
WELSH STATUTORY INSTRUMENTS

2005 No. 368 (W.34)

LOCAL GOVERNMENT, WALES

The Accounts and Audit (Wales) Regulations 2005

Made - - - - 22 February 2005

Coming into force - - 1 April 2005

The National Assembly for Wales in exercise of the powers conferred on it under sections 13, 32, 105 and 106 of the Local Government Act 2000⁽¹⁾, sections 39 and 58 of the Public Audit (Wales) Act 2004⁽²⁾, and after consulting in accordance with section 39(2) of that Act, the Auditor General for Wales, such associations of local authorities as appear to it to be concerned and such bodies of accountants as appear to it to be appropriate hereby makes the following Regulations —

Name and commencement

1.—(1) These Regulations are called the Accounts and Audit (Wales) Regulations 2005 and shall come into force on 1 April 2005.

(2) These Regulations apply to Wales only.

Interpretation and application

2.—(1) In these Regulations —

“the 1972 Act” (“*Deddf 1972*”) means the Local Government Act 1972⁽³⁾;

“the 1989 Act” (“*Deddf 1989*”) means the Local Government and Housing Act 1989⁽⁴⁾;

“the 1996 Regulations” (“*Rheoliadau 1996*”) means the Accounts and Audit Regulations 1996⁽⁵⁾;

“the 1998 Act” (“*Deddf 1998*”) means the Audit Commission Act 1998⁽⁶⁾;

“the 2003 Act” (“*Deddf 2003*”) means the Local Government Act 2003⁽⁷⁾;

“the 2004 Act” (“*Deddf 2004*”) means the Public Audit (Wales) Act 2004⁽⁸⁾;

(1) 2000 c. 22.
(2) 2004 c. 23.
(3) 1972 c. 70.
(4) 1989 c. 42.
(5) S.I.1996/590.
(6) 1998 c. 18.
(7) 2003 c. 26.
(8) 2004 c. 23.

“community council” (“*cyngor cymuned*”) means a community or town council in accordance with section 27 of the 1972 Act;

“fire and rescue authority” (“*awdurdod tân ac achub*”) means an authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies⁽⁹⁾;

“local government body” (“*corff llywodraeth leol*”) means a local government body in Wales whose accounts are required to be audited in accordance with Chapter 1 of Part 2 of the 2004 Act other than a local probation board established under section 4 of the Criminal Justice and Court Services Act 2000⁽¹⁰⁾;

“notice by advertisement” (“*hysbysiad drwy hysbyseb*”) means a notice published in one or more local newspapers circulating in the area of the local government body;

“working day” (“*diwrnod gwaith*”) means any day other than a Saturday, Sunday, Christmas Day, Good Friday or any other day which is a bank holiday in Wales; and

“year” (“*blwyddyn*”) means the 12 months ending with 31st March.

(2) Any reference in these Regulations to the “responsible financial officer” (“*swyddog ariannol cyfrifol*”) means —

- (a) the person who, by virtue of section 151 of the 1972 Act, is responsible for the administration of the financial affairs of a local government body or, if no person is so responsible, the person who is responsible for keeping the accounts of such a body, or
- (b) if the person referred to in paragraph (a) is unable to act owing to absence or illness, such member of that person’s staff as is nominated by that person for the purposes of section 114 of the Local Government Finance Act 1988⁽¹¹⁾ or, if no nomination is made under that section, the person nominated by that person for the purposes of these Regulations.

(3) These Regulations shall apply to all local government bodies.

(4) Regulations 10(1), 12 to 15 and 17(1) shall, with all necessary modifications, apply to the accounts of an officer whose accounts are required to be audited by section 38 of the 2004 Act.

Revocation and saving of instruments

3.—(1) Subject to paragraph (2) the following instruments are hereby revoked —

- (a) the 1996 Regulations; and
- (b) the Accounts and Audit (Amendment) (Wales) Regulations 2001⁽¹²⁾.

(2) The Regulations in paragraph (1) are saved in so far as they apply to accounts for the financial year ending 31 March 2005 and the audit of those accounts.

