

1974 No. 1169

LOCAL GOVERNMENT, ENGLAND AND WALES

The Accounts and Audit Regulations 1974

<i>Made - - - -</i>	<i>8th July 1974</i>
<i>Laid before Parliament</i>	<i>23rd July 1974</i>
<i>Coming into Operation</i>	<i>13th August 1974</i>

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The Secretary of State for the Environment, in exercise of his powers under sections 166 and 167 of the Local Government Act 1972(a) and of all other powers enabling him in that behalf, hereby makes the following regulations:—

PART I

GENERAL

Citation and commencement

1. These regulations may be cited as the Accounts and Audit Regulations 1974, and shall come into operation on 13th August 1974.

Interpretation and application

2.—(1) The Interpretation Act 1889(b) shall apply for the interpretation of these regulations as it applies for the interpretation of an Act of Parliament.

(2) In these regulations, except where the context otherwise requires—

“Act of 1972” means the Local Government Act 1972;

“auditor” means the district auditor or, as the case may be, the approved auditor;

“notice by advertisement” means a notice published in one or more local newspapers circulating in the area to which the relevant accounts relate;

“responsible financial officer” means the person who, by virtue of section 151 of the Act of 1972, or otherwise, is responsible for the administration of the financial affairs of a body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972; or, if no person is so responsible, the person who is responsible for keeping the accounts of such a body.

(3) Any reference in these regulations to accounts shall, in relation to the Common Council of the City of London, be construed as a reference to the accounts of the rate fund and superannuation fund of the City.

(4) Any reference in these regulations to a numbered regulation is a reference to the regulation so numbered in these regulations.

(5) These regulations shall apply in relation to charter trustees constituted under section 246 of the Act of 1972 as if the charter trustees were the council of a parish or community consisting of the area for which they act.

(6) These regulations shall with all necessary modifications apply to the accounts and the audit of the accounts of an officer whose accounts are required to be audited by sections 167 of the Act of 1972.

(a) 1972 c. 70.

(b) 1889 c. 63.

PART II

ACCOUNTS

Systems of accounting control, form of accounts etc.

3. Subject to any instructions given by a body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972 to their responsible financial officer, their systems of accounting control and the form of their accounts and supporting records shall be determined by that officer, and he shall ensure that, subject to compliance with any such instructions as are mentioned above, the systems of accounting control determined by him are observed and that the accounts of the body and supporting records are kept up-to-date.

Accounts to be made up and balanced

4. The responsible financial officer shall ensure that all accounts required to be audited in accordance with Part VIII of the Act of 1972 are made up and balanced as soon as practicable after the date to which those accounts are required to be made up under or by virtue of section 155 of the Act of 1972.

Signing of balance sheet etc. and submission of accounts

5. Subject to any instructions given by a body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972 to their responsible financial officer (and notified by them to the auditor) as to the submission of the accounts to them and the authentication of those accounts, the body's balance sheet, or, if their accounts are kept on the basis of receipts and payments, their record of receipts and payments, shall be signed by their responsible financial officer, and the accounts to which the balance sheet or record so signed relate shall be submitted to the auditor as the accounts of the body:

Provided that, in the case of a body who keep more than one balance sheet, references in this regulation to a balance sheet shall be construed as references to the consolidated balance sheet or, as the case may be, to the summary of the balance sheets.

Current internal audit

6. The responsible financial officer of a body whose accounts are required to be audited under Part VIII of the Act of 1972 shall maintain a current internal audit of the accounts of the body and of their officers, and he, or his authorised representative, shall have a right of access at all times to such documents of the body, relating to the accounts of the body, as appear to him to be necessary for the purpose of such audit and shall be entitled to require from any officer of the body such information and explanation as he thinks necessary for that purpose.

Action to be taken when paying-in money

7. Every officer of a body whose accounts are required to be audited under Part VIII of the Act of 1972 who pays any money into a banking account of the body or an official banking account of any officer of the body shall, unless the

Secretary of State otherwise directs, enter on a paying-in slip and on the counterfoil or duplicate thereof, particulars of such payment, including, in the case of each cheque paid in—

- (a) the amount of the cheque, and
- (b) some reference (such as the number of the receipt given or the name of the debtor) which will connect the cheque with the debt or debts in discharge or partial discharge of which it was received:

Provided that, where any cheque paid in was not received in discharge or partial discharge of a debt due to the body, the officer shall note the fact on the counterfoil or duplicate of the paying-in slip.

