properly trained in risk management.
- 4.8 The Commission's arrangements for managing risk were subject to internal audit review in 2008-09. A follow-up review during 2009-10 concluded that the organisation had made good progress in implementing actions agreed following the 2008-09 review.

## The risk and control framework

- 4.9 The Commission reviewed and updated its risk management framework during 2009-10. The risk management strategy, which is available to all staff on the Commission's intranet:
- provides a definition of risk
  - raises awareness of the principles and benefits involved in the risk management process
  - identifies the main reporting procedures
- 4.10 The Commission identifies strategic, corporate and operational level risks. Strategic and corporate risks, the approach to managing those risks, and the success of the risk management approach are regularly reviewed by the Executive Team and the Audit Committee. Operational level risks are managed by the managers who report directly to members of the Executive Team, and are escalated as appropriate to the Executive Team. The quarterly risk reporting cycle is aligned with the Commission's reporting cycle for performance and finance.
- 4.11 Risks are identified and evaluated in the following ways:
- All key decisions are taken against a background analysis of risk, with recommendations on actions to mitigate risk, most often documented in decision papers for the Commission Board and Executive Team.

- As part of their quarterly review of risk, the Commission Board and Executive Team consider whether new risks should be added to the risk registers.
- Managers and staff are expected and encouraged to identify risks to the achievement of objectives in their area. Risks are also identified in the process of planning; managing projects; reviewing specific issues such as health and safety; training activities; and audits.
- Each identified risk is assigned to a “risk owner”, who is required formally to review its likelihood and impact, and the actions to mitigate it, at least once every quarter in order to keep the risk register up to date – in practice, most managers reviewed their risks on a monthly basis.
- Comprehensive budgeting and financial reporting systems are agreed by senior management and indicate financial performance against budgets and forecasts. They are reviewed by senior management and reported to the Commission Board regularly.
- A Resource Forum meets monthly, chaired by the Director of Finance and Corporate Services. Its remit is to review financial performance across the Commission and to agree corrective action where necessary.
- A Capital Programme Board meets monthly, chaired by the Director of Finance and Corporate Services. Its remit includes ensuring that as part of the delivery plans for capital projects, risks are adequately identified and managed in accordance with the Commission’s risk management framework.

4.12 The most significant risks faced by the Commission continue to be those which might inhibit our ability to achieve our key objectives of effectively regulating party and election finance and successfully ensuring that elections and electoral registration are well run. The Commission Board and the Executive Team considered the key risks in setting the Commission’s objectives for the year and reviewed these periodically during the year. Overall, the Commission made good progress against these key objectives during the year, although it remains the case that certain issues not directly controlled by the Commission have the potential to inhibit our ability to fully achieve our key objectives – for example, the Commission does not directly manage the delivery of elections and electoral registration, operating instead through a framework of advice, guidance and performance assessment which does not guarantee that all those involved in delivery will perform to the standards the Commission sets out.

## Information governance

4.13 The Commission has thoroughly reviewed its information risks over the past two years, including an audit of information security; an assessment of risk to our information assets; an analysis of our management of information and communication technology, and of our information, against the ISO27001 standard for information security management; and an assessment of how closely our management of information follows the data handling guidelines issued by the Cabinet Office. The Commission has opted to follow the Cabinet Office’s recommendations on information security and is complying with the Cabinet Office Security Policy Framework and using the Government’s Information Assurance Maturity Model to measure progress.

- 4.14 This wide-ranging review has informed a work programme carried out over the past year which has included:
- preparing a full set of information management policies, including a new information security policy
  - appointing an Information Manager with specific responsibility for information governance and data protection
  - a mandatory programme of information security training for all Commission staff
  - a full audit of information assets and ensuring that an identified individual is responsible for every such asset
  - improvements to physical security, including protecting laptops and PDAs against unauthorised access
  - a major upgrade of the IT infrastructure to provide a more resilient and robust service which will better guarantee information integrity and availability
- 4.15 The Audit Committee oversees the Commission's approach to managing information risk. During 2009-10 the Audit Committee received and reviewed an annual report on information governance, and also the results and recommendations of a further audit of information governance.

## Review of effectiveness

- 4.16 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, by the work of the internal auditors and by comments made by the external auditors in their management letter and other reports. I have been advised on my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- 4.17 The effectiveness of the system of internal control was maintained and reviewed in the following ways:
- The Commission Board met regularly to consider the strategic direction of the Commission, to review and revise its objectives and to review its performance against its objectives. The Commission Board comprises the six Electoral Commissioners, and its formal meetings are attended by all members of the Commission's Executive Team, the Commission's Legal Counsel and other Commission staff as required.
  - The Audit Committee, comprising three of the Electoral Commissioners and an independent external member, met three times during the year with the internal and external auditors in attendance. Commission staff, including the Chief Executive and Director of Finance and Corporate Services, also attended meetings of the Committee, except for the Committee's regular private discussions with the auditors. The Committee reviewed the approach to risk

management and the statement on internal control. It approved a programme of audit and reviews for the year ended 31 March 2010 and monitored its achievement. The Committee reported on its work to the Commission Board. The Commission Board has decided to appoint the independent external member as Chair of the Audit Committee from 2010-11 onward. The Head of Internal Audit has direct access to the Chair of the Audit Committee.

- The Commission's internal auditors during 2009-10 were RSM Tenon. Their internal audit reviews adhere to the standards defined in the Institute of Internal Auditors' Professional Practices Framework and the Government Internal Audit Standards, and offer an independent opinion on the adequacy and effectiveness of the Commission's system of internal control. The agreed programme of audit, which was approved by the Audit Committee, and was drawn up based on an analysis of risks facing the Commission, was completed. In relation to each of their audits, the internal auditors provided reports which included their key findings; an indication of the level of assurance that could be based on their findings; and recommendations for action to strengthen any control weaknesses. Internal audit reports are addressed to the appropriate directors and to the Audit Committee, and copies of all internal audit reports are provided to the external auditors for information.
- The National Audit Office has also provided reports to management that inform my review of the system of internal control. These reports are also reviewed by the Audit Committee.
- The Audit Committee monitors which recommendations from internal and external audit reports are accepted, and the implementation of all accepted recommendations.
- During the course of the year, internal audit carried out eleven assurance reviews, two received a substantial opinion (Human Resources and Strategic Planning), seven were provided with adequate assurance with the remaining two (Campaigns and the Business Continuity Planning/Disaster Recovery), had a limited, rather than 'adequate assurance opinion, but I was satisfied that the control weaknesses identified in these reports were not sufficient to introduce significant risks to the Commission's activities.
- The Head of Internal Audit's opinion regarding the adequacy and effectiveness of the Electoral Commission's arrangements for governance, risk management and control in 2009-10 was:
  - Governance: "amber"
  - Risk Management: "green"
  - Control: "amber"
- I am satisfied that the control weaknesses identified in internal audit reports during the year were not sufficient to introduce significant risks to the Commission's policies, aims and objectives, or material errors in the Commission's financial statements. I am also satisfied that these identified weaknesses have been, or

are being, addressed through appropriate action in line with the internal auditors' recommendations.