Responsibility for internal control and financial management

4.—(1) The local government body shall be responsible for putting in place and ensuring that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes

- (a) arrangements for the management of risk; and
- (b) adequate and effective financial management.

⁽⁹⁾ 2004 c. 21.

⁽¹⁰⁾ 2000 c. 43. See sections 12 and 59 of the Public Audit (Wales) Act 2004.

⁽¹¹⁾ 1988 c. 41.

⁽¹²⁾ S.I. 2001/3760.

(2) The local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices, when relevant (13), with —

- (a) any statement of accounts it is obliged to publish in accordance with regulation 10, or
- (b) any statement of accounts if the council so decides, any income and expenditure account, statement of balances or record of receipts and payments it is obliged to publish or display in accordance with regulation 11.

Accounting records and control systems

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

- (a) accounting records, including the form of accounts and supporting accounting records; and
- (b) accounting control systems,

and such an officer shall ensure that the accounting control systems determined by that person are observed and that the accounting records of the body are kept up to date and maintained in accordance with the requirements of any enactment and proper practices.

(2) The accounting records determined by the responsible financial officer on behalf of a local government body in accordance with paragraph (1)(a) shall be sufficient to show the body's financial transactions and to enable the responsible financial officer to ensure that any statement of accounts, income and expenditure account, statement of balances or record of receipts and payments and additional information to be provided by way of notes to the accounts, as the case may be, which are prepared under these Regulations, comply with these Regulations.

(3) The accounting records determined by the responsible 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 or receipts and payments accounts 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 claims made, or to be made, by them for contribution, grant or subsidy from the National Assembly for Wales, any Minister of the Crown or a body to whom the National Assembly for Wales or such a Minister may pay sums of monies.

(4) The accounting control systems determined by the responsible 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 uncollectable amounts, including bad debts, are not written off except with the approval of the responsible financial officer, or such member of that

(13) See section 21(2) of the Local Government Act 2003 (c. 22), and the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (S.I. 2003/3239 W.319) as amended by the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2004 (S.I. 2004/1010 (W.107)).

person's staff as is nominated for this purpose, and that the approval is shown in the accounting records; and

- (d) measures to ensure that risk is appropriately managed.

Internal audit

6. A local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, and any officer or member of that body shall, if the body requires —

- (a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and
- (b) supply the body with such information and explanation as that body considers necessary for that purpose.

Statement of accounts

7.—(1) A body to which paragraphs (3) and (4) apply shall prepare in accordance with proper practices a statement of accounts for each year prefaced by an explanatory foreword which shall include —

- (a) a statement of accounting policies;
- (b) a statement of responsibilities for the statement of accounts;
- (c) such of the following accounting statements as are relevant to the functions of the local government body —
- (i) consolidated revenue account;
 - (ii) housing revenue account;
 - (iii) consolidated balance sheet;
 - (iv) statement of total movement of reserves;
 - (v) cash flow statement;
 - (vi) group accounting and group financial statements in accordance with proper practices;
 - (vii) any other statements relating to each and every other fund in relation to which the body is required by any statutory provision to keep a separate account;
- (d) notes to the accounts.

(2) The statement required by paragraph (1) shall be accompanied by a note of the number of employees in the year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £10,000 starting with £60,000; and, for such purposes, "remuneration" means all amounts paid to or receivable by an employee or a member, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee or a member otherwise than in cash.

(3) This paragraph applies to the following bodies —

- (a) a county council or a county borough council in Wales;
- (b) a joint authority;
- (c) a committee of a local authority in Wales (including a joint committee of two or more local authorities in Wales);
- (d) a National Park Authority for a National Park in Wales;

- (e) a police authority for a police area in Wales;
- (f) a fire and rescue authority.

(4) Where in relation to a community council, the gross income or expenditure (whichever is the higher) for the year is, and for each of the two immediately preceding years was, £1,000,000 or more, the requirements of paragraphs (1) and (2) above shall apply to that council in respect of that period.