PART III

AUDIT

Public inspection of accounts

8. A body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972, or, in the case of a parish meeting, the chairman of the meeting, shall make the accounts and other documents mentioned in section 159(1) of the Act of 1972 available for public inspection for seven clear days before such date as the auditor shall appoint as the date on or after which a request may be made to him under section 159(2), and, in the case of an audit conducted by a district auditor, as the date on or after which the right conferred by section 159(3) may be exercised.

Notice

9.—(1) Subject to paragraph (2) of this regulation, a body or a chairman of a parish meeting shall, before complying with regulation 8, give at least fourteen days notice by advertisement of the commencement of the period during which the accounts and other documents referred to in that regulation will be available for inspection, stating the place at which, and the hours during which, those accounts and other documents will be available for inspection; and such notice shall also state the name and address of the auditor, the rights conferred by section 159 of the Act of 1972 in so far as they are appropriate in relation to the particular audit and the date appointed by the auditor under regulation 8.

(2) In the case of a parish council, parish meeting, community council, or of a joint committee of the councils of two or more parishes or communities, the body, or, as the case may be, the chairman of the parish meeting may, instead of giving notice under paragraph (1) above, display a notice containing the requisite information in a conspicuous place or places in the area to which the accounts relate.

(3) A body, or the chairman of a parish meeting, shall, on giving notice under paragraph (1) above, forthwith send the auditor an extract, containing the published notice, from the newspaper or newspapers in which the notice was published, together with a statement of the name and date of publication of the newspaper or newspapers.

(4) A body or a chairman of a parish meeting shall, on displaying a notice under paragraph (2) above, forthwith send the auditor a certificate to that effect.

Alteration of accounts

10. Except with the consent of the auditor, accounts shall not be altered after the date on which they are first made available for inspection under regulation 8.

Auditor's answers to questions about accounts

11. When responding to questions about accounts pursuant to section 159(2) of the Act of 1972, the auditor shall not, without the consent of the body concerned, disclose any information about transactions reflected in the accounts which is not disclosed in the accounts and other documents required to be made available for inspection under regulation 8.

Certificate on conclusion of audit

12.—(1) Subject to paragraph (2) below, on the conclusion of an audit of the accounts of a body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972, the auditor shall certify that he has completed the audit in accordance with all relevant enactments and instruments, and, in particular, that—

- (a) there is no matter on which he considers that he should make a report under section 157 of the Act of 1972;
- (b) it appears to him that there is no action which he is required to take under section 161 or 162 of the Act of 1972.

(2) If the auditor has made or proposes to make a report under section 157 of the Act of 1972, or has taken any action required under section 161 or 162 of that Act, he shall qualify the certificate under paragraph (1) above accordingly.

(3) The certificate under paragraph (1) above shall be entered on or annexed to the balance sheet of the body whose accounts have been audited or, as the case may be, their record of receipts and payments, authenticated in accordance with regulation 5 above.

Duty of auditor who makes no report

13. Where, on the completion of an audit, an auditor makes no report on any matters arising out of or in connection with the audited accounts, he shall forthwith notify the Secretary of State that he has completed the audit and has made no report.

Notice of right to inspect auditor's report

14.—(1) Not later than fourteen days after the meeting at which a body take into consideration an auditor's report sent to them under section 160(1) of the Act of 1972, the body or, in the case of a body which is a parish meeting, the chairman of the meeting shall give notice by advertisement that the report is available for inspection; and any such notice shall contain a statement of the right to inspect and make copies of the report conferred by section 228(4) of the Act of 1972 and state the address at which and the hours during which the report is available for inspection and copying.

(2) Regulation 9(3), and, in the case of a parish or community with a population of less than 2,000, or a joint committee of the councils of two or more such parishes or communities, regulation 9(2) and (4), shall apply in relation to the requirement to give notice in paragraph (1) above as they apply in relation to the requirement to give notice in regulation 9(1).

(3) A body or the chairman of a parish meeting may, instead of giving or displaying a notice under or by virtue of the preceding provisions of this regulation, publish the auditor's report in one or more local newspapers circulating in the area to which the audited accounts relate.