- The Commission's Executive Team, which comprises the Chief Executive and the executive directors who report to me, met weekly to manage the delivery of the Commission's objectives in line with the strategic direction set by the Commission Board, addressing ongoing issues and risks in the process. The Executive Team received monthly reports on progress with key projects and initiatives, and quarterly reports on performance, finance and risk management across the Commission. As well as frequent informal discussions, I met each member of the Executive Team each month to review operational and financial performance.
- The Commission operates a comprehensive personal performance management framework, designed to ensure that each member of staff has clear objectives and that their success in achieving these objectives is assessed in a structured way. The framework also provides an opportunity to ensure that staff have access to the training and development they need in order to carry out their responsibilities as required.

4.18 The Commission faced a significant operational risk during 2009-10, relating to the adequacy of systems for recording and delivering information on party and election finance. Our project to develop and implement a new online system in this area - "PEF Online" - faced delays. Following detailed negotiations with our supplier we agreed on how to deal with a large number of outstanding problems with the system under development, and to bring the project back onto a strictly managed timetable. We also assigned an additional senior manager to the project to ensure it was closely controlled. This approach has been successful and - subject to a review of progress (following good project management practice) - we expect to invite external users to test the system in the autumn of 2010, and for the system to go live by the end of 2010. Although this will be later than originally planned, we are confident that the system will successfully deliver the functions and benefits we want from it.

4.19 Financial assistance, in the form of grants, is paid to certain qualifying political parties to provide them with a policy development function in accordance with Section 12 of the Political Parties, Elections and Referendums Act 2000. In administering the scheme, the Commission requires each recipient party to certify, through its authorised party officers, that expenditure has been incurred for the purposes of policy development. In addition, the Commission's staff also carry out audits of the claims to ensure that grant monies have been spent for the purposes intended. Finally, each party is required to confirm through an external auditor's certificate that expenditure has been spent in accordance with the requirements of the grant. The Commission reserves the right to recover the grant, in whole or in part, to the extent that it is not used for eligible expenditure. I confirm that the scheme has been administered in accordance with the requirements of the law.

4.20 The Commission continues to keep its internal control arrangements under review in response to internal and external developments.

4.21 The Commission delivered its key objectives, using 97% of the available resources in 2009-10.

## Significant internal control weaknesses

- 4.22 There are no significant internal control weaknesses to report in 2009-10 that affected the achievement of the Commission's key policies, aims and objectives.

**Peter Wardle**  
**Chief Executive and Accounting Officer**  
**14 July 2010**

## **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the Electoral Commission for the year ended 31 March 2010 under the Political Parties, Elections and Referendums Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, the Statement of Operating Costs by Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that Report as having been audited.

### **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 applicable law and 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 Electoral Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Electoral Commission; and the overall presentation of the 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 the Electoral Commission's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, operating costs applied to strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Political Parties, Elections and Referendums Act 2000.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Political Parties, Elections and Referendums Act 2000; and
- 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 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 Statement on Internal Control 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**  
**151-157 Buckingham Palace Road**  
**Victoria**  
**London**  
**SW1W 9SS**

16<sup>th</sup> July 2010

## Statement of Parliamentary Supply

for the year ended 31 March 2010

### Summary of Resource Outturn 2009-10

	Estimate			Outturn			2009-10 £000	2008-09 £000
	Note	Gross Expenditure	A in A**	Net Total	Gross Expenditure	A in A	Net Total	Outturn
Request for Resources 1*	3	23,486	18	23,468	22,646	18	22,628	840
<b>Total resources</b>		<b>23,486</b>	<b>18</b>	<b>23,468</b>	<b>22,646</b>	<b>18</b>	<b>22,628</b>	<b>840</b>

\* Amounts required for the year ending 31 March 2010 for expenditure by the Electoral Commission on planning for and carrying out the functions and duties imposed on it by, or by virtue of, the Political Parties, Elections and Referendums Act 2000, the Electoral Administration Act 2006, the Northern Ireland (Miscellaneous Provisions) Act 2005 and the Government of Wales Act 2006 and other relevant enactments: these functions and duties include the registration of political parties, recognised third parties and permitted participants; regulation and reporting of the income and expenditure of political parties, candidates, third parties and permitted participants; making grants to eligible parties for policy development; reviewing and advising on the administration and law of elections and encouraging best practice; providing guidance, and reporting, on the conduct of elections and referendums; determining standards of performance for those administering electoral registration, elections and referendums, and collecting information in relation to those standards and to expenditure on elections etc.; conducting certain referendums; promoting public awareness of electoral systems; undertaking boundary, structural and other reviews of local authority areas in England; and associated administration and non-cash items.

\*\* Appropriations in aid

Explanations of variances between Estimate and outturn are given in Note 3 on page 43 and on pages 6 to 7 of the foreword.