(5) Where a county council or a county borough council is required by section 74 of the 1989 Act to maintain a Housing Revenue Account the statement of accounts required by paragraph (1) shall include a note prepared in accordance with proper practices in relation to any Major Repairs Allowance grant paid to the county council or county borough council under section 31 of the 2003 Act detailing income and expenditure and any balance on any account used to record the grant.

(6) This Regulation shall apply to accounts for the year ending with 31 March 2006, and subsequent years.

Other accounting statements

8.—(1) A body to which paragraph (2) applies shall prepare in accordance with proper practices an income and expenditure account and a balance sheet of the body for each year.

(2) This paragraph applies to the following bodies —

- (a) a port health authority; and
- (b) a licensing planning committee; and
- (c) an internal drainage board.

(3) Where in relation to a community council, the gross income or expenditure (whichever is the higher) for the year is, and for each of the two immediately preceding years was, less than £1,000,000 and was:

- (a) £100,000 or more for the year and for each of the two immediately preceding years and if the council so determines, the council shall prepare in accordance with proper practices a statement of accounts in the form specified in regulations 7(1) and (2); or
- (b) £100,000 or more for the year and for each of the preceding two years, the council shall prepare in accordance with and in the form specified in any Annual Return required by proper practices an income and expenditure account and a statement of balances of the council in relation to that period; or
- (c) less than £100,000 for the year or for either of the two immediately preceding years, the council shall prepare in accordance with and in the form specified in any Annual Return required by proper practices:
 - (i) a record of receipts and payments of the council in relation to that period; or
 - (ii) an income and expenditure account and a statement of balances of the council in relation to that period.

(4) This Regulation shall apply in respect of the year ending with 31 March 2006 and subsequent years.

Signing and approval of statement of accounts etc

9.—(1) A local government body shall ensure that —

- (a) the statement of accounts, or
- (b) where no statement of accounts is required to be prepared, the income and expenditure account and the statement of balances, or

(c) where no income and expenditure account and statement of balances are required to be prepared, the record of receipts and payments of the body, is prepared in accordance with these Regulations.

(2) Before the approval referred to in paragraphs (3) and (4) is given, the responsible financial officer of a local government body shall sign and date the statement of accounts, income and expenditure account and statement of balances, or record of receipts and payments, as the case may be, 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 or that it properly presents receipts and payments, as the case may be, for that year.

(3) Subject to paragraph (5), in respect of all local government bodies referred to in regulation 7(1) —

- (a) the statement of accounts as required by regulation 7(1) shall be approved by a resolution of a committee of the local government body or otherwise by a resolution of the members of the body meeting as a whole, such approval to take place as soon as reasonably practicable and in any event before the 30 June immediately following the end of a year, and
- (b) following approval in accordance with sub-paragraph (a), the statement of accounts shall be signed and dated by the person presiding at the committee or meeting at which that approval was given.

(4) In respect of all local government bodies referred to in regulation 8(2) and (3) —

- (a) the income and expenditure account and balance sheet as required by regulation 8(1), statement of accounts, if the council so determines, as required by regulation 8(3)(a) or the income and expenditure account and statement of balances as required by regulation 8(3)(b), or the record of receipts and payments or the income and expenditure account and statement of balances as required by regulation 8(3)(c), shall be approved by a resolution of a committee of the local government body or otherwise by a resolution of the members of the body meeting as a whole, such approval to take place as soon as reasonably practicable and in any event before the 30 September immediately following the end of a year, and
- (b) following approval in accordance with sub-paragraph (a), statement of accounts if the council so determines, the record of receipts and payments or the income and expenditure account and statement of balances, as the case may be, shall be signed and dated by the person presiding at the committee or meeting at which the approval was given.

(5) The reference in paragraph (3)(a) to “the 30 June” shall be read in respect of the year ending with 31 March 2006 as a reference to “the 31 July”.

