
WELSH STATUTORY INSTRUMENTS

2014 No. 3362 (W. 337)

LOCAL GOVERNMENT, WALES

The Accounts and Audit (Wales) Regulations 2014

<i>Made</i>	- - - -	<i>22 December 2014</i>
<i>Laid before the National Assembly for Wales</i>	- -	<i>23 December 2014</i>
<i>Coming into force</i>	- -	<i>31 March 2015</i>

The Welsh Ministers make the following Regulations in exercise of the powers conferred on them by sections 13, 105 and 106 of the Local Government Act 2000⁽¹⁾, sections 21(1), (2)(b) and (5), 23(2) and (3), 24 and 123 of the Local Government Act 2003⁽²⁾ and sections 39 and 58 of the Public Audit (Wales) Act 2004⁽³⁾.

In accordance with section 39(2) of the Public Audit (Wales) Act 2004, the Welsh Ministers have consulted the Auditor General for Wales, such associations of local authorities in Wales as appear to them to be concerned and such bodies of accountants as appear to them to be appropriate.

PART 1

Introductory

Title, commencement and application

1.—(1) The title of these Regulations is the Accounts and Audit (Wales) Regulations 2014 and they come into force on 31 March 2015.

(2) These Regulations apply in relation to Wales.

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- (1) 2000 c. 22; section 13 was amended by the Local Government and Public Involvement in Health Act 2007 (c. 28), section 236(9); the Localism Act 2011 (c. 20), Schedule 3, paragraphs 8 and 13; and the Local Government (Wales) Measure 2011 (nawm 4), section 57(2)(a). Section 105 was amended by the Local Government Act 2003 (c. 26), Schedule 3, paragraphs 11 and 14; the Localism Act 2011 (c. 20), Schedule 3, paragraphs 8 and 70; and by S.I. 2013/2597. Section 106 was amended by the Localism Act 2011 (c. 20), Schedule 3, paragraphs 8 and 71; and the Local Government (Wales) Measure 2011 (nawm 4), section 176(1). Section 106 was also amended by the Local Government (Democracy) (Wales) Act 2013 (anaw 4), section 68(4), but at the time of making these Regulations, section 68(4) is not yet in force.
- (2) 2003 c. 26; section 24 was amended by the Local Government and Public Involvement in Health Act 2007 (c. 28), section 238(3). Section 24 was also amended by the Local Government and Public Involvement in Health Act 2007, Schedule 14, paragraph 5, and by the Local Audit and Accountability Act 2014, Schedule 12, paragraphs 49 and 52, but at the time of making these Regulations those provisions are not yet in force.
- (3) 2004 c. 23; section 39 was amended by the Public Audit (Wales) Act 2013 (anaw 3), Schedule 4, paragraphs 20 and 44. Section 58 was amended by that Act, Schedule 4, paragraphs 20 and 58.

(3) These Regulations apply as follows—

- (a) regulations 2, 5 to 7(2), and 21 to 28 apply to all relevant bodies;
- (b) regulations 3 and 4 apply to internal drainage boards and port health authorities;
- (c) regulations 7(3) to 13 apply to larger relevant bodies;
- (d) regulations 14 to 18 apply to smaller relevant bodies;
- (e) regulations 19 and 20 apply to the particular relevant bodies mentioned in Part 6;
- (f) regulations 5 to 28 apply, with all necessary modifications, to the accounts of an officer whose accounts are required to be audited by section 38 of the 2004 Act (audit of accounts of officers); and
- (g) regulation 29 applies to county councils and county borough councils.

Interpretation

2.—(1) In these Regulations—

“the 1972 Act” (“*Deddf 1972*”) means the Local Government Act 1972(4);

“the 1989 Act” (“*Deddf 1989*”) means the Local Government and Housing Act 1989(5);

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

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

“auditor” (“*archwilydd*”) means—

- (a) a person whose appointment continues to have effect by virtue of the Public Audit (Wales) Act 2013, Schedule 3, paragraph 2(2)(6);
- (b) otherwise, the Auditor General for Wales;

“conservation board” (“*bwrdd cadwraeth*”) means a board established under section 86 of the Countryside and Rights of Way Act 2000(7);

“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(8) or a scheme to which section 4 of that Act applies;

“internal drainage board” (“*bwrdd draenio mewnol*”) means an internal drainage board for an internal drainage district wholly in Wales;

“joint committee” (“*cyd-bwyllgor*”) means a joint committee of two or more local authorities;

“larger relevant body” (“*corff perthnasol mwy*”) means—

- (a) a county or county borough council;
- (b) a fire and rescue authority;
- (c) a National Park authority;
- (d) a police and crime commissioner;
- (e) a chief constable; or

(4) 1972 c. 70.

(5) 1989 c. 42.

