

*These notes refer to the Scotland Act 1998 (c.46)
which received Royal Assent on 19th November 1998*

SCOTLAND ACT 1998

EXPLANATORY NOTES

COMMENTARY

Part III: Financial Provisions

SECTION 64: Scottish Consolidated Fund

Purpose and Effect

The purpose of this section is to make provision for a Scottish Consolidated Fund and for:

- (a) sums to be paid into the Fund by the Secretary of State from time to time, out of monies provided by Parliament (i.e. the Parliamentary grant);
- (b) sums received by an office-holder in the Scottish Administration to be paid into the Fund subject to any provision made by, or under, an Act of the Scottish Parliament for the disposal of, or accounting for, such sums;
- (c) sums to be paid to the Secretary of State, by the Scottish Ministers in respect of certain receipts designated by order of the Treasury, and for these sums to be charged on the Fund; and
- (d) the Fund to be held by the Paymaster General.

General

Section 65 deals with the circumstances in which sums may be paid out of the Scottish Consolidated Fund, and the purposes for which such sums may be applied. Section 119 makes general modifications of enactments including modifications for the purpose of ensuring that sums are, where appropriate, paid into or out of the Scottish Consolidated Fund instead of the UK Consolidated Fund or National Loans Fund.

Paragraph 4 of Schedule 4 allows the Scottish Parliament to modify some parts of the Scotland Act in relation to the Scottish Consolidated Fund.

For the financial year 1999/00, transitional financial arrangements were made by [S.I. 1999/441](#) and [3273](#) and transitional appropriations by [S.I. 1999/674](#), [S.S.I. 1999/175](#) and [S.S.I. 2000/69](#). Financial arrangements are now regulated by and under the [Public Finance and Accountability \(Scotland \) Act 2000 \(asp 1\)](#).

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	568
CC	12-Feb-98	569
CC	12-Feb-98	612

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<i>Stage</i>	<i>Date</i>	<i>Column</i>
CR	19-May-98	754
CR	19-May-98	759
LC	30-Jul-98	1654
LC	30-Jul-98	1657
Stage	Date	Column
LC	30-Jul-98	1658
LC	30-Jul-98	1660
LC	30-Jul-98	1679
LC	30-Jul-98	1697
LC	30-Jul-98	1701
LR	28-Oct-98	2045

Details of Provisions

Subsection (1) establishes a Scottish Consolidated Fund.

Subsection (2) requires the Secretary of State from time to time to make payments into the Fund out of money provided by Parliament of such amounts as he may determine (i.e. the Parliamentary grant). There is no provision for the Secretary of State to make an order determining the sums to be transferred. Parliamentary approval will be granted by the normal means of approving estimates, through the annual Appropriation Act and the various Consolidated Fund Acts.

Subsection (3) provides, subject to subsection (4), for sums received by an office-holder in the Scottish Administration (as defined in section 126(6)) to be paid into the Fund.

Subsection (4) enables the Parliament, through such provision as may be made by or under an Act of the Scottish Parliament, to authorise the retention of receipts by any office-holder in the Scottish Administration to set against expenditure. This is so as to enable the Scottish Parliament to make equivalent arrangements as apply to the UK Consolidated Fund whereby provision can be made by the UK Parliament for sums to be appropriated in aid of the sum voted. It will also enable the Scottish Parliament to make arrangements for net accounting of receipts in certain circumstances. Such provision was made in the [Public Finance and Accountability \(Scotland\) Act 2000 \(asp 1\)](#); section 7 enables receipts to be applied in connection with relevant authorised expenditure and section 9 enables the Keeper of the Registers of Scotland to retain his receipts and apply them towards his expenditure.

Subsection (5) provides that the Treasury may, after consulting with the Scottish Ministers, by order designate receipts of any description specified in the order which are payable into the Fund, as receipts to be paid to the Secretary of State. Further provision about the making of this order is to be found in sections 112 to 115 and Schedule 7.

This power was exercised in making the Scotland Act 1998 (Designation of Receipts) Order 2000 ([S.I. 2000/687](#)) which designated, with effect from 1 April 2000, certain receipts for this purpose.

Subsection (6) provides that the Scottish Ministers shall make payments to the Secretary of State at such times and by such methods as the Treasury may from time to time determine, of sums equal to the amount outstanding in respect of designated receipts.

