

1983 No. 1849

LOCAL GOVERNMENT, ENGLAND AND WALES

The Accounts and Audit (Passenger Transport Executives and the London Transport Executive) Regulations 1983

<i>Made</i>	- - - -	8th December 1983
<i>Laid before Parliament</i>		22nd December 1983
<i>Coming into Operation</i>		13th January 1984

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The Secretary of State for Transport, after consultation with the Audit Commission for Local Authorities in England and Wales, with such associations of local authorities as appear to him to be concerned and with such bodies of accountants as appear to him to be appropriate, in exercise of his powers under sections 23, 31 and 35 of the Local Government Finance Act 1982(a) and of all other powers enabling him in that behalf, hereby makes the following regulations:—

Citation and commencement

1. These regulations may be cited as the Accounts and Audit (Passenger Transport Executives and the London Transport Executive) Regulations 1983 and shall come into operation on 13th January 1984.

(a) 1982 c. 32.

Interpretation and application

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

“the 1982 Act” means the Local Government Finance Act 1982;

“Executive” means a Passenger Transport Executive and the London Transport Executive;

“auditor” means the auditor appointed under sections 12(1) and 31 of the 1982 Act in relation to any accounts of an Executive;

“the Commission” means the Audit Commission for Local Authorities in England and Wales;

“consolidated”, in relation to any account or statement, means that the account, or as the case may be the statement, comprises the relevant information in respect of the Executive and all their subsidiaries and units having separate accounts;

“notice by advertisement” means a notice published in one or more local newspapers circulating in the area of the relevant authority as defined in the 1982 Act;

“responsible financial officer” means the person who is appointed to be responsible for the administration of the financial affairs of an Executive;

“revenue grants” means grants under section 13 of the Transport Act 1968(a) or section 3(1)(a) of the Transport (London) Act 1969(b) in aid of the revenues of an Executive, including grants made under those provisions in respect of reduction in fares for children.

(2) These regulations shall with all necessary modifications apply to the accounts of any separate unit or officer of an Executive having separate accounts.

Accounting control systems, form of accounts etc.

3. Subject to any instructions given by the Executive to their responsible financial officer, their accounting systems and the form of their accounts and supporting records shall be determined by that officer, and he shall ensure that the accounting systems determined by him are observed and that the accounts of the Executive and supporting records are kept up to date.

Internal audit

4. The responsible financial officer of an Executive shall maintain an adequate and effective internal audit of the accounts of the Executive and of their officers and he, or his authorised representative, shall have a right of access at all times to such documents of the Executive which relate to the accounts of the Executive as appear to him to be necessary for the purpose of the audit and shall be entitled to require from any officer of the Executive such information and explanation as he thinks necessary for that purpose.

(a) 1968 c. 73.

(b) 1969 c. 35.

Preparation of accounts and statements of accounts

5.—(1) As soon as practicable after their accounts have been made up, an Executive shall prepare a statement of those accounts.

(2) A statement of accounts shall include the following:—

- (a) the revenue account of the Executive;
- (b) a consolidated revenue account;
- (c) a consolidated statement of source and application of funds;
- (d) a consolidated balance sheet;
- (e) such other information as the Executive consider necessary in order to ensure that the statement of accounts fairly presents the state of affairs of the Executive and their subsidiaries at the end of the period to which the accounts relate and the results of their operations and source and application of funds for that period.

(3) A statement of accounts of an Executive shall be prepared so as to be no less informative than if the disclosure requirements of the Companies Acts 1948 to 1981 were, so far as appropriate, applicable to Executives.

(4) In the preparation of accounts and statements of accounts an Executive shall comply with such of the requirements set out in the Schedule to these regulations as are applicable.

Appointment of date for the exercise of public rights

6. The auditor shall, for the purpose of the exercise of rights under sections 17(2) and (3) of the 1982 Act, appoint a date on or after which those rights may be exercised and shall notify the Executive of that date.

Public Inspection of accounts

7. The Executive after being notified under regulation 6 shall make the accounts and other documents mentioned in section 17(1) of the 1982 Act available for public inspection for fifteen full working days before the date appointed by the auditor under that regulation.

Alteration of accounts

8. Except with the consent of the auditor, accounts shall not be altered after the date on which they are first made available for inspection in pursuance of regulation 7.

Notice by advertisement of public rights

9.—(1) Subject to paragraph (3), not later than fourteen days before the commencement of the period during which the accounts and other documents are made available in pursuance of regulation 7, the Executive 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 7;
- (b) the place at which, and the hours during which, they will be so available;
- (c) the name and address of the auditor;
- (d) the rights conferred by section 17 of the 1982 Act, and the effect of subsections (4) and (5) of that section;
- (e) the date appointed under regulation 6.

(3) An Executive shall, on giving notice under paragraph (1), forthwith send to 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.

Written notice of proposed objection

10. Any written notice of a proposed objection given in pursuance of section 17(4) of the 1982 Act shall state the facts on which the local government elector or, as the case may be, his representative proposes to rely and contain, so far as possible:—

- (a) particulars of any item of account which is alleged to be contrary to law;
- (b) particulars of (i) any person from whom it is alleged that the auditor should certify under section 20 of that Act that a sum or amount of loss or deficiency is due, and (ii) that sum or amount; and
- (c) particulars of any amount in respect of which it is proposed that the auditor could make a report under section 15(3) of that Act.

Signing of statements of accounts

11. The statement of accounts on which the auditor is to enter his certificate and opinion pursuant to section 18(1) of the 1982 Act shall be signed on behalf of the Executive by their Director General (or in the case of the London Transport Executive by the Chairman) and the responsible financial officer and, if the responsible financial officer is not a member of the Executive, by one other member of the Executive.