(6) If the local government body has not obtained approval in accordance with paragraphs (3), (4) and (5) it is required:

- (a) to publish a statement before 30 June where the local government body is a county or county borough council or 30 September where the local government body is a community council subject to paragraph (5) including reasons why approval has not been obtained; and
- (b) agree to course of action to ensure approval can be given and subject to sub-paragraphs (c) and (d) agree a new approval date for the statement of accounts, or income and expenditure account and statement of balances or the record of receipts and payments as the case may be;
- (c) for the purposes of sub-paragraph (b) a new approval date should be set:
 - (i) which is no longer than twenty working days after the approval dates in paragraphs (3), (4) or (5) as appropriate, or

- (ii) as soon as reasonably practicable where in exceptional circumstances, despite the best endeavours of the local government body, it cannot resolve relevant issues to allow a decision to be made in accordance with the time limit in sub-paragraph (i);
- (d) if the local government body cannot approve the accounts in accordance with sub-paragraph (c)(i) it shall, as soon as reasonably practicable, hold a meeting and resolve as to the reasons why it cannot approve the accounts and publish a statement setting out those reasons.

Publication of statement of accounts etc

10.—(1) Subject to paragraph (3), as soon as reasonably possible after conclusion of an audit, and in any event before the 30 September immediately following the end of a year, a local government body to which paragraph (2) below applies shall —

- (a) 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 7 together with any certificate, opinion, or report issued, given or made by the auditor under sections 23(2) and 33 of the 2004 Act 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 auditor has given no opinion, and
 - (b) keep copies available for purchase by any person on payment of such sum as the local government body may reasonably require.
- (2) This paragraph applies to —
- (a) a local government body to which regulation 7(3) applies; and
 - (b) a local government body referred to in regulation 7(4) in relation to the accounts for a period referred to in that regulation.

(3) The reference in paragraph (1) to “the 30 September” shall be read in respect of the year ending with 31 March 2006 as a reference to “31 October”.

Publication of income and expenditure account and receipts and payments

11.—(1) As soon as reasonably possible after conclusion of an audit, and in any event before the 31 December immediately following the end of a year, a local government body to which paragraph (2) applies, shall —

- (a) publish by means other than merely by reference in the documents of meetings, committees or sub-committees of the body, the statement of accounts, if the council so decides, or the income and expenditure account and the statement of balances prepared in accordance with regulation 8(3) together with any certificate, opinion, or report issued, given or made by the auditor under sections 23(2)(a) and 33 of the 2004 Act 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 auditor has given no opinion; and
 - (b) keep copies available for purchase by any person on payment of such sum as the local government body may reasonably require.
- (2) This paragraph applies to —
- (a) a local government body to which regulation 8(2) applies; and
 - (b) a local government body referred to in sub-paragraphs (a) or (b) of regulation 8(3), in relation to the accounts for a period to which that regulation applies.

(3) As soon as reasonably possible after the conclusion of an audit, and in any event before the 31 December immediately following the end of a year, a local government body referred to in regulation 8(3)(c) shall, in relation to the accounts for a period referred to in that regulation, display a notice containing the requisite information in a conspicuous place or places in the area of the body for a period of at least 14 days and keep copies available for purchase by any person on payment of such sum as the local government body may reasonably require.

(4) For the purposes of paragraph (3) “requisite information” means the record of receipts and payments prepared in accordance with regulation 8(3)(c) together with any certificate, opinion, or report issued, given or made by the auditor under sections 23(2)(a) and 33 of the 2004 Act before the date of publication, or, if the notice is displayed 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 when the notice is first displayed the auditor has given no opinion.

Appointment of date for the exercise of rights of electors

12. The auditor shall, for the purpose of the exercise of rights under section 30(2) and 31(1) of the 2004 Act, 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

13.—(1) Subject to paragraph (2), the local government body notified under regulation 12, shall make the accounts and other documents mentioned in section 30 of the 2004 Act available for public inspection for 20 working days before the date appointed by the auditor under that regulation.

(2) The local government body notified under regulation 12 shall make the accounts and other documents in relation to a period to which regulation 8(3) applies available for public inspection on reasonable notice.

Alteration of accounts

14. Except with the consent of the 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 13.

Notice of public rights

15.—(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 13, a local government body to which regulation 10(2) applies, 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 13;
- (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 provisions contained in section 30 and section 31 of the 2004 Act; and
- (e) the date appointed under regulation 12.