Abstract of audited accounts

15.—(1) As soon as possible after their accounts have been audited, a body to whom this regulation applies shall prepare an abstract of their audited accounts.

(2) This regulation applies to any body whose accounts are required to be audited in accordance with Part VIII of the Act of 1972, except a parish council, parish meeting, community council, a joint committee of the councils of two or more parishes or communities, an internal drainage board, a water authority or the National Water Council.

(3) An abstract of audited accounts shall be prefaced by a statement of the main principles adopted in compiling the accounts, and that statement shall draw attention to any changes of practice which in the opinion of the body have a significant effect on the results shown by the accounts.

(4) The main principles referred to in paragraph (3) above include—

- (a) the basis on which debtors and creditors outstanding at the end of the relevant year are included in the accounts;
- (b) the nature of substantial reserves, provisions, contingent liabilities and deferred charges included in the accounts;
- (c) the basis on which provision is made in revenue accounts for the redemption of debt;
- (d) the basis on which capital works or expenses are recorded in the balance sheet;
- (e) the basis of valuation of real property and investments;
- (f) the basis of depreciation provisions; and
- (g) the extent to which central administrative expenses are allocated over services.

(5) An abstract of audited accounts shall contain copies, or such details as the body preparing it consider appropriate, of their audited balance sheets and of their audited revenue and capital accounts; and, in addition, an abstract shall contain such explanation of the documents or details contained in it by virtue of this paragraph as the body consider necessary.

(6) An abstract of audited accounts shall contain a copy of the auditor's certificate under regulation 12.

(7) An abstract of audited accounts shall set out any corresponding amounts for the immediately preceding financial year for items shown in the balance sheet and the revenue accounts.

(8) On completing an abstract of their audited accounts, the body concerned shall forthwith send a copy to the auditor.

(9) If, within fourteen days of complying with paragraph (8) above, a body are notified by the auditor that he is not satisfied as to the correctness or completeness of the abstract, or anything therein, they shall make an appropriate alteration to the abstract or set out therein the auditor's comments.

(10) After complying with paragraph (8) above and taking any action required by paragraph 9 above, a body shall forthwith give notice by advertisement that the audit has been concluded and that the abstract of the audited accounts is available for inspection during the period specified in the notice at the address and during the hours so specified; and, in addition, the notice shall contain a statement of the rights conferred by section 228(4) of the Act of 1972 on any local government elector for the area of the body.

Fees for audits

16. For the purpose of determining the fee payable for an audit, a body whose accounts are being audited or, in the case of the accounts of a parish meeting, the chairman of the parish meeting shall complete a financial statement containing such information as the Secretary of State may require and submit the same to the auditor who shall send it to the Secretary of State on the conclusion of the audit with a certificate that the statement is correct to the best of his knowledge and belief; and, in addition, the body shall supply the Secretary of State with such further information as he may at any time require.

Extraordinary audit

17.—(1) Where, under section 165 of the Act of 1972, the Secretary of State directs a district auditor to hold an extraordinary audit of accounts of a body, he may also direct the body or, in the case of a parish meeting, the chairman of the meeting to give notice by advertisement of the right of any local government elector for the area to which the accounts relate, or any representative of his, to attend before the auditor and make objections to any of those accounts; and, regulation 9(3) shall apply in relation to any notice under this paragraph as it applies in relation to a notice under regulation 9(1).

(2) The provisions of regulations 12 and 14 shall apply to an extraordinary audit under section 165 of the Act of 1972 as they apply to an ordinary audit under Part VIII of that Act.

PART IV

MISCELLANEOUS

Offences

18.—(1) It is hereby declared that, subject as mentioned in regulation 19, the wilful contravention of any of the provisions of these regulations specified in paragraph (2) below shall be an offence for the purposes of section 166(2) of the Act of 1972.

(2) The provisions referred to in paragraph (1) above are the provisions of regulations 4, 8, 9, 10, 14, 15, 16 and 17 (except in so far as regulation 17 applies the provisions of regulation 12).

Consent to departures

19. The Secretary of State may, subject to such conditions as he thinks fit to impose, authorise any body or person to depart (whether by act or omission) from any of the provisions of these regulations; and, provided that any conditions imposed are complied with, a departure so authorised shall not constitute a contravention of these regulations for the purposes of section 166(2) of the Act of 1972, or otherwise.