### Net cash requirement 2009-10

	Note	Estimate	Outturn	2009-10 £000	2008-09 £000
Net cash requirement	5	23,395	22,779	616	23,382

**Summary of the income payable to the Consolidated Fund**

In addition to appropriations in aid, the following income relates to the Commission and is payable to the Consolidated Fund (cash receipts being shown in italics)

		2009-10 £000 Forecast		2009-10 £000 Outturn	
	Note	Income	Receipts	Income	Receipts
<b>Total</b>	7	<u>100</u>	<u><i>100</i></u>	<u>25</u>	<u><i>25</i></u>

## Operating Cost Statement

For the year ended 31 March 2010

				2009-10	2008-09
				£000	(Restated)
	Note	Staff Costs	Other Costs	Income	£000
<b>Administration Costs:</b>					
Staff costs	9	8,881			8,677
Other administration costs	10		10,780		10,524
Operating income	12			(43)	(32)
<b>Request for resources 1</b>					
Programme costs	11		2,985		3,294
<b>Totals</b>		<u>8,881</u>	<u>13,765</u>	<u>(43)</u>	
<b>Net Operating Cost</b>				<u>22,603</u>	<u>22,463</u>

## Statement of Financial Position

as at 31 March 2010

		2010	2009	2008
		£000	(Restated) £000	(Restated) £000
	Note	<u>          </u>	<u>          </u>	<u>          </u>
<b>Non-current assets</b>				
Property, plant and equipment	14	440	643	751
Intangible assets	15	1,512	1,071	489
<b>Total non-current assets</b>		<b>1,952</b>	<b>1,714</b>	<b>1,240</b>
<b>Current assets:</b>				
Trade and other receivables	18	229	128	287
Cash and cash equivalents	19	140	921	147
<b>Total current assets</b>		<b>369</b>	<b>1,049</b>	<b>434</b>
<b>Total assets</b>		<b>2,321</b>	<b>2,763</b>	<b>1,674</b>
<b>Current liabilities</b>				
Trade and other payables	20	(3,140)	(3,767)	(3,636)
<b>Total current liabilities</b>		<b>(3,140)</b>	<b>(3,767)</b>	<b>(3,636)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>(819)</b>	<b>(1,004)</b>	<b>(1,962)</b>
<b>Non-current liabilities</b>				
Provisions	21	(285)	(410)	(488)
<b>Total non-current liabilities</b>		<b>(285)</b>	<b>(410)</b>	<b>(488)</b>
<b>Assets less liabilities</b>		<b>(1,104)</b>	<b>(1,414)</b>	<b>(2,450)</b>
<b>Taxpayers' equity:</b>				
General fund		(1,353)	(1,521)	(2,540)
Revaluation reserve		249	107	90
<b>Total taxpayers' equity</b>		<b>(1,104)</b>	<b>(1,414)</b>	<b>(2,450)</b>

**Peter Wardle**  
Accounting Officer

14 July 2010

## Statement of Cash Flows

for the year ended 31 March 2010

		2009-10 £000	2008-09 £'000
	Note		
<b>Cash flows from operating activities</b>			
Net operating costs		(22,603)	(22,463)
Adjustments for non-cash transactions	10	669	816
(Increase)/Decrease in trade and other receivables		(100)	159
less movements in receivables relating to items not passing through the OCS	18	(3)	-
(Increase)/Decrease in trade payables	20	(627)	(516)
less movements in payables relating to items not passing through the OCS	20	745	-
Use of provisions	21	(109)	(354)
Net cash outflow from operating activities		<u>(22,028)</u>	<u>(22,358)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(60)	(267)
Purchase of intangible assets	15	(682)	(738)
<b>Net cash outflow from investing activities</b>		<u>(742)</u>	<u>(1,005)</u>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		21,997	24,156
<b>Net financing</b>		<u>21,997</u>	<u>24,156</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		(773)	793
Payments of amounts to the Consolidated Fund		(8)	(19)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>			
		<u>(781)</u>	<u>774</u>
Cash and cash equivalents at the beginning of the period	19	<u>921</u>	<u>147</u>
Cash and cash equivalents at the end of the period	19	<u>140</u>	<u>921</u>

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
<b>Balance at 31 March 2008</b>		(2,540)	90	(2,450)
IAS 19 Employee Benefits - 2007/2008		128	-	128
Restated balance at 1 April 2008		(2,412)	90	(2,322)
<b>Changes in taxpayers' equity for 2008-09</b>				
Net gain/(loss) on revaluation of property, plant and equipment			20	20
Non-cash charges – cost of capital	10	(68)	-	(68)
Non-cash charges – auditor's remuneration	10	56	-	56
Transfers between reserves		3	(3)	-
Net operating cost for the year		(22,463)	-	(22,463)
<b>Total recognised income and expense for 2008-09</b>		<b>(22,472)</b>	<b>17</b>	<b>(22,455)</b>
Net Parliamentary Funding – drawn down		24,156	-	24,156
Net Parliamentary Funding – deemed		147	-	147
Supply payable/(receivable) adjustment		(921)	-	(921)
CFERs payable to the Consolidated Fund		(19)	-	(19)
<b>Balance at 31 March 2009</b>		<b>(1,521)</b>	<b>107</b>	<b>(1,414)</b>
<b>Changes in taxpayers' equity for 2009-10</b>				
Net gain/(loss) on revaluation of property, plant and equipment		-	18	18
Net gain/(loss) on revaluation of intangible assets		-	126	126
Non-cash charges – cost of capital	10	(44)	-	(44)
Non-cash charges – auditor's remuneration	10	60	-	60
Transfers between reserves		2	(2)	-
Net operating cost for the year		(22,603)	-	(22,603)
<b>Total recognised income and expense for 2009-10</b>		<b>(22,585)</b>	<b>142</b>	<b>(22,443)</b>
Net Parliamentary Funding – drawn down		21,997	-	21,997
Net Parliamentary Funding – deemed		921	-	921
Supply payable/(receivable) adjustment		(140)	-	(140)
CFERs payable to the Consolidated Fund	7	(25)	-	(25)
<b>Balance at 31 March 2010</b>		<b>(1,353)</b>	<b>249</b>	<b>(1,104)</b>

## Statement of Operating Costs by Strategic Objectives

for the year ended 31 March 2010

	Note	2009-10					2008-09					Total	
		Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Strategic Objective 4	Strategic Objective 5	Total	Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Strategic Objective 4		Strategic Objective 5
<b>Gross Expenditure</b>		6,530	8,197	4,590	-	3,329	<b>22,646</b>	5,103	6,681	3,230	3,585	3,896	<b>22,495</b>
<b>Income</b>		(43)	-	-	-	-	<b>(43)</b>	(32)	-	-	-	-	<b>(32)</b>
<b>Net Expenditure</b>	6	<u>6,487</u>	<u>8,197</u>	<u>4,590</u>	<u>-</u>	<u>3,329</u>	<b>22,603</b>	<u>5,071</u>	<u>6,681</u>	<u>3,230</u>	<u>3,585</u>	<u>3,896</u>	<b>22,463</b>
<b>Total Assets</b>		668	841	471	-	341	<b>2,321</b>	624	822	397	441	479	<b>2,763</b>

Objective 1	Integrity and transparency of party and election finance
Objective 2	Complete and accurate electoral registers supported by a well-run electoral registration process
Objective 3	Well-run elections and referendums which produce results that are accepted
Objective 4	Public understanding of the way our democracy works
Objective 5	Fair boundary arrangements for elections

There were some significant changes to the 2009-10 Corporate Plan that recognised developments within the organisation and changes to the external environment. These included a reduction of the Commission's objectives from five to four. The previous corporate plan had five corporate objectives including, 'Public understanding of the way our democracy works'. This objective was subsequently included as a fundamental part of the other objectives, rather than a separate stand-alone objective. The work that supported it continues to be reflected across the remaining four objectives and costs for 2009-10 have been apportioned accordingly.