(3) A local government body to which regulation 11(2) applies or which is referred to in regulation 11(3) shall display a notice containing —

- (a) subject to sub-paragraph (b), the information referred to in paragraph (2) above in a conspicuous place or places in the area of the body for a period of at least 14 days

immediately prior to the period during which the accounts and other documents are made available under regulation 13; or

(b) instead of the information referred to in paragraph 2(b) above, details of the manner in which notice should be given of an intention to inspect the accounts and other documents.

(4) A local government body shall on giving notice by advertisement or displaying a notice under paragraph (1) or (3) above notify the auditor immediately in writing that a notice has been given or displayed.

Written notice of proposed objection

16.—(1) Any written notice of a proposed objection given in pursuance of section 31(2) of the 2004 Act shall state the facts on which the local government elector proposes to rely, and 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 auditor could make a report under section 22 of that Act.

(2) In paragraph (1) where a notice relates to a financial year commencing before 1 April 2005 it may contain in addition to those matters in sub-paragraphs (a) and (b) particulars of any person from whom it is alleged the auditor should certify under section 18 of the 1998 Act that a sum or amount of loss or deficiency is due and the sum of that amount provided that the notice does not relate to a police authority for a police area in Wales⁽¹⁴⁾.

Notice of conclusion of audit

17.—(1) As soon as reasonably possible after conclusion of an audit, a local government body to which regulation 10(2) applies shall give notice by advertisement stating that the audit has been concluded and that the statement of accounts is available for inspection by local government electors and including —

- (a) a statement of the rights conferred on local government electors by section 29 of the 2004 Act; and
- (b) the address at which and the hours during which those rights may be exercised.

(2) As soon as reasonably possible after conclusion of an audit, a body to which regulation 11(2) applies or which is referred to in regulation 11(3) shall display a notice in a conspicuous place or places in the area of the body for a period of at least 14 days stating that the audit has been completed and that the statement of accounts, if the council so decides, the income and expenditure account and the statement of balances, or the record of receipts and payments, as the case may be, required by these Regulations is available for inspection by local government electors and including —

- (a) a statement of the rights conferred on local government electors by section 29 of the 2004 Act; and
- (b) the address at which and the hours during which those rights may be exercised.

(3) Where any notice by advertisement is given or any notice is displayed pursuant to paragraph (1) or (2) above the statement of accounts, income and expenditure account and the statement of balances, or record of receipts and payments, as the case may be, made available for inspection shall —

- (a) if as a result of the auditor's report any material amendment is required to them, 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;

(14) See S.I. 2000/3335 in relation to police authorities in Wales.

- (b) if revised as described in sub-paragraph (a) above, be accompanied by an explanation as to the material respects in which they have been altered as a result of the auditor's report; and
- (c) if revised as described in sub-paragraph (a) above, be accompanied by a statement that they have been prepared as at the date of the original document and not as at the date of the revision and accordingly do not deal with events between those dates.

(4) If as a result of the auditor's report any material amendment is required to the statement of accounts, income and expenditure account and statement of balances or record of receipts and payment ("the accounts"), the responsible financial officer shall report such amendment to the local government body or the committee of that local government body which approved the accounts pursuant to regulation 9(3) or (4) as soon as reasonably practicable.

(5) A local government body to which this regulation applies shall on giving or displaying a notice under paragraph (1) or (2) notify the auditor immediately in writing that paragraph (1) or (2) has been complied with as appropriate.

Publication of annual audit letter

- 18.** As soon as reasonably possible after it is received, a local government body shall —
- (a) publish the annual audit letter received from the auditor; and
 - (b) make copies available for purchase by any person on payment of such sum as the local government body may reasonably require.

Joint committees etc

19.—(1) Any joint committee, fire and rescue authority, police authority or National Park authority in Wales to which these regulations apply shall deposit with each constituent authority —

- (a) within the period of fourteen days specified by regulation 17(2), a copy of the auditor's report, and
- (b) where the committee, board or authority is a body to which regulation 7(3) applies, on giving notice under regulation 17(1), a copy of the statement of accounts.