The purpose of subsections (5) and (6) is to ensure that certain receipts (such as interest payments, fines, return on public dividend capital) which are currently paid into the UK

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Consolidated Fund continue to be paid into that Fund after devolution by the Scottish Ministers, through the Secretary of State.

Subsection (7) provides that amounts required for the payment of sums under subsection (6) shall be charged on the Fund so that they can be paid out without first requiring the approval of the Scottish Parliament.

Subsection (8) provides that the Fund shall be held with the Paymaster General.

SECTION 65: Payments out of the Fund

Purpose and Effect

The purpose of this section is to set out the circumstances in which sums may be paid out of the Scottish Consolidated Fund.

In addition, the section provides that sums paid out of the Scottish Consolidated Fund must not be applied for any purpose other than that for which they were charged or paid out.

General

This section is one of three dealing with the Scottish Consolidated Fund. Section 64 establishes the Fund, provides for sums to be paid into it by the Secretary of State and, subject to provision made by the Scottish Parliament for disposal of or accounting for such sums, for receipts of the Scottish Administration to be paid into it. It also states that the Fund is to be held with the Paymaster General and makes arrangements for certain receipts, designated by the Treasury, to be paid by the Scottish Ministers to the Secretary of State.

Section 119 makes general modifications of enactments including modifications for the purpose of ensuring that sums are, where appropriate, paid into and out of the SCF instead of the UK Consolidated Fund or the National Loans Fund.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	612
CC	12-Feb-98	613
CC	12-Feb-98	614
LC	30-Jul-98	1703
LR	28-Oct-98	2049

Details of Provisions

Subsection (1) provides that a sum may only be paid out of the Scottish Consolidated Fund if:

- (a) it has been charged on the Fund by any enactment;
- (b) it is payable out of the Fund without further approval by virtue of this Act;
- (c) it is paid out for or in connection with any of the purposes mentioned in subsection (2) in accordance with rules made by or under an Act of the Scottish Parliament. These rules will provide the procedure by which the Scottish Parliament will approve expenditure from the Fund.

The first of the above categories covers cases where it is provided that sums may be charged on the Scottish Consolidated Fund such that they can be paid out without the

need for specific appropriation by the Parliament for that purpose (i.e. where they have been charged on that Fund by or under an Act of the UK Parliament including this Act and any existing Act modified by section 119 or by, or under, a later Act of the Scottish Parliament). This procedure is used for such expenditure as judicial salaries as well as payments to the Secretary of State in respect of loans (see sections 66 and 71).

The second category covers provisions in existing Acts of the UK Parliament which, by virtue of section 119, have effect as if they provided for the sums to be paid out of the Scottish Consolidated Fund without further approval of the Scottish Parliament. This is similar to a charge on the Fund.

The third category covers all other cases and is expected to cover the largest part of the expenditure met out of the SCF. As from 1 April 2001, the rules in accordance with which sums can be paid out of the SCF under section 65(1)(c) are provided for in sections 4-6 of the [Public Finance and Accountability \(Scotland\) Act 2000 \(asp 1\)](#) - see [S.S.I. 2000/10](#). Under that Act, in general, sums can only be paid out of the SCF in any financial year if they have been authorised by a Budget Act (apart from special provision for emergencies and contingencies) and in accordance with a credit granted on the SCF by the Auditor General for Scotland (see sections 69 and 70).

The position for the financial year 1999-2000 was governed by transitional orders under the Scotland Act - see [S.I. 1999/674](#), as amended by [S.S.I. 2000/69](#) and [175](#). The position for the financial year 2000-2001 was governed by the [Budget \(Scotland\) Act 2000 \(asp 2\)](#) and a transitional order under the Public Finance and Accountability (Scotland) Act 2000 - see [S.S.I. 2000/46](#).

Subsection (2) defines the purposes for which sums may be paid out of the Fund under subsection (1)(c), namely:

- (a) meeting expenditure of the Scottish Administration; or
- (b) meeting expenditure payable out of the Fund under any enactment.

Subsection (3) makes provision that a sum paid out of the Scottish Consolidated Fund must not be applied for any other purpose than that for which it was charged, or paid out. SECTION 66: Borrowing by the Scottish Ministers, etc.