In April 2010 the Commission's boundary-related functions (stated as objective 5 above) moved to the Local Government Boundary Commission for England.

## Notes to the Resource Accounts

These financial statements have been prepared in accordance with the 2009–10 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) 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 most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition, to the primary statements prepared under IFRS, the *FReM* also requires the Commission to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Strategic Objectives* and supporting notes analyse the Commission's income and expenditure by the objectives agreed with the Speaker's Committee.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangibles.

### 1.2 Property, Plant and Equipment

Property, Plant and Equipment are carried at fair value. Expenditure on Property, Plant and Equipment over £1,000 is capitalised. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition. Property, Plant and Equipment are restated to current value each year by using indices published by the Office for National Statistics appropriate to each category of asset. Current year additions are not included the revaluation. All non property operational assets are deemed to be short life or low value assets and are therefore valued on the basis of depreciated replacement cost as an approximation of fair value.

### 1.3 Depreciation

Non Current Assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Asset lives are normally in the following ranges:

- |  |             |
|--|-------------|
| • intangible assets                                    | 3 years     |
| • IT hardware  | 3 years     |
| • fixtures and fittings, furniture and other equipment | 1 -10 years |
| • leasehold improvements                               | 5 years     |

## 1.4 Intangible Assets

Purchased computer software licences and the associated costs of implementation are capitalised as intangible assets where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Intangible assets are reviewed annually for impairment and are stated at an approximation of fair value. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Website developments include staff costs which are also capitalised. The indexation value used as published by the Office for National Statistics for Software Licences and IT hardware on base year of 2000-100. Current year additions are not revalued.

## 1.5 Inventories

The full costs of inventory purchases are charged in the year of purchase and are not material to the Account.

## 1.6 Operating income

Operating income relates directly to the operating activities of the Commission. It principally comprises income from registration and re-registration of political parties. It includes not only income appropriated in aid of the Estimate but also income payable to the Consolidated Fund due to fines or penalties paid by political parties which, in accordance with the *FReM*, is treated as operating income.

## 1.7 Operating leases

Rentals payable under operating leases are charged to the operating cost statement on a straight-line basis over the term of the lease.

## 1.8 Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs and, as such, are recognised in the account once the claim is accepted as valid.

## 1.9 Provisions for liabilities and charges

The Commission provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

Following the transfer of the functions of the Local Government Commission for England and the incorporation of its assets and liabilities on 1 April 2002, a provision has been established to meet its obligations with respect to pension payments to certain former Commissioners of that entity.

## 1.10 Value Added Tax (VAT)

VAT is charged to the relevant expenditure category, or if appropriate capitalised with additions to non current assets. Income and expenditure is reported inclusive of VAT, as the Commission is outside the scope of VAT.

## 1.11 Administration and programme expenditure

The Electoral Commission is outside HM Treasury's administration costs control regime. In order to enable the Commission to produce the resource accounts with sufficient detail to provide a true and fair view of the state of affairs, the requirements of the *FReM* have been adopted. For reporting purposes, the same level of detail has been provided in the accounts as a whole, as would be necessary for a government department to provide for expenditure governed by the administrative costs control regime.

The operating cost statement is analysed between administration and programme costs. These include both the administrative costs and the associated operating income. Administration costs reflect the costs of running the Commission. Programme costs reflect non-administration costs being the payments of grants by the Commission.

## 1.12 Capital charge (notional costs)

A charge, reflecting the cost of capital utilised by the Commission, is included in operating costs. The charge is calculated at the real rate set by HM Treasury currently 3.5 per cent on the average carrying amount of all assets less liabilities, except for:

- property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
  - additions at cost
  - disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
  - impairments at the amount of the reduction of the opening statement of financial position value ( plus any subsequent capital expenditure )
  - depreciation of property, plant and equipment and amortisation of intangible assets
- cash balances with the Office of Paymaster General (OPG) and Government banking system (GBS) which are treated as a Consolidated Fund creditor, where the charge is nil

## 1.13 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in note 9. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Commission recognises the expected cost of those elements on a systematic and rational basis over the period during which it benefits

from the employees' services by payment to the Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Schemes. In respect of the defined contribution elements of the schemes, the Commission recognises the contributions payable for the year. Pensions payable by the Commission are accounted for in the period they fall due.

Please refer to note 21.1 for the accounting treatment of the pension for ex-employees of the Local Government Commission for England due to the transfer of its functions and the incorporation of its assets and liabilities on 1 April 2002

#### 1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with International Accounting Standards 37 (IAS 37), the Commission 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 requirements of *Managing Public Money and Government Accounting Northern Ireland*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

#### 1.15 Going concern

The Electoral Commission is a statutory body established under the Political Parties, Elections and Referendums Act 2000. In the opinion of the Commission as long as the provisions of the Act apply it is appropriate to prepare the Commission's accounts on the going concern basis. The Statement of Financial Position as at 31 March 2010 shows negative taxpayers' equity of £1.104m. The future financing of the Commission's liabilities is to be met by grants of supply approved annually by Parliament.

