

2006 No. 89

LOCAL GOVERNMENT

**Local Government (Accounts and Audit) Regulations (Northern
Ireland) 2006**

Made - - - - *7th March 2006*

Coming into operation- - *1st April 2006*

The Department of the Environment makes the following Regulations in exercise of the powers conferred by Article 24 of the Local Government (Northern Ireland) Order 2005(a).

In accordance with Article 24(4) of that Order, the Department has consulted councils, such associations or bodies representative of councils, such associations or bodies representative of officers of councils and such other persons or bodies as appear to the Department to be appropriate.

Citation and commencement

1. These Regulations may be cited as the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and shall come into operation on 1st April 2006.

Interpretation and application

2.—(1) In these Regulations —

“the 2005 Order” means the Local Government (Northern Ireland) Order 2005;

“chief financial officer” has the meaning assigned to it by section 148(1) of the Local Government Act (Northern Ireland) 1972(b) and, in the case of a joint committee, means the officer who has responsibility for supervising the joint committee’s arrangements for the receipt of money paid to it and the issue of money payable by it or, if no such officer has been appointed, the chief officer of the joint committee;

“notice by advertisement” means a notice published in at least two newspapers circulating in the district of the local government body;

“proper practices” has the same meaning as in Article 6(3) of the 2005 Order; and

“working day” means any day other than a Saturday, Sunday or a day which is a public holiday.

(2) Regulations 3 to 16 shall not apply to the audit of accounts of local government bodies for financial years beginning before 1st April 2006.

(3) Regulations 6 to 10 and 12(1) shall, with all necessary modifications, apply to the accounts of an officer whose accounts are required to be audited by Article 23 of the 2005 Order.

(a) S.I. 2005/1968 (N.I. 18); *see* Article 2(2) for the definition of “the Department”
(b) 1972 c. 9

Accounting records and control systems

3.—(1) Subject to paragraphs (3) and (4), and in so far as they are not in conflict with this paragraph or with any instructions given by a local government body to its chief financial officer, that officer shall determine on behalf of the body, its—

- (a) accounting records; and
- (b) accounting control systems,

and ensure that the body's accounting control systems determined by him are observed and that the accounting records of the body are maintained in accordance with proper practices and kept up to date.

(2) The accounting records determined by the chief financial officer on behalf of a local government body in accordance with paragraph (1)(a) shall be sufficient to show the body's transactions and to enable the chief financial officer to prepare a statement of accounts in accordance with these Regulations.

(3) The accounting records determined by the chief financial officer on behalf of a local government body in accordance with paragraph (1)(a) shall in particular contain—

- (a) entries from day to day of all sums of money received and expended by the body and the matters to which the income and expenditure account relate;
- (b) a record of the assets and liabilities of the body; and
- (c) a record of income and expenditure of the body in relation to the claims made, or to be made, by it for contribution, grant or subsidy from any Northern Ireland department or public authority.

(4) The accounting control systems determined by the chief financial officer on behalf of a local government body in accordance with paragraph (1)(b) shall include—

- (a) measures to ensure that the financial transactions of the body are recorded as soon as reasonably practicable and as accurately as reasonably possible, measures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records;
- (b) identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- (c) procedures to ensure that uncollectible amounts, including bad debts, are not written off except with the approval of the chief financial officer, or such member of his staff as is nominated by him for this purpose, and that such approval is reported to the body and is shown in the accounting records; and
- (d) measures to ensure that risk is appropriately managed.

Statement of accounts

4.—(1) The chief financial officer of a local government body shall prepare a statement of accounts for each financial year in the form directed by the Department.

(2) The chief financial officer shall sign and date the statement of accounts and shall certify that it presents fairly the financial position of the body at the end of the year to which it relates and its income and expenditure for that year.

(3) Within such period after the expiration of the financial year to which a statement of accounts relates as the Department directs, the chief financial officer shall deliver to the Department such number of copies of the statement as the Department directs.

Approval and signing of statement of accounts

5.—(1) A local government body shall ensure that the statement of accounts is prepared in accordance with these Regulations.

(2) The statement of accounts, signed and certified in accordance with regulation 4(2), shall be approved by a resolution of a committee of a local government body or by a resolution of the members of the body meeting as a whole, such approval shall take place as soon as reasonably practicable and in any event before the 30th June immediately following the end of the financial year.