Purpose and Effect

This section enables Scottish Ministers to borrow from the Secretary of State sums that are required for meeting temporary shortfalls of cash, or for providing a working balance, in the Scottish Consolidated Fund. In addition, it provides that any sums borrowed from the Secretary of State under this section shall be repaid to him under such terms as the Treasury may from time to time determine. Amounts required for repayment (of principal and interest) are charged on the Scottish Consolidated Fund. The section also prohibits members of the Scottish Executive from borrowing except under this section or under any specific power in an Act of Parliament.

General

This section, together with section 67, puts in place arrangements for short-term borrowing by the Scottish Executive to cover deficits or to provide a working balance in the Scottish Consolidated Fund. This section deals with the circumstances under which the Scottish Ministers may borrow from the Secretary of State and arrangements for repayments. Section 67 deals with lending by the Secretary of State for such sums as are required by him for making loans under section 66.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	643
LC	30-Jul-98	1705
LC	30-Jul-98	1706
LR	28-Oct-98	2049

Details of Provisions

Subsection (1) provides that the Scottish Ministers may borrow from the Secretary of State sums required by them for the purpose of:

- (a) meeting a temporary shortfall in the Scottish Consolidated Fund; or
- (b) providing a working balance in the Fund

Subsection (2) provides that amounts required for the repayment of, or the payment of interest on, sums borrowed under this section shall be charged on the Scottish Consolidated Fund. This broadly mirrors the arrangements in relation to the UK Consolidated Fund. The purpose of charging repayments, or the repayment of interest, on the Scottish Consolidated Fund is to allow the payments to be made without the need for any annual authorisation by the Scottish Parliament under its appropriation and supply procedure to be provided by the rules under section 65(1)(c).

Subsection (3) provides that sums borrowed under this section shall be repaid to the Secretary of State at such times and by such methods, and interest on them shall be paid to him at such rates and at such times, as the Treasury from time to time determine.

Subsection (4) provides that a member of the Scottish Executive may borrow money only under this section or under any power conferred by any other Act of Parliament. This has the effect of prohibiting borrowing by members of the Scottish Executive unless specifically provided for by an Act of the UK Parliament. The Scottish Parliament is not able to confer any additional borrowing power on the members of the Scottish Executive.

SECTION 67: Lending by the Secretary of State

Purpose and Effect

The purpose of this section is to enable the Treasury to issue to the Secretary of State, out of the National Loans Fund, such sums as are required by him for making loans to the Scottish Ministers under section 66 (i.e. short term loans to meet shortfalls or to provide a working balance in the Scottish Consolidated Fund). The section also sets a limit on such short term borrowing of £500 million, but provides that the Secretary of State may, with the consent of Treasury, increase this amount by order. Repayments received by the Secretary of State under section 66 are to be paid into the National Loans Fund.

General

This section, together with section 66 put in place arrangements for short-term borrowing by the Scottish Executive to cover deficits or to provide a working balance in the Scottish Consolidated Fund. Section 66 deals with the circumstances under which the Scottish Executive may borrow from the Secretary of State and arrangements for repayments. This section deals with lending by the Secretary of State of such sums as are required by him for making loans under section 66.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	643
LC	30-Jul-98	1707

Details of Provisions

Subsection (1) provides that the Treasury may issue to the Secretary of State, out of the National Loans Fund, the sums required by him for making loans under section 66. The Treasury alone can operate on the National Loans Fund. The effect of this subsection is to confer the power on Treasury to issue sums to cover the shortfall in funding or to provide a working balance in the Fund referred to at section 66. Such borrowing will be from the National Loans Fund only.

Subsection (2) provides that the aggregate outstanding of principal sums borrowed under section 66 must not exceed £500 million.

Subsection (3) provides that the Secretary of State may by order made with the consent of Treasury substitute for the amount specified in subsection (2) such increased amount as may be specified in the order. This will enable the Secretary of State to increase the amount from time to time, for example, to keep pace with inflation or to meet unforeseen circumstances. Further provision about the making of subordinate legislation is to be found in sections 112 to 115 and Schedule 7.

Subsection (4) provides for sums received under subsection 66(3) by the Secretary of State to be paid into the National Loans Fund.

