



# Audit Commission Act 1998

## 1998 CHAPTER 18

### PART II

#### ACCOUNTS AND AUDIT OF PUBLIC BODIES

##### *Miscellaneous*

#### **25 Extraordinary audit**

- (1) The Commission may direct an auditor or auditors appointed by it to hold an extraordinary audit of the accounts of a body subject to audit—
  - (a) if it appears to the Commission to be desirable to do so in consequence of a report made under this Act by an auditor or for any other reason; or
  - (b) where the accounts are not those of a health service body, if an application for such an audit is made by a local government elector for the area of the body in question.
- (2) If it appears to the Secretary of State that it is desirable in the public interest that there should be an extraordinary audit of the accounts of a body subject to audit he may require the Commission to direct such an audit by an auditor or auditors appointed by it.
- (3) The following provisions apply to an extraordinary audit under this section as they apply to an ordinary audit under this Act—
  - (a) in relation to the accounts of a body other than a health service body, sections 3, 5, 6, 8 to 13 and 16 to 18; and
  - (b) in relation to the accounts of a health service body, sections 3, 5, 6 and 8 to 10.
- (4) An extraordinary audit under this section may be held after three clear days' notice in writing to be given to the body whose accounts are to be audited or (if it is a parish meeting) to be given to its chairman.
- (5) The expenditure incurred in holding an extraordinary audit of the accounts of any body—

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- (a) shall be defrayed in the first instance by the Commission, but
- (b) may be recovered by the Commission, if it thinks fit, in whole or part from the body concerned.

## **26 Audit of accounts of officers**

- (1) Where an officer of a body subject to audit receives money or other property—
  - (a) on behalf of that body, or
  - (b) for which he ought to account to that body,the accounts of the officer shall be audited by the auditor of the accounts of that body, and the provisions mentioned in subsection (2) apply with the necessary modifications to the accounts and audit.
- (2) Those provisions are—
  - (a) in the case of an officer of a health service body, sections 2(1), 5 to 10 and 25;
  - (b) in any other case, sections 2(1), 5 to 10, 13 to 18, 25 and 27.

## **27 Accounts and audit regulations**

- (1) The Secretary of State may by regulations applying to bodies subject to audit other than health service bodies make provision with respect to—
  - (a) the keeping of accounts;
  - (b) the form, preparation and certification of accounts and of statements of accounts;
  - (c) the deposit of the accounts of any body at the offices of the body or at any other place;
  - (d) the publication of information relating to accounts and the publication of statements of accounts;
  - (e) the exercise of any rights of objection or inspection conferred by section 14, 15 or 16 and the steps to be taken by any body for informing local government electors for the area of that body of those rights.
- (2) Regulations under this section may make different provision in relation to bodies of different descriptions.
- (3) Before making any regulations under this section the Secretary of State shall consult—
  - (a) the Commission,
  - (b) such associations of local authorities as appear to him to be concerned, and
  - (c) such bodies of accountants as appear to him to be appropriate.
- (4) If a person without reasonable excuse contravenes a provision of regulations under this section and the regulations declare that contravention of the provision is an offence, that person is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) Any expenses incurred by an auditor in connection with proceedings in respect of an offence under subsection (4) alleged to have been committed in relation to the accounts of any body, so far as not recovered from any other source, are recoverable from that body.

## **28 Certification of claims, returns etc**

- (1) The Commission shall, if so required by the body concerned, make arrangements—
- (a) for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or public authority to any body subject to audit;
  - (b) for certifying any account submitted by any such body to any such Minister with a view to obtaining payment under a contract between that body and the Minister;
  - (c) for certifying the body’s calculation under paragraph 5(6)(a) of Schedule 8 to the Local Government Finance Act 1988 of the amount of its non-domestic rating contribution for a financial year, and for certifying the amount calculated; or
  - (d) for certifying any return by the body which, by or under any enactment, is required or authorised to be certified by the body’s auditor or under arrangements made by the Commission;
- and in paragraph (a) “public authority” means a body established by or under the Treaties or by or under any enactment.
- (2) The Commission shall charge the body concerned such fees for services provided under this section as will cover the full cost of providing them.

## **29 Agreed audit of accounts**

- (1) The Commission may, with the consent of the Secretary of State and by agreement with the body concerned, undertake the audit of the accounts of any body which—
- (a) appears to the Secretary of State to be connected with local government or the National Health Service; and
  - (b) is not a body subject to audit.
- (2) An audit carried out under this section shall be carried out in such manner as the Commission and the body concerned may agree and references in this Part or Part III to an audit carried out under this Act do not include an audit carried out under this section.
- (3) Subsection (2) is without prejudice to any other statutory provisions which apply to an audit under this section.
- (4) The Commission shall charge the body such fees for services provided under this section as will cover the full cost of providing them.

## **30 Passenger Transport Executives**

- (1) In relation to a Passenger Transport Executive this Act applies with the following modifications—
- (a) under section 3(3) the Commission shall consult the relevant authority instead of the Executive;
  - (b) in sections 14(1), 15(2), 16(1), 25(1)(b) and 27(1)(e) references to a local government elector for an area such as is mentioned there are to be read as references to a local government elector for the area of the relevant authority;
  - (c) in section 10, subsections (1) and (3) apply in relation to the relevant authority as well as the Executive, and subsections (4) to (6) apply only to the relevant authority;

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- (d) in section 13, subsections (2) and (3) apply in relation to the relevant authority as well as the Executive, but the reference in subsection (3) to one or more local newspapers circulating in the area of the body is to be read as a reference to one or more such newspapers circulating in the area of the relevant authority;
  - (e) the notice required to be given by section 25(4) shall be given to the relevant authority as well as the Executive.
- (2) Section 14(1)(a) of the Transport Act 1968 (accounts and other records of Passenger Transport Executives) is subject to any regulations under section 27.
- (3) In subsection (1) “the relevant authority”, in relation to a Passenger Transport Executive, means the Passenger Transport Authority for the area for which the Executive is established.

### **31 Companies related to Passenger Transport Executives**

- (1) Subject to subsection (2), where a Passenger Transport Executive have a subsidiary they shall exercise their control over it so as to ensure that it appoints only auditors who—
- (a) are approved by the Commission for appointment as the subsidiary’s auditors, and
  - (b) are qualified for the appointment in accordance with section 25 of the Companies Act 1989.
- (2) Where a company would, if an Executive and any other body or bodies subject to audit were a single body corporate, be a subsidiary of that body corporate—
- (a) subsection (1) does not apply, but
  - (b) it is the joint duty of the Executive and the other body or bodies concerned to exercise such control over the company as the Executive are required by subsection (1) to exercise over a subsidiary of theirs.
- (3) In this section “subsidiary” means a subsidiary within the meaning of section 736 of the Companies Act 1985.

### **32 Documents relating to police authorities etc**

- (1) The Commission shall send to the Secretary of State a copy of any report of which a copy is sent to the Commission under section 10(2) and which relates to—
- (a) a police authority established under section 3 of the Police Act 1996, or
  - (b) the Service Authority for the National Crime Squad.
- (2) If it appears to the Commission appropriate to do so, it may send to the Secretary of State a copy of any document which—
- (a) relates to one or more police authorities established under section 3 of the Police Act 1996 and has been sent (or a copy of which has been sent) by the Commission to such an authority, or
  - (b) relates to the Service Authority for the National Crime Squad and has been sent (or a copy of which has been sent) by the Commission to that Authority.