#### 1.16 Research and Development

Expenditure on research is charged to the Operating Cost Statement in the year in which it is incurred. Development expenditure is also recognised in the Operating Cost Statement when incurred unless it meets the specific criteria for capitalisation

## 2. First-time adoption of IFRS

### 2.1 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008

	General Fund £000	Revaluation reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP	(2,412)	90
Adjustments for:		
<i>IAS 19 Employee Benefits - 2007/08</i>	(128)	-
<b>Taxpayers' equity at 1 April 2008 under IFRS</b>	<b>(2,540)</b>	<b>90</b>

### 2.2 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the end of final UK GAAP reporting period 31 March 2009

	General Fund £000	Revaluation reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP	(1,526)	107
Adjustments for:		
<i>IAS 19 Employee Benefits - 2008/09</i>	5	-
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b>(1,521)</b>	<b>107</b>
		<b>£000</b>
Net operating cost for 2008-09 under UK GAAP		22,471
Adjustments for:		
<i>IAS 19 Employee Benefits - 2008/09</i>		(5)
<i>Cost of capital adjustments</i>		(3)
<b>Net operating cost for 2008-09 under IFRS</b>		<b>22,463</b>

## 3. Analysis of net resource outturn

							2009-10 £'000	2008-09 £'000	
Outturn							Estimate		
	Staff cost	Other admin cost	Grants	Gross resource expenditure	A in A	Net Total	Net Total with Estimate	Net Total outturn compared with Estimate	Prior-year outturn
<b>Request for resources 1:</b>									
Section A	8,881	10,780	2,985	22,646	(18)	22,628	23,468	840	22,490
<b>Total</b>	<b>8,881</b>	<b>10,780</b>	<b>2,985</b>	<b>22,646</b>	<b>(18)</b>	<b>22,628</b>	<b>23,468</b>	<b>840</b>	<b>22,490</b>
<b>Resource Outturn</b>	<b>8,881</b>	<b>10,780</b>	<b>2,985</b>	<b>22,646</b>	<b>(18)</b>	<b>22,628</b>	<b>23,468</b>	<b>840</b>	<b>22,490</b>

### Explanation of the variation between Estimate and Outturn

In 2009-10 the introduction of online recruitment, travel framework agreement and a decision to not take an exhibition stand space at the party conferences led to efficiency savings. As a result of delays in some projects and the reprioritisation of other projects in order to fund the cost of the establishment of the Local Government Boundary Commission for England (LGBCE), depreciation was lower than anticipated. There were unclaimed grants from the Partnership Grants budget (2009-10 is the last year) and the Policy Development Grants budget. The review of the contract in relation to the registration campaign aimed at homemovers also contributed to the unused fund.

#### 4. Reconciliation of net resource outturn to net operating cost

			2009-10 £0	2008-09 £0
	Note	Outturn	Supply Estimate	Outturn compared with Estimate
Net Resource Outturn	3	22,628	23,468	840
Prior Period Adjustments		-	-	(8)
Non-supply income (CFERs)	7	(25)	(100)	(75)
<b>Net Operating Cost</b>		<b>22,603</b>	<b>23,368</b>	<b>765</b>
				<b>22,463</b>

#### 5. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving / (excess) £000
Resource Outturn	3	23,468	22,628	840
Capital				
Acquisition of property, plant and equipment	14, 15	777	770	7
Accruals adjustments				
Non-cash items	10	(750)	(669)	(81)
Changes in working capital other than cash		(200)	(59)	(141)
Use of provision	21	100	109	(9)
<b>Net cash requirement</b>		<b>23,395</b>	<b>22,779</b>	<b>616</b>

#### 6. Notes to the Statement of Operating Costs by Strategic Objectives

Programme grants and other current expenditures have been allocated as follows:

	2009-10 £'000	2008-09 £'000
Objective 1: Integrity and transparency of party and election finance	6,487	5,071
Objective 2: Complete and accurate electoral registers supported by a well-run electoral registration process	8,197	6,681
Objective 3: Well-run elections and referendums which produce results that are accepted	4,590	3,230
Objective 4: Public understanding of the way our democracy works	-	3,585
Objective 5: Fair boundary arrangements for elections	3,329	3,896
<b>Total</b>	<b>22,603</b>	<b>22,463</b>

#### 7. Analysis of income payable to the Consolidated Fund

In addition to Appropriations in Aid, the following income relates to the Commission and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2009-10 £000	Outturn 2009-10 £000
		Income	Receipts
Operating income and receipts – excess A in A		-	9
Other operating income and receipts not classified as A in A		100	16
<b>Total income payable to the Consolidated Fund</b>		<b>100</b>	<b>25</b>

## 8. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2009-10 £'000	2008-09 £'000
Operating income	12	43	32
Income authorised to be appropriated in aid		(18)	(13)
Operating income payable to the Consolidated Fund	7	25	19

## 9. Staff numbers and related costs

Staff costs comprise:

	2009-10 £'000		2008-09 £'000		
	Total	Permanently employed staff	Charged to capital	Others**	Total
Wages and salaries	7,139	6,603	34	502	7,098
Social security costs	540	537	3	-	493
Other pension costs	1,245	1,239	6	-	1,144
<b>Sub Total</b>	<b>8,924</b>	<b>8,379</b>	<b>43</b>	<b>502</b>	<b>8,735</b>
Less recoveries in respect of outward secondments	-	-	-	-	(58)
<b>Total net costs*</b>	<b>8,924</b>	<b>8,379</b>	<b>43</b>	<b>502</b>	<b>8,677</b>

\*Of the total £8,924,000, £43,000 has been charged to capital in relation to staff working on capital projects and £8,881,000 to the Operating Cost Statement in 2009-10

\*\*Others include Deputy Commissioners, seconded and agency staff.

The names and remuneration of Commissioners and those of Deputy Commissioners are disclosed in the remuneration report. Their remuneration in respect of the Boundary Committee is included in the figure for 'others'.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007, and details may be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2009-10, employers' contributions of £1,238,233 were payable to the PCSPS (2008-09: £1,123,667) at one of four rates in the range 16.7 to 24.3% per cent (2008-09: 17.1 and 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a Partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,575 (2008-09: £1,686) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,836 being 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the Partnership pension providers at the Statement of Financial Position date were £886. Contributions prepaid at that date were nil.

No pension contributions were paid by the Commission in respect of Commissioners during the period. The Commission is, however, required to pay pensions to certain former Commissioners of the Local Government Commission for England (LGCE). The total provision for these costs was £220,000 at 31 March 2010 (£183,000 at 31 March 2009) – see note 21.1.

There were no employees in 2009-10 and 2008-09 who retired early on ill-health grounds.

### Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows:

	2009-10 Number			2008-09 Number
	Total	Permanent staff	Others	Total
Objective 1: Integrity and transparency of party and election finance	52	48	4	49
Objective 2: Complete and accurate electoral registers supported by a well-run electoral registration process	41	39	2	36
Objective 3: Well-run elections and referendums which produce results that are accepted	41	39	2	38
Objective 4: Public understanding of the way our democracy works	-	-	-	39
Objective 5: Fair boundary arrangements for elections	39	38	1	22
Staff engaged on capital projects	2	2	-	2
<b>Total</b>	<b>175</b>	<b>166</b>	<b>9</b>	<b>186</b>

**10. Other Administration Costs**

	2009-10 £'000	2008-09 £'000
<b>Rentals under operating leases:</b>		
Property rent	1,020	1,025
Equipment	31	25
<b>Other items:</b>		
Staff training and development	364	522
Section 13 expenditure (Administration only)*	4,513	3,668
Consultancy**	971	1,098
Travel and subsistence	225	372
Travel and subsistence – Commissioners & Deputy Commissioners	53	54
Accommodation, maintenance	565	563
Design, production and printing	678	623
Publicity and publications	232	283
Conference/Public Meeting	217	275
Mapping costs	300	224
Postage, Stationery, consumables, courier & warehouse services	155	129
Archiving, Books and Journals cost	91	100
Staff refreshments, working lunches & hospitality	34	53
Internal audit fees	64	65
IT/Telephone	573	606
Bank and Payroll charges	25	23
	<u>10,111</u>	<u>9,708</u>
<b>Non-cash items:</b>		
Depreciation	364	326
Amortisation	303	126
Permanent diminution of non current assets	1	177
Cost of capital charge	(44)	(68)
Auditors' remuneration and expenses***	60	56
Provision provided for in year	49	199
Provision written back	(65)	-
Loss on disposal	1	-
	<u>669</u>	<u>816</u>
<b>Total</b>	<u>10,780</u>	<u>10,524</u>

\*Section 13 of the Political Parties, Elections and Referendums Act 2000 requires the Commission to promote public awareness of current electoral systems in the UK and any pending such systems, together with such matters connected with any such existing or pending systems as the Commission may determine; current systems of local and national government in the UK and any pending such systems; and the institutions of the European Union. Section 13 expenditure is limited by Statutory Instrument: The Electoral Commission (Limit on Public Awareness Expenditure) Order 2002 to £7,500,000 for the 2009–10 financial year (2008–09: £7,500,000). In addition to the Section 13 administration resources expended above, an amount of £1,022,000 (2008-09: £1,337,000) was expended by way of grants to bodies in furtherance of voter education and is included in programme costs (See note 11). Total Section 13 resources for the year amounted to £5,535,000 (2008–09: £5,005,000) and are wholly involved with public awareness as set out in the Order.

\*\*The Consultancy costs are made up of mainly the costs for financial advice on the Structural reviews for the Boundary Committee, legal advice fees and PR Agency retainer fees.

\*\*\*The auditors from the National Audit Office were remunerated for audit and IFRS related work.

## 11. Programme Costs

	2009-10	2008-09
	£000	£000
Policy development grants	1,963	1,957
Partnership grants	1,022	1,337
<b>Total</b>	<b>2,985</b>	<b>3,294</b>

Section 12 of the Political Parties, Elections and Referendums Act 2000 (PPERA) provides for the Electoral Commission to administer a scheme to make payments of policy development grants to registered political parties.

A scheme was proposed by the Commission, and on 7 February 2002, the then Secretary of State for Transport, Local Government and the Regions laid before Parliament the Elections (Policy Development Grants Scheme) Order 2002. The Order came into force on 5 March 2002.

The scheme allows the Commission to allocate up to £2,000,000 each year to registered political parties to assist with the costs of developing policies to be included in manifestos for local government, National Assembly for Wales, Northern Ireland Assembly, or Scottish, Westminster or European Parliamentary elections. To be eligible for inclusion in the scheme, a registered political party must have at least two MPs sitting in the House of Commons on 7 March prior to the year in question, who have sworn the oath of allegiance provided by the Parliamentary Oaths Act 1866.

The annual allocation of £2,000,000 is divided between the eligible parties according to the allocation formula set out in the Scheme.

Section 13 of PERA authorises the Commission to award grants towards education about electoral and democratic systems. The Commission's initial scheme titled New Initiative Fund came to an end and it launched a Partnership grant scheme as a way to involve more people in democracy. Grants are awarded to organisations working with people who do not currently participate in democracy.

## 12. Income

	2009-10	2008-09
	£'000	£'000
<b>Operating Income</b>		
	<b>Total</b>	<b>Total</b>
New Registration	8	3
Re-Registration	8	9
Alteration to Registrations	2	1
Excess Appropriation in Aid	9	-
Penalties paid by Political parties	16	19
<b>Operating income</b>	<b>43</b>	<b>32</b>

### 13. Fees and charges

Although fees are charged for registration and re-registration services (see note 12), the income received is below the threshold in Managing Public Money for separate fees and charges disclosures.

### 14. Property, plant and equipment

	Leasehold Improvements £'000	Office equipments £'000	IT hardware £'000	Furniture & Fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2009	1,889	47	762	324	3,022
Additions	1	50	63	37	151
Disposals	-	-	(66)	-	(66)
Revaluations	39	-	63	(1)	101
<b>At 31 March 2010</b>	<b>1,929</b>	<b>97</b>	<b>822</b>	<b>360</b>	<b>3,208</b>
<b>Depreciation</b>					
At 1 April 2009	1,565	37	518	259	2,379
Charged in year	169	2	165	34	370
Disposals	-	-	(65)	-	(65)
Revaluations	36	-	49	(1)	84
<b>At 31 March 2010</b>	<b>1,770</b>	<b>39</b>	<b>667</b>	<b>292</b>	<b>2,768</b>
<b>Net book value at 31 March 2010</b>	<b>159</b>	<b>58</b>	<b>155</b>	<b>68</b>	<b>440</b>
<b>Net book value at 31 March 2009</b>	<b>324</b>	<b>10</b>	<b>244</b>	<b>65</b>	<b>643</b>
<b>Asset financing:</b>					
Owned	159	58	156	67	440
<b>Net book value at 31 March 2010</b>	<b>159</b>	<b>58</b>	<b>156</b>	<b>67</b>	<b>440</b>

Included in the table above is expenditure on assets to be transferred to LGBCE in 2010-11 of office equipment (£50,000) and furniture and fittings (£33,000). Also included is £91,000 accrued cost for the purchase of property, plant and equipment.