(3) If a committee of a local government body or the members of the body meeting as a whole has not given approval in accordance with paragraph(2), they are required—

- (a) to publish a statement before 30th June including reasons why approval has not been obtained; and
- (b) to agree a course of action so that approval may be given and, subject to paragraph (4), agree a new approval date for the statement of accounts.

(4) For the purposes of paragraph (3)(b) a new approval date should be set—

- (a) which is no longer than 20 working days after the date in paragraph(2); or
- (b) as soon as reasonably practicable where in exceptional circumstances, despite the best endeavours of a committee of a local government body or the members of the body meeting as a whole, they cannot resolve relevant issues to allow a decision to be made in accordance with the time limit in paragraph (a).

(5) If a committee of a local government body or the members of the body meeting as a whole cannot approve the accounts in accordance with paragraph (3)(b), they shall as soon as reasonably practicable hold a meeting and resolve as to the reasons why they cannot approve the accounts and publish a statement setting out those reasons.

(6) Following approval in accordance with paragraph (2) or (3)(b), the statement of accounts shall be signed and dated by the person presiding at the committee or meeting at which that approval was given.

Publication of statement of accounts, etc.

6. As soon as reasonably possible after conclusion of an audit, and in any event before the 31st October immediately following the end of the financial year, a local government body shall publish by means other than merely by reference in the documents of meetings, committees or sub-committees of the body, the statement of accounts prepared in accordance with regulation 4 together with any certificate, opinion or report issued, given or made by the local government auditor under Article 10 of the 2005 Order before the date of publication, or, if publication takes place prior to the conclusion of the audit and no such opinion has been given, together with a declaration and explanation of the fact that at the date of publication the local government auditor has given no opinion.

Appointment of date for the exercise of rights under Articles 17 and 18 of the 2005 Order

7. The local government auditor shall, for the purpose of the exercise of rights under Articles 17(2) and 18(1) of the 2005 Order, appoint a date on or after which those rights may be exercised and shall notify the local government body concerned of that date.

Public inspection of accounts

8. The local government body, notified under regulation 7, shall make the accounts and other documents mentioned in Article 17 of the 2005 Order available for public inspection for 20 working days before the date appointed by the local government auditor under that regulation.

Alteration of accounts

9. Except with the consent of the local government auditor, accounts and other documents shall not be altered after the date on which they are first made available for inspection in pursuance of regulation 8.

Notice of public rights

10.—(1) Not later than 14 days before the commencement of the period during which the accounts and other documents are made available in pursuance of regulation 8, a local government body shall give notice by advertisement of the matters set out in paragraph (2).

(2) The matters referred to in paragraph (1) are—

- (a) the period during which the accounts and other documents referred to in paragraph (1) will be available for inspection in accordance with regulation 8;
- (b) the address at which, and the hours during which, they will be so available;
- (c) the name and address of the local government auditor;
- (d) the provisions contained in Articles 17 and 18 of the 2005 Order; and
- (e) the date appointed under regulation 7.

Written notice of proposed objection

11. Any written notice of a proposed objection given in pursuance of Article 18(2) of the 2005 Order shall state the facts on which the interested person proposes to rely and shall contain, so far as possible—

- (a) particulars of any item of account which is alleged to be contrary to law; and
- (b) particulars of any matter in respect of which it is proposed that the local government auditor could make a report under Article 9 of that Order.

Notice of conclusion of audit

12.—(1) As soon as reasonably possible after conclusion of an audit, a local government body shall give notice by advertisement stating that the audit has been concluded and that the statement of accounts is available for inspection by any member of the public and including—

- (a) a statement of the rights conferred on members of the public by Article 16 of the 2005 Order; and
- (b) the address at which, and the hours during which, those rights may be exercised.

(2) Where any notice of advertisement is given pursuant to paragraph (1), the statement of accounts made available for inspection shall—

- (a) if as a result of the local government auditor's report any material amendment is required to it, either be revised as a result of the auditor's report, or be accompanied by a statement of the amendments required as a result of the auditor's report;
- (b) if revised as described in sub-paragraph (a), be accompanied by an explanation as to the material respects in which it has been altered as a result of the auditor's report; and
- (c) if revised as described in sub-paragraph (a), be accompanied by a statement that it has been prepared as at the date of the original document and not as at the date of the revision and accordingly does not deal with events between those dates.