SECTION 68: Borrowing by public bodies

Purpose and Effect

The purpose of this section is to ensure that if a member of the Scottish Executive lends money to a body established under any enactment, the rate of interest on the loan is not less than the lowest rate determined by the Treasury in respect of similar loans made out of the National Loans Fund on the day the loan is made. In addition, it provides that public bodies shall not borrow under a power conferred by virtue of an Act of the Scottish Parliament in a currency other than sterling without the consent of the Scottish Ministers given with the approval of the Treasury.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	643
LC	30-Jul-98	1708
LC	30-Jul-98	1709
LR	28-Oct-98	2049

Details of Provisions

Subsection (1) provides that if a member of the Scottish Executive lends money to a body established under any enactment (which includes an Act of Parliament or an Act of the Scottish Parliament or any subordinate legislation under such Acts), the rate of interest on the loan shall not be less than the lowest rate determined by the Treasury under section 5 of the National Loans Act 1968 in respect of similar loans made out of the National Loans Fund on the day the loan is made.

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Subsection (2) provides that a body established under any enactment shall not, in pursuance of a power conferred by virtue of an Act of the Scottish Parliament, borrow money in a currency other than sterling except with the consent of the Scottish Ministers given with the approval of the Treasury.

SECTION 69: The Auditor General for Scotland

Purpose and Effect

The section establishes the office of Auditor General for Scotland.

General

Section 69 is one of three sections dealing with audit and accounting arrangements. Section 70 requires provision to be made by or under an Act of the Scottish Parliament for a number of matters relating to financial control, accounts and audit. Section 72 deals with accounts of sums received by the Secretary of State from Scottish Ministers under sections 66, 67 and 71.

The [Public Finance and Accountability \(Scotland\) Act 2000 \(asp 1\)](#) makes provision for the salary and terms of office of the Auditor General (section 13) and for his functions.

Details of Provisions

Subsection (1) provides that there shall be an Auditor General for Scotland who shall be an independent person appointed by Her Majesty on the nomination of the Parliament. The Scottish Executive has no locus in the procedure. The procedures for nomination for appointment and for removal of the AGS are set out in the Standing Orders of the Parliament.

Subsection (2) provides that no recommendation shall be made to Her Majesty for the removal of the Auditor General for Scotland unless the Parliament so resolves. If the resolution is passed on a division, two-thirds of the total number of members of the Parliament must vote in favour.

Subsection (3) provides that the validity of any act of the Auditor General for Scotland is not affected by any defect in his nomination by the Parliament.

Subsection (4) provides that the Auditor General for Scotland shall not, in the exercise of any of his functions, be subject to the direction or control of any member of the Scottish Executive or of the Parliament.

Subsection (5) ensures that the Parliament can place requirements on the Auditor General in relation to the preparation of his own accounts. Provision is made for this in sections 19(8) and 25 of the [Public Finance and Accountability \(Scotland\) Act 2000 \(asp 1\)](#).

SECTION 70: Financial control, accounts and audit

Purpose and Effect

This section provides that provision shall be made by or under an Act of the Scottish Parliament (“Scottish legislation”) in relation to financial control, accounts and audit. The Scottish legislation must provide for:

- preparation of accounts by the Scottish Ministers, the Lord Advocate and others to whom sums are paid out of the Scottish Consolidated Fund of their expenditure and receipts;
- preparation by the Scottish Ministers of an account of the Scottish Consolidated Fund;
- arrangements for audit and value for money studies by, or under the supervision of the Auditor General for Scotland;

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access by auditors to such documents as may reasonably be required for the purposes of audit;

designated members of the staff of the Scottish Administration to be answerable to the Parliament (Accounting Officers);

the publication of accounts and reports on them in pursuance of the rules and for the laying of such accounts and reports before the Parliament.

General

Section 70 is one of three sections dealing with audit and accounting arrangements. Section 69 provides for the appointment of the Auditor General for Scotland. Section 72 deals with accounts of sums received by the Secretary of State from Scottish Ministers under sections 66, 67 and 71.

The matters for which section 70 requires Scottish legislation to make provision are contained in or under the [Public Finance and Accountability \(Scotland\) Act 2000 \(asp 1\)](#).