	Leasehold Improvements £'000	Office equipments £'000	IT hardware £'000	Furniture & Fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2008	1,759	32	620	292	2,703
Additions	14	15	212	28	269
Disposals	-	(1)	(9)	(5)	(15)
Revaluations	116	1	(61)	9	65
<b>At 31 March 2009</b>	<b>1,889</b>	<b>47</b>	<b>762</b>	<b>324</b>	<b>3,022</b>
<b>Depreciation</b>					
At 1 April 2008	1,292	24	421	215	1,953
Charged in year	176	13	106	41	335
Disposals	-	(1)	(9)	(5)	(15)
Revaluations	97	1	-	8	106
<b>At 31 March 2009</b>	<b>1,565</b>	<b>37</b>	<b>518</b>	<b>259</b>	<b>2,379</b>
<b>Net book value at 31 March 2009</b>	<b>325</b>	<b>10</b>	<b>244</b>	<b>65</b>	<b>643</b>
<b>Net book value at 31 March 2008</b>	<b>467</b>	<b>8</b>	<b>199</b>	<b>78</b>	<b>751</b>
<b>Asset financing:</b>					
Owned	325	10	244	65	643
<b>Net book value at 31 March 2009</b>	<b>325</b>	<b>10</b>	<b>244</b>	<b>65</b>	<b>643</b>

Property, plant and Equipment are valued using indices published by the Office for National Statistics on base year of 2000=100.

## 15. Intangible Assets

Intangible assets comprise information technology software and IT assets under development

	<b>Information Technology - Software £'000</b>	<b>IT Assets under Development £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 April 2009	844	552	1,396
Additions	210	409	619
Reclassification	187	(187)	-
Revaluation	141	31	172
<b>At 31 March 2010</b>	<b>1,382</b>	<b>805</b>	<b>2,187</b>
<b>Amortisation</b>			
At 1 April 2009	325	-	325
Charged in year	303	-	303
Revaluation	47	-	47
<b>At 31 March 2010</b>	<b>675</b>	<b>-</b>	<b>675</b>
<b>Net book value at 31 March 2010</b>	<b>707</b>	<b>805</b>	<b>1,512</b>
<b>Net book value at 31 March 2009</b>	<b>519</b>	<b>552</b>	<b>1,071</b>
<b>Cost or valuation</b>			
At 1 April 2008	244	443	687
Additions	388	449	837
Reclassification	295	(295)	-
Revaluation	(83)	(45)	(128)
<b>At 31 March 2009</b>	<b>844</b>	<b>552</b>	<b>1,396</b>
<b>Amortisation</b>			
At 1 April 2008	198	-	198
Charged in year	127	-	127
<b>At 31 March 2009</b>	<b>325</b>	<b>-</b>	<b>325</b>

Intangible Assets are valued using indices published by the Office for National Statistics on base year of 2000=100.

IT Assets under development consist of software packages being developed with suppliers and customised to meet the requirements of the Commission. £72,000 of the 2009-10 assets classified as IT assets under development are to be transferred to LGBCE in 2010-11.

Licences have now been included under Information Technology Software.

This note is on an accrual basis and excludes payment in 2009-10 for assets bought in 2008-09 but not paid for until 2009-10. The cash flows statement is on a cash basis so all payments for 2008-09 accrued assets cost have been included in the figure and the 2009-10 accrued cost has been excluded. This leads to the difference of £63,000.

## 16. Financial Instruments (Assets and liabilities)

*IFRS 7 Financial Instruments: Disclosures* require entities to provide disclosures in their financial statements that enable users to evaluate:

- (a) the significance of financial instruments for the entity's financial position and performance; and
- (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

The principles in this IFRS complement the principles for recognising, measuring and presenting financial assets and financial liabilities in *IAS 32 Financial Instruments: Presentation* and *IAS 39 Financial Instruments: Recognition and Measurement*.

As the cash requirements of the Commission are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size.

The Electoral Commission has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities. Therefore, the Commission was exposed to little or no financial, foreign exchange, liquidity or market risk.

The Commission does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (notes 18 and 20).

## 17. Impairments

The Commission's total impairment charge for the year is £NIL. An impairment review of major assets was carried out and the Commission concluded that no impairment had occurred. A revaluation of all assets using market value indices was carried out and the resulting effect was an upward movement in value.

## 18. Trade and other receivables

	2009-10 £'000	2008-09 £'000
<b>Amounts falling due within one year:</b>		
Deposits and advances	34	37
Prepayments and accrued income	195	91
	<u>229</u>	<u>128</u>

There are no trade receivables older than one year.

## 18.1 Intra-Government Balances (Receivable)

	Amounts falling due within one year £'000	
	2009-10	2008-09
Balances with other central government bodies	-	-
Balances with bodies external to government	229	128
<b>Total receivables at 31 March</b>	<b>229</b>	<b>128</b>

## 19. Cash and cash equivalents

	£'000	£'000
Balance at 1 April	921	147
Net change in cash and cash equivalent balances	(781)	774
Balance at 31 March	140	921

The following balances at 31 March were held at:

Government Banking Service (GBS)	140	921
Commercial banks and cash in hand	-	-
Balance at 31 March	140	921

Shown as

Balance 31 March 2009	921	147
Balance 31 March 2010	140	921
<b>Net Increase / (Decrease)</b>	<b>(781)</b>	<b>774</b>
<b>Net Increase / (Decrease)</b>		

## 20. Trade & other payables

	2009-10 £'000	2008-09 £'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	392	275
Trade payables	663	684
Other payables	82	2
Accruals and deferred income	1,847	1,884
Amounts issued from the Consolidated Fund for supply but not spent at year end	140	921
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	16	1
<b>Total payables falling due within one year</b>	<b>3,140</b>	<b>3,767</b>

The Commission has no amounts falling due after more than one year

## 20.1 Intra-Government Balances (Payables)

	Amounts falling due within one year £'000	
	2009-10	2008-09
Balances with other central government bodies	1,268	1,225
Balances with bodies external to government	1,872	2,542
<b>Total payables</b>	<b>3,140</b>	<b>3,767</b>

## 21. Provisions for liabilities and charges

	Pension £'000	Tax and National Insurance £'000	Early departure costs £'000	Other £'000	Total £'000
Balance at 1 April 2009	183	51	64	112	410
Provided in the year	49	-	-	-	49
Provisions not required written back	-	(10)	-	(55)	(65)
Provisions utilised in the year	(12)	(41)	(11)	(45)	(109)
<b>Balance at 31 March 2010</b>	<b>220</b>	<b>-</b>	<b>53</b>	<b>12</b>	<b>285</b>

### Analysis of expected cashflows

	Pension £'000	Tax and National Insurance £'000	Early departure costs £'000	Other £'000	Total £'000
Total payable in the remainder of spending review 2010/11	12	-	11	12	35
Between 2012 and 2016	60	-	34	-	94
Between 2017 and 2021	60	-	8	-	68
Thereafter	88	-	-	-	88
<b>Balance at 31 March 2010</b>	<b>220</b>	<b>-</b>	<b>53</b>	<b>12</b>	<b>285</b>

### 21.1 Pension Liability Statement

The Commission provides for the pension liability for certain former Commissioners of the Local Government Commission for England, following the transfer of functions to the Commission on 1 April 2002.