Joint committees etc.

20. Any joint committee, joint board or combined authority whose accounts are required to be audited in accordance with Part VIII of the Act of 1972 shall—

- (a) within the period of fourteen days specified by regulation 14 send a copy of the auditor's report, and
- (b) on giving notice under regulation 15(10), send a copy of their abstract of accounts prepared under regulation 15,

to each constituent authority.

Revocations and savings

21. The statutory instruments specified in the Schedule hereto are hereby revoked; provided that such revocation shall not affect any accounts or any audit of accounts for any period preceding 1st April 1974.

SCHEDULE
STATUTORY INSTRUMENTS REVOKED

Orders and Regulations revoked	References
Order of the Local Government Board, dated December 23, 1892, as to accounts of Joint Cemetery Boards.	S.R. & O. (Rev. V, p. 936: 1892 p. 768).
Order of the Local Government Board, dated December 23, 1892, as to accounts of Joint Sewerage or Drainage Boards.	S.R. & O. (Rev. V, p. 946: 1892, p. 788).
Order of the Local Government Board, dated December 23, 1892, as to accounts of Joint Water Boards or Committees.	S.R. & O. (Rev. V, p. 956: 1892, p. 798).
Order of the Local Government Board (England), dated January 26, 1893, prescribing the form of financial statement to be submitted to the district auditor by Fisheries Committees for Sea Fisheries Districts.	S.R. & O. (Rev. V, p. 915: Rev. 1904, IV, p. 3).
Order of the Local Government Board, dated February 28, 1896, as to accounts of Port Sanitary Authorities, and prescribing the form of financial statement to be submitted to the district auditor.	S.R. & O. 1896/169 (Rev. V, p. 987: Rev. 1904, X, p. 1).
Order of the Local Government Board, dated April 27, 1900, prescribing form of financial statement to be submitted to the district auditor by joint committees appointed for purposes other than those of the Burial Acts.	S.R. & O. 1900/300 (Rev. V, p. 920: Rev. 1904, IV, p. 214).
Order of the Local Government Board, dated April 29, 1902, prescribing forms of financial statement to be submitted to the district auditor by Joint Committees appointed under section 53 of the Local Government Act, 1894, for the purposes of the Burial Acts.	S.R. & O. 1902/361 (Rev. V, p. 928: Rev. 1904, IV, p. 229).
The Accounts (Payment into Bank) Order 1922.	S.R. & O. 1922/1404 (Rev. V, p. 885: 1922, p. 507).
The Accounts (Boroughs and Metropolitan Boroughs) Regulations 1930.	S.R. & O. 1930/30 (Rev. V, p. 875: 1930, p. 118).
The Audit Regulations 1934.	S.R. & O. 1934/1188 (Rev. V, p. 873: 1934 I, p. 1002).
The Audit Stamp Duty Order 1938.	S.R. & O. 1938/793 (Rev. V, p. 1034: 1938 II, p. 3125).
The Financial Statements (District Audit) Regulations 1938.	S.R. & O. 1938/794 (Rev. V, p. 887: 1938 I, p. 1685).
The Financial Statements (District Audit) Amendment Regulations 1946.	S.R. & O. 1946/239 (Rev. V, p. 887: 1946 I, p. 960).
The Financial Statements (District Audit) Amendment Regulations 1951.	S.I. 1951/922 (1951 I, p. 525).
The Rate-accounts Regulations 1962.	S.I. 1962/8 (1962 I, p. 4).
The Rate-accounts (Amendment) Regulations 1966.	S.I. 1966/1130 (1966 III, p. 2729).
The Financial Statements (Parishes) Regulations 1971.	S.I. 1971/819 (1971 II, p. 2341).

Signed by authority of
the Secretary of State.

John Silkin,
Minister for Planning and Local Government,
Department of the Environment.

8th July 1974.

EXPLANATORY NOTE

(This Note is not part of these Regulations.)

These Regulations, made under section 166 of the Local Government Act 1972, contain provision with respect to the accounts and the audit of the accounts of bodies whose accounts are subject to audit under Part VIII of the 1972 Act. The contravention of certain provisions of the regulations is declared an offence.

The regulations also apply to the accounts and audit of the accounts of officers of the relevant bodies.

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