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	12-Feb-98	613
CR	19-May-98	764
LC	30-Jul-98	1712
LC	30-Jul-98	1714
LC	30-Jul-98	1716
LC	30-Jul-98	1718
LC	30-Jul-98	1720
LC	30-Jul-98	1721
LC	6-Oct-98	262
LR	28-Oct-98	2049
LR	28-Oct-98	2053

Details of Provisions

Subsection (1) requires “Scottish legislation” (defined in subsection (9)) to provide for:

- (a) proper accounts to be prepared by the Scottish Ministers, by the Lord Advocate and by others to whom sums are paid out of the Scottish Consolidated Fund, of their expenditure and receipts;
- (b) the Scottish Ministers to prepare an account of payments into and out of the Fund;
- (c) the Auditor General for Scotland (established by section 69) to exercise, or to ensure the exercise by other persons of the functions described in subsection (2);
- (d) access by persons exercising those functions to such documents as they may reasonably require;
- (e) designated members of the staff of the Scottish Administration to be answerable to the Parliament in respect of the expenditure and receipts of each part of the Scottish Administration (“Accounting Officers”); and

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- (f) the publication of Parliamentary accounts (defined in subsection (9)) and reports on such accounts and for the laying of such accounts and reports before the Parliament.

Subsection (2) defines the functions that the Auditor General or auditors are to exercise as follows:

- (a) issuing credits for the payment of sums out of the Scottish Consolidated Fund;
- (b) examining, certifying and reporting on parliamentary accounts;
- (c) carrying out examinations into the economy, efficiency and effectiveness with which the Scottish Ministers and the Lord Advocate have used their resources in discharging their functions; and
- (d) carrying out examinations into the economy, efficiency and effectiveness with which other persons determined under Scottish legislation to whom sums are paid out of the Fund have used those sums in discharging their functions.

These functions broadly mirror those of the UK Comptroller and Auditor General in relation to UK expenditure.

Subsection (3) states that standing orders shall provide for the consideration by the Parliament of accounts and reports laid before it in pursuance of subsection (1)(f). The Standing Orders of the Parliament make provision for the Audit Committee to consider and report upon such accounts and reports.

Subsection (4) allows “Scottish legislation” to make further provision to ensure that those who receive money from the Scottish Consolidated Fund are accountable for its use. In particular it allows for accountability for those who receive sums indirectly from the SCF, such as bodies who receive grants from the Scottish Ministers.

Subsection (5) provides that where functions specified in subsection (2) are exercised by persons other than the Auditor General, then those persons are not to be subject to the direction or control of any member of the Scottish Executive or of the Parliament.

Subsection (6) provides that Scottish legislation may not require any cross-border public authority to prepare accounts if separate legislation requires the preparation of accounts and the examination etc. of these accounts by the Auditor General for Scotland, the Comptroller and Auditor General or a person appointed by either of them. This will apply in the case of bodies such as the Forestry Commission, where existing accounting and audit arrangements have been adapted by orders under section 89 ([S.I. 1999/1747](#) and [2000/746](#)).

Subsection (7) provides that Scottish legislation need not require the Auditor General for Scotland to examine his own accounts. It is open to the Parliament to specify alternative arrangements.

Subsection (8) provides that this section does not require Scottish legislation to impose any requirement which is imposed by any other legislation. For example, if an enactment already provides for preparation of accounts or for access to documents, it is not necessary for Scottish legislation to duplicate it. This is intended to avoid unnecessary, and potentially confusing, double legislation.

Subsection (9) defines the terms “Parliamentary accounts” and “Scottish legislation” for the purposes of this section.

SECTION 71: Existing debt

Purpose and Effect

The purpose of this section is to make provision for the repayment to the Scottish Ministers of any outstanding loans made by the Secretary of State from the National Loans Fund before the passing of the Scotland Act. The section defines the loans caught.

In addition it provides that all amounts to be received by the Scottish Ministers in repayment of principal of outstanding loans covered by this section are to be treated as advances made by the Secretary of State to the Scottish Ministers on the commencement of this section.

It also enables provision to be made for outstanding National Loans Fund (NLF) debt owed by the Registers of Scotland Trading Fund to continue to be repaid after devolution.

It further states that all repayments of principal and interest to the Secretary of State will be a charge on the Scottish Consolidated Fund.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
L3	9-Nov-98	542

Details of Provisions

Subsection (1) defines the categories of outstanding loans covered by subsections (2) to (4). It provides that the section applies where:

- (a) power to lend money under a provision of a pre-commencement enactment was exercised by the Secretary of State;
- (b) the sums required by him for the exercise of the power were issued by the Treasury out of the National Loans Fund; and
- (c) the power is exercisable by the Scottish Ministers or would have been so exercisable but for the repeal of the pre-commencement enactment.