(2) In this regulation "constituent authority" means any county, county borough or community council for the time being entitled to appoint members of the committee, board or authority in question and in relation to a National Park authority it includes the National Assembly for Wales.

Extraordinary audit

20. Where, under section 37 of the 2004 Act, the Auditor General for Wales directs an auditor to hold an extraordinary audit of accounts of a local government body, the body, shall —

- (a) in the case of a body to which regulation 10(2) applies, give notice by advertisement, and
- (b) in the case of a body to which regulation 11(2) applies or which is referred to in regulation 11(3), display a notice in a conspicuous place or places in the area of the body,

concerning the right of any local government elector for the area to which the accounts relate to attend before the auditor and make objections to any of those accounts.

Offences

21.—(1) It is hereby declared that contravention of any of the provisions specified in paragraphs (2) and (3) is an offence.

(2) Subject to paragraph (3) the provisions referred to in paragraph (1) are regulations 4, 7, 8, 10, 11, 13, 14, 15, 17, 18 and 20.

(3) The provisions referred to in paragraphs (1) and (2) include regulation 4 only in so far as regulation 4 requires that a statement of internal control be included with any statements of accounts, any income and expenditure account and the statement of balances or receipts and payments.

Amendment to the Local Authorities Executive Arrangements (Functions and Responsibilities) (Wales) Regulations 2001 and the Local Authorities (Alternative Arrangements) (Wales) Regulations 2001

22.—(1) Schedule 1 (Functions not to be the responsibility of an authority’s executive) to the Local Authorities (Wales) Regulations 2001⁽¹⁵⁾ and Schedule 1 (Functions not to be the responsibility of an authority’s Board) to the Local Authorities (Alternative Arrangements) (Wales) Regulations 2001⁽¹⁶⁾ shall be amended as follows.

(2) In column 2 of paragraph 8 of Part I (Miscellaneous functions) the following shall be substituted “The Accounts and Audit (Wales) Regulations 2005”.

Signed on behalf of the National Assembly for Wales under section 66(1) of the Government of Wales Act 1998⁽¹⁷⁾

22 February 2005

D. Elis-Thomas
The Presiding Officer of the National Assembly

⁽¹⁵⁾ S.I. 2001/2291 (W.179).

⁽¹⁶⁾ S.I. 2001/2284 (W.173).

⁽¹⁷⁾ 1998 c. 38.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under sections 39 and 58 of the Public Audit (Wales) Act 2004 (“the 2004 Act”). They make provision with respect to the accounts and audit of local government bodies in Wales whose accounts are required to be audited in accordance with Part 2 of the 2004 Act (other than local probation boards).

The Regulations supersede the Accounts and Audit Regulations 1996 (as amended) (“the 1996 Regulations”) which, together with amending Regulations, are revoked from 1 April 2005 (subject to certain savings in relation to the financial year ending 31 March 2005).

These Regulations differ in a number of respects from the 1996 Regulations. Of particular note among the changes are the following: a new explicit requirement for local government bodies to be responsible for their financial management and system of internal control (regulation 4); a requirement to follow proper internal audit practices (regulation 6); an increase of the financial threshold above which community councils are required to provide a statement of accounts from £500,000 to £1 million; an increase in the financial threshold above which community councils are required to prepare income and expenditure accounts from £50,000 to £100,000 (regulation 8) and the bringing forward of the deadlines for approval and publication of statements of account for principal authorities in a phased way (regulations 9 and 10).

Regulation 1 provides that the Regulations shall come into force on 1st April 2005 and that they apply in Wales only.

Regulation 2 deals with the interpretation of the terms used in the Regulations and their application.

Regulation 3 deals with the revocation of the Accounts and Audit Regulations 1996 (and amending Regulations), which govern the regulation of accounts and audit in the bodies to which these Regulations apply. This Regulation also includes a saving provision in relation to the 1996 Regulations in so far as they relate to the financial year ending 31 March 2005.

Regulation 4 imposes a new requirement on local government bodies, making it explicit for the first time that they are responsible for ensuring that their financial management is adequate and effective and that they have a sound system of internal control which they regularly review. Regulation 4 also requires that a statement on internal control is issued with the financial statements.