Pension	<b>£'000</b>
Provision at 1 April 2009	183
Interest Cost	11
Actuarial Loss	38
Less benefits paid	(12)
<b>Present Value of scheme at end of year</b>	<b>220</b>

<b>Present value of scheme liabilities</b>	<b>Value at 31/03/2010 £'000</b>	<b>Value at 31/03/2009 £'000</b>	<b>Value at 31/03/2008 £'000</b>	<b>Value at 31/03/2007 £'000</b>	<b>Value at 31/03/2006 £'000</b>
Present value of liability in respect of current members	220	183	154	164	176
<b>History of experience lossess / (gains)</b>	<b>Value at 31/03/2010</b>	<b>Value at 31/03/2009</b>	<b>Value at 31/03/2008</b>	<b>Value at 31/03/2007</b>	<b>Value at 31/03/2006</b>
Experience loss / (gain) arising on the scheme liabilities					
Amount (£'000)	3	48			2
Percentage of scheme liabilities at the end of year	1.5%	26.4%			1.1%

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer.

There is no fund, and therefore no surplus or deficit. Actuarial advice was sought to ensure that the provision is set at a realistic level.

An actuarial valuation was carried out by the Government's Actuary Department (GAD) to provide a value of the liability as at 31 March 2010.

The assumptions used by the actuary were:

• the inflation assumptions	2.75%
• the rate of increase in salaries	4.29%
• the rate of increase for pensions in payment and deferred pensions	2.75%
• the rate used to discount scheme liabilities	4.60%

## 21.2 Early departure costs

This is the future pension liability due for three members of staff who were made redundant and the provision calculated on the basis of the expected liability up to their 60th birthday.

## 21.3 Tax and National Insurance Liabilities on Benefits

Tax and National Insurance liabilities on benefits in kind provision is made up of the liabilities due to HMRC calculation based on notification received. Final settlement of the liability was reached during 2009-10

## 22. Capital commitments

Contracted capital commitments at 31st March 2010 not otherwise included in these financial statements for which no provision has been made are NIL. The Capital Programme Board has authorised commitments are set out below:

	2009-10 £'000	2008-09 £'000
Authorised capital commitments at 31 March		
Property, plant and equipment	-	-
Intangible assets	533	714
<b>Total Authorised capital commitments</b>	<b>533</b>	<b>714</b>

## 23. Commitments under leases

### 23.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2009-10 £'000	2008-09 £'000
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings		
Not later than one year	1,044	1,013
Later than one year and not later than five years	463	1,397
Later than five years	-	38
	<b>1,507</b>	<b>2,448</b>
Other:		
Not later than one year	7	17
Later than one year and not later than five years	6	-
Other	13	17
<b>Total operating leases</b>	<b>1,520</b>	<b>2,465</b>

The commitments under leases have been adjusted to reflect the lease obligations due at 31 March 2010 in the following categories:

- Not later than one year
- Later than one year and not later than five years
- Later than 5 years

There were no subleases as a result no payments are expected during the year.

The Commission expensed a total of £1.051m lease payments during the year. No contingent rent and sublease payments were made during the year.

The Commission's commitment under leases is for only the rental of the premises and not the land.

### 23.2 *Finance leases*

The Commission has no finance leases.

## 24. Commitments under PFI contracts

The Commission has not entered into any PFI contracts.

## 25. Other financial commitments

The Commission not entered into any non-cancellable contracts.

## 26. Contingent liabilities disclosed under IAS 37

The Commission has the following contingent liabilities:

	<b>2009-10</b>
	<b>£000</b>
UKIP Supreme Court case – If the Commission lost the proceedings and consequently UKIP legal costs of this as well as previously held Court of Appeal, High Court and Magistrates court proceedings were ordered to be paid by the Commission there would be a contingent liability of up to £150K.	Up to 150
Legal costs payable by the Commission for completing the Supreme Court proceedings, which if we were to win should be recoverable along with much of our legal costs of the said earlier proceedings.	Up to 50

The Commission has not entered into any quantifiable guarantees, indemnities or provided letters of comfort which are not classed as a contingent liability within the meaning of IAS 37.

## 27. Losses and special payments

There were no losses and special payments made during the year. (2008–09: £nil).

**28. Related-party transactions**

The Electoral Commission is a body independent of government, non-partisan and directly accountable to Parliament. Other than remuneration as disclosed in the accounts, none of the Commissioners, Deputy Commissioners, key manager or other related parties connected with them has undertaken any material transactions with the Commission during the year.

**29. Events after reporting period**

Events after the reporting period are detailed in paragraph 1.53 of the Foreword.

Events after the Reporting Period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

## The Electoral Commission

### Accounts Direction given by the Treasury in accordance with paragraph 17(2) of Schedule 1 to The Political Parties, Elections and Referendums Act 2000

1. The Electoral Commission shall prepare accounts for the financial year ended 31 March 2006 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for the financial year for which the accounts are being prepared.

2. The accounts shall be prepared so as to:

- give a true and fair view of the state of affairs of the Electoral Commission at 31 March 2006 and subsequent financial year ends, and of its net resource outturn, resources applied to objectives, recognised changes in taxpayers' equity and cash flows for the financial year then ended; and
- provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.

4. This direction supersedes that dated 25 February 2002.

Ian Carruthers  
Director, Government Reporting, HM Treasury  
27 February 2006

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We are an independent body set up by the UK Parliament. Our aim is integrity and public confidence in the democratic process. We regulate party and election finance and set standards for well-run elections.

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# The Electoral Commission



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## Democracy matters

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ISBN 978-0-10-296828-6