The outstanding loans covered are only those referred to above, i.e. they are confined to sums lent to public bodies in relation to devolved matters, that were issued by Treasury out of the National Loans Fund. Loans made out of monies provided by Parliament (voted loans) are not covered.

Subsection (2) provides that any amount payable by way of repayment or interest on the loan shall be paid to the Scottish Ministers and into the Scottish Consolidated Fund (instead of to the Secretary of State and into the National Loans Fund).

Subsection (3) provides for amounts equal to those which are to be received by the Scottish Ministers in repayment of principal to be treated as being amounts of advances made on the commencement of this section to the Scottish Ministers by the Secretary of State. This is to ensure that whilst outstanding loans made under the powers described at subsection (1) will be repaid to the Scottish Ministers by virtue of subsection (2), the sums received by the Scottish Ministers will be treated as having been loans to them made by the Secretary of State so that the Scottish Ministers have to repay the sums to the Secretary of State.

Subsection (4) provides that such advances shall be repaid to the Secretary of State at such times and by such methods, and interest on them shall be paid to him at such rates and at such times, as the Treasury may from time to time determine. This has a similar effect to section 66 in respect of new borrowing by the Scottish Ministers and ensures existing debts are treated in the same way.

Subsections (5) and (6) enable provision to be made for outstanding National Loans Fund (NLF) debt owed by the Registers of Scotland Trading Fund to continue to be repaid after devolution. This, together with further transitional provision made under the Act in relation to the Registers of Scotland, will allow the existing financial arrangements under which the Register of Scotland operate to continue with as little

disturbance as possible until the Parliament itself legislated on its permanent financial regime (as it has now done in the Public Finance and Accountability (Scotland) Act 2000). Express provision is made in the Act dealing with the NLF debt as NLF matters are dealt with expressly in primary legislation under an agreement with the Public Accounts Committee.

The effect of the subsections is to empower the Secretary of State, with the agreement of the Treasury, to make an Order providing that:

the outstanding amount deemed to be owed by the Registers of Scotland Trading Fund to the NLF will become a debt owed by the Scottish Ministers to the Secretary of State;

the Scottish Ministers shall repay the loan, with interest, on the same conditions as the Trading Fund would have been obliged to;

the amounts required to make these payments will be a charge on the Scottish Consolidated Fund; and

the sums so received will be paid into the NLF (by the Secretary of State).

Orders under this power are subject to negative resolution procedure in the House of Commons. This power was exercised in making the Scotland Act 1998 (Transfer of Borrowing of the Registers of Scotland Executive Agency Trading Fund) Order 1999 (S.I. 1999/1596).

Subsection (7) provides that sums required to be paid under subsections (4) or (6) shall be charged on the Scottish Consolidated Fund. The effect of this is to allow the payments to be made without the need for the approval of the Scottish Parliament under its appropriation and supply procedure to be provided by the rules under section 65(1) (c). This mirrors the arrangements for UK loans made from the NLF.

Subsection (6) provides that sums received by the Secretary of State under subsections (4) or (6) shall be paid into the National Loans Fund. This means that once repayments have been charged on the Scottish Consolidated Fund they are routed back to the National Loans Fund.

SECTION 72: Accounts of loans to the Scottish Ministers

Purpose and Effect

The purpose of this section is to provide for the accounting arrangements in respect of sums paid and received by the Secretary of State under sections 66, 67 and 71. It requires the Secretary of State to prepare an account of such sums, for each financial year, in a form and manner as the Treasury may direct.

It also provides for the audit arrangements. The account must be sent to the UK Comptroller and Auditor General within the prescribed timescale (see below) who shall examine, certify and report on the account. His report must be laid before each House of Parliament.

General

Section 72 is one of three sections dealing with audit and accounting arrangements. It deals with sums paid and received by the Secretary of State to and from the Scottish Ministers. Section 69 provides for the appointment of the Auditor General for Scotland. Section 69 requires provision to be made by or under an Act of the Scottish Parliament for a number of matters relating to financial control, accounts and audit.

Details of Provisions

The section provides that the Secretary of State must, for each financial year:

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- (a) prepare, in such a form and manner as Treasury may direct, an account of sums paid and received by him under sections 66, 67 and 71; and
- (b) send the account to the UK Comptroller and Auditor General not later than the end of November in the following financial year.

In addition, the UK Comptroller and Auditor General must examine, certify and report on the account and must lay copies of it and his report before each House of Parliament.