Regulation 5 makes provision in respect of the accounting records and control systems that are to be kept by the bodies to which these Regulations apply. The Regulation also specifies that when the responsible financial officer makes determinations about the accounting records and accounting control systems that person does so on behalf of the local government body.

Regulation 6 makes provision in respect of the internal audit system that should be maintained in accordance with proper practices by the bodies to which these Regulations apply.

Regulation 7 makes provision with respect to certain of the bodies to which these Regulations apply regarding the preparation of a statement of accounts for each year. This obligation does not apply to community councils whose gross income or expenditure (whichever is higher) for the relevant year is, and for the preceding two years was, less than £1 million.

Regulation 8 makes provision with respect to the accounting statements that must be prepared by certain of the bodies to which these Regulations apply, not being bodies covered by the requirements set out in Regulation 7. The threshold above which community councils are required to prepare income and expenditure accounts and statements of balances is increased from £50,000 to £100,000.

Regulation 9 makes provision in respect of the signing and approval of the various forms of accounts required to be prepared under these Regulations. The Regulation also introduces a new requirement for a person presiding at a committee or meeting to sign the accounting statements following approval by the committee or meeting which approved those statements.

In the case of bodies subject to the obligation to prepare a statement of accounts under regulation 7(1) of these Regulations the date by which the accounts must be approved is 30 June following the end of the relevant financial year. This changes the date from 30 September following the end of the relevant financial year. In order to assist local government bodies to adjust to the new timetable, the timetable is to be phased in over two years.

Regulation 10 makes provision in respect of the publication of statements of accounts prepared under regulation 7. The date by which they must be published is 30 September following the end of the relevant financial year. This changes the date from 31 December following the end of the relevant financial year. In order to assist local government bodies to adjust to the new timetable the timetable is to be phased in over two years.

Regulation 11 makes provision in respect of the publication of accounts required to be prepared under regulation 8. The date by which they must be published is 31 December following the end of the relevant financial year.

Regulation 12 makes provision in respect of the exercise of the rights of local government electors. Under the provisions of section 30(2) of the 2004 Act a local government elector or that person's representative is entitled to question the auditor about the accounts and under the provisions of section 31(1) a local government elector may attend before the auditor and make objections with respect to certain matters in respect of the accounts. This regulation provides that the auditor shall appoint a date on or after which these rights may be exercised and that the auditor shall notify the local government body of that date.

Regulation 13 makes provision in respect of arrangements to be made for the public inspection of accounts and other documents. They must be available for public inspection for 20 working days before the date appointed by the auditor under the provisions of regulation 12.

Regulation 14 provides that the accounts and other documents made available for public inspection shall not be altered after they have been made so available, except with the consent of the auditor.

Regulation 15 makes provision in respect of the publication of information relating to the right of public inspection of accounts and other documents. The information must be made available to the 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 13.

Regulation 16 makes provision in respect of the contents of any written notice of a proposed objection that a local government elector gives the auditor.

Regulation 17 makes provision in respect of giving notice that an audit has been concluded and that the accounts are available for inspection by local government electors.

Regulation 18 makes provision in respect of the publication of the annual audit letter that local government bodies receive from their auditor.

Regulation 19 makes provision in respect of joint committees, joint boards, and National Park Authorities regarding the deposit of certain documents relating to their accounts and audit with each constituent authority.

Regulation 20 makes provision relating to the notice that must be given by a local government body in the event that the Auditor General for Wales directs an auditor to hold an extraordinary audit of the accounts of that body.

Regulation 21 declares that the contravention of certain regulations is an offence, as provided for by section 39(3) of the 2004 Act.

Status: *This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

Regulation 22 amends the Local Authorities Executive Arrangements (Functions and Responsibilities) (Wales) Regulations 2001 and the Local Authorities (Alternative Arrangements) (Wales) Regulations 2001, by reliance on powers in the Local Government Act 2000, to add functions under these Regulations to the lists of functions under those Regulations that may not be the responsibility of an executive or a Board respectively.