Notice by advertisement of conclusion of audit etc.

12.—(1) As soon as possible after the conclusion of an audit, an Executive shall give notice by advertisement that the audit has been concluded and that the signed statement of accounts is available for inspection by local government electors.

(2) Not later than 14 days after the meeting at which an Executive takes into consideration any auditor's report sent to them in pursuance of section 18(3) of the 1982 Act, the Executive shall give notice by advertisement that the report is available for inspection by local government electors.

(3) Where on conclusion of an audit the auditor sends a report to an

Executive in pursuance of section 18(3) of the 1982 Act, paragraph (1) shall apply as if for the reference to the date of conclusion of the audit there were substituted a reference to the date of the meeting at which the Executive takes that report into consideration.

(4) Any notice by advertisement given in pursuance of this regulation shall:—

- (a) contain a statement of the rights conferred on local government electors by section 24 of the 1982 Act;
- (b) state the address at which and the hours during which the signed statement of accounts or, as the case may be, the auditor's report is available for the exercise of those rights.

(5) An Executive shall, on giving notice under paragraph (1) or (2) 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.

Publication of statements of accounts

13.—(1) An Executive shall:—

- (a) publish the statement of accounts prepared in accordance with regulation 5 not later than the expiry of 6 months beginning immediately after the end of the period to which the statement of accounts relates;
- (b) make copies available for purchase by any person on payment of a reasonable sum.

(2) Where the publication required by paragraph (1) takes place before the conclusion of the audit, each copy of the statement of accounts published or made available shall contain either:—

- (a) a copy of any opinion on the statement of accounts given by the auditor before the date of publication, or
- (b) a declaration and explanation of the fact that at the date of publication the auditor has given no such opinion.

(3) Where the publication required by paragraph (1) takes place after the conclusion of the audit, each copy of the statement of accounts published or made available shall contain a copy of:—

- (a) the auditor's certificate given under section 18(1) of the 1982 Act, and
- (b) the auditor's opinion on the statement of accounts given under that subsection, whether that opinion has been entered on the statement of accounts or included in a report as mentioned in section 18(2) of that Act.

(4) Where the publication required by paragraph (1) takes place as mentioned in paragraph (2) any copy made available after the conclusion of the audit shall be accompanied by a copy of the certificate and opinion mentioned in paragraph (3).

(5) Each copy of the statement of accounts published in pursuance of this

regulation shall contain a copy of any report made in the course of or at the conclusion of the audit under section 15(3) of the 1982 Act before the date of publication.

Extraordinary Audit

14. Where, under section 22 of the 1982 Act, the Commission directs an auditor to hold an extraordinary audit of accounts of an Executive, the Executive shall give notice by advertisement of the right of any local government elector, or any representative of his to attend before the auditor and make objections to any of those accounts.

Offences

15.—(1) It is hereby declared that contravention of any of the provisions specified in paragraph (2) below is an offence.

(2) The provisions referred to in paragraph (1) above are regulations 7, 8, 9, 12, 13 and 14.

8th December 1983.

Nicholas Ridley,
Secretary of State for Transport

SCHEDULE

PREPARATION OF ACCOUNTS AND STATEMENTS OF ACCOUNTS

1. (a) In respect of every fixed asset the capital value thereof shall be stated in the accounts.
(b) The total capital value of fixed assets shall be stated in the statement of accounts and shall be analysed by reference to appropriate categories of assets.
2. In respect of every fixed asset which is subject to depreciation provision for such depreciation shall be made in the accounts calculated so as to write off the value of the asset less any estimated residual value thereof over the period of its expected useful life and there shall be included in the statement of accounts a note describing the method by which such provision for depreciation has been calculated.
3. Where for any fixed asset which has been acquired under leasing arrangements a capital value is included in the accounts a note shall be included in the statement of accounts describing the method by which such capital value has been calculated and the asset shall be treated in the accounts as a fixed asset subject to depreciation.
4. Any capital grant received or receivable by an Executive in relation to a fixed asset which is subject to depreciation shall be credited to a balance sheet account opened for that purpose and shall be released therefrom to the revenue account over such a period and in such amounts as will correspond with the period taken and the provision made for depreciation of that asset.
5. All revenue grants received or receivable shall be credited to the revenue account and shall be separately identified according to the sources from which they are received.
6. (a) Every amount received by an Executive, other than passenger receipts, reimbursement of the cost of travel concessions and revenue grants, shall be identified according to the nature of the activity of the Executive to which the amount relates.
(b) The total of the amounts referred to in sub-paragraph (a) shall be stated in the statement of accounts and shall be analysed by reference to appropriate categories of activities
7. (a) Every interest charge paid or payable by an Executive shall be separately identified in the accounts according to the source of borrowing to which it relates.
(b) The total of interest charges shall be stated in the statement of accounts and shall be analysed by reference to appropriate categories of sources of borrowing.
8. In relation to the reimbursement of the cost of travel concessions under any agreement for the purpose to which the Executive are a party there shall be included in the statement of accounts a note describing the method by which the amount of such reimbursement is calculated.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations, made under section 23 of the Local Government Finance Act 1982 as applied by section 31 of that Act, contain provisions with respect to the accounts and the audit of Passenger Transport Executives and the London Transport Executive whose accounts are required to be audited in accordance with Part III of that Act, and to the accounts and audit of the accounts of officers of those Executives. The contravention of certain provisions of the regulations is declared to be an offence.

The regulations will apply in relation to accounts for any period beginning on or after 1st April 1983, which is the day appointed by section 33(2) of the Act for the commencement of the provisions of Part III of the Act relating to audit by auditors appointed by the Audit Commission for Local Authorities in England and Wales.

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