(3) If as a result of the auditor's report any material amendment is required to the statement of accounts, the chief financial officer shall report such amendment to a committee of a local government body which, or the members of the body who, approved the statement of accounts pursuant to regulation 5(2) or 5(3)(b) as soon as reasonably practicable.

Publication of annual audit letter

13. As soon as reasonably possible after a local government body has received an annual audit letter from the local government auditor it shall—

- (a) publish the letter; and
- (b) notify the local government auditor of the date of publication.

Joint committees

14. Prior to publication of the notice by advertisement referred to in regulation 12(1), a joint committee to which these Regulations apply shall deposit with each of its constituent councils a copy of the local government auditor's report and its statement of accounts.

Extraordinary audit

15. Where under Article 22 of the 2005 Order, the Department directs a local government auditor to hold an extraordinary audit of the accounts of a local government body, the body shall give notice by advertisement concerning the right of any interested person under Article 18 of the 2005 Order to attend before the auditor and make objections to any of those accounts.

Offences

16.—(1) It is hereby declared that contravention of regulations 4, 6, 8, 9, 10, 12, 13 and 15 is an offence.

(2) Any person who contravenes any of the regulations in paragraph (1) shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Sealed with the Official Seal of the Department of the Environment on 7th March 2006



John Ritchie

A senior officer of the Department of the Environment

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under Article 24 of the Local Government (Northern Ireland) Order 2005 (the 2005 Order). They make provision with respect to the accounts and audit of local government bodies whose accounts are required to be audited in accordance with Part II of the 2005 Order.

Regulation 3 makes provision in respect of the accounting records and control systems that are to be kept by the local government bodies to which these Regulations apply.

Regulation 4 makes provision for the chief financial officer of a local government body to prepare a statement of accounts for each financial year in the form directed by the Department of the Environment (the Department). The regulation also requires the chief financial officer to sign, date and certify the statement of accounts and deliver to the Department, within such period after the expiration of the financial year as the Department direct, such number of copies of the statement of accounts as the Department directs.

Regulation 5 makes provision in respect of the approval and signing of the statement of accounts by a local government body and lays down procedures for occasions when the statement of accounts cannot be agreed.

Regulation 6 makes provision for a local government body to publish its statement of accounts not later than 31st October immediately following the end of the financial year. The statement of accounts is to be published, together with any certificate, opinion or report issued, given or made by the local government auditor, or, in the case where publication takes place prior to the conclusion of an audit and no such opinion has been given, a declaration and an explanation of the fact the auditor has given no opinion.

Regulation 7 requires a local government auditor to appoint a date on or after which an interested person (i.e. a local elector, a person liable for rates in the district of the local government body or a representative of those persons) may exercise his rights under Articles 17(2) and 18(1) of the 2005 Order. Article 17(2) provides that an interested person is entitled to question the auditor about the accounts and Article 18(1) provides that he may attend before the auditor and make objections regarding the accounts.

Regulation 8 requires that a local government body must make its accounts and other documents available for public inspection for 20 working days before the date appointed by the local government auditor under regulation 7.

Regulation 9 provides that the accounts and other documents made available for public inspection shall not be altered after they have been made available, except with the consent of the auditor.

Regulation 10 requires a local government body to publish a notice about matters relating to the right of public inspection of accounts and other documents. The notice must be published public at least 14 days before the start of the period during which the accounts and other documents are to be made available pursuant to regulation 8.

Regulation 11 makes provision in respect of the contents of any written notice of a proposed objection that an interested person must give the local government auditor.

Regulation 12 provides that, after the conclusion of an audit, a local government body must publish a notice advising that the audit of its accounts has been concluded and that its accounts are available for inspection by members of the public.

Regulation 13 makes provision in respect of the publication of the annual audit letter that a local government body receives from the local government auditor.

Regulation 14 requires that, prior to the publication of the notice referred to in regulation 12, a joint committee must give each of its constituent councils a copy of the local government auditor's report and its statement of accounts.

Regulation 15 makes provision relating to the notice that must be given by a local government body in the event that the Department directs a local government auditor to hold an extraordinary audit of the accounts of that body.

Regulation 16 declares that the contravention of certain regulations is an offence and provides that the penalty for any such contravention shall not exceed a fine of level 3 on the standard scale on summary conviction, as provided for by Article 24(3) of the 2005 Order.