(6) 2013 anaw 3. Paragraph 2(2) of Schedule 3 (read with S.I. 2013/1466 (W. 138) (C. 56)) provides that where, immediately before 1 April 2014, an appointment of an auditor has effect under section 13 of the Public Audit (Wales) Act 2004, that appointment continues to have effect until the end of the period for which the appointment was made (subject to any earlier termination).

(7) 2000 c. 37.

(8) 2004 c. 21.

(f) a body which is listed in the definition of “smaller relevant body” in this regulation but which does not meet the qualifying condition;

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

“port health authority” (“*awdurdod iechyd porthladd*”) means a port health authority for a port health district wholly in Wales;

“qualifying condition” (“*amod cymhwys*”) means that the relevant body’s gross income or gross expenditure (whichever is higher) is not more than £2,500,000;

“relevant body” (“*corff perthnasol*”) means (as appropriate) a larger relevant body or a smaller relevant body;

“smaller relevant body” (“*corff perthnasol llai*”) means a body—

(a) which is—

- (i) a community council;
- (ii) a committee of a county or county borough council (including a joint committee);
- (iii) a port health authority;
- (iv) an internal drainage board; or
- (v) a conservation board; and

(b) being—

- (i) an established body, which meets the qualifying condition for the year concerned or for either of the two preceding years;
- (ii) a newly established body, which meets the qualifying condition for its first or second year;

“working day” (“*diwrnod gwaith*”) means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or any other day which is a bank holiday in Wales under the Banking and Financial Dealings Act 1971⁽⁹⁾; and

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

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

(a) the person who is responsible for the administration of the financial affairs of a relevant body by virtue of—

- (i) section 151 of the 1972 Act (financial administration),
- (ii) section 112(1) of the Local Government Finance Act 1988 (financial administration as to certain authorities)⁽¹⁰⁾, or
- (iii) paragraph 13(6) of Schedule 7 to the Environment Act 1995 (national park authorities)⁽¹¹⁾,

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 sub-paragraph (a) is unable to act owing to absence or illness—

⁽⁹⁾ 1971 c. 80.

⁽¹⁰⁾ 1988 c. 41; section 112 was amended by the Police Act 1997 (c. 50), Schedule 6, paragraph 27; the Criminal Justice and Police Act 2001 (c. 16), Schedule 6, paragraphs 45 and 47; the Fire and Rescue Services Act 2004 (c. 21), Schedule 1, paragraph 68; the Local Democracy, Economic Development and Construction Act 2009 (c. 20), Schedule 6, paragraphs 74 and 78; and the Police Reform and Social Responsibility Act 2011 (c. 13), Schedule 16, paragraphs 180 and 187.

⁽¹¹⁾ 1995 c. 25.

- (i) 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 (functions of responsible officer as regards reports)(12); or
- (ii) if no nomination is made under that section, such member of staff nominated by the person referred to in sub-paragraph (a) for the purposes of these Regulations.

PART 2

Specification of Bodies and Proper Practices

Specification of internal drainage boards and port health authorities

3. Internal drainage boards and port health authorities are specified for the purposes of section 23(1) of the 2003 Act (local authority) but only in relation to section 21 (accounting practices) of that Act.

Proper practices

4. For the purposes of section 21(2) of the 2003 Act (accounting practices)—
- (a) in relation to internal drainage boards, the accounting practices contained in the “Governance and Accountability in Internal Drainage Boards in England: A Practitioners Guide 2006” (as revised in November 2007 and issued jointly by the Association of Drainage Authorities and the Department for Environment, Food and Rural Affairs) are proper practices; and
 - (b) in relation to port health authorities which are not county councils or county borough councils, the accounting practices contained in the “Governance and accountability for Local Councils in Wales: A Practitioners’ Guide 2011 (Wales)” as may be amended or reissued from time to time (whether under the same title or not) issued jointly by One Voice Wales and the Society for Local Council Clerks are proper practices.

PART 3

Financial Management and Internal Control

Responsibility for internal control and financial management

5.—(1) The relevant body must ensure 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.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

- (3) The findings of the review referred to in paragraph (2) must be considered—

(12) 1988 c. 41; section 114 was amended by the [Local Government and Housing Act 1989 \(c. 42\)](#), Schedule 5, paragraph 66; the [Police and Magistrates' Courts Act 1994 \(c. 29\)](#), Schedule 4, paragraph 34; the [Police Act 1997 \(c. 50\)](#), Schedule 6, paragraph 28; the [Criminal Justice and Police Act 2001 \(c. 16\)](#), Schedule 6, paragraphs 45 and 48; [S.I. 2002/808](#); the [Police Reform and Social Responsibility Act 2011 \(c. 13\)](#), Schedule 16, paragraphs 180 and 188; and the [Localism Act 2011 \(c. 20\)](#), Schedule 25, Part 32.

- (a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and
 - (b) in the case of a smaller relevant body, by the members of the body meeting as a whole.
- (4) Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices.
- (5) The relevant body must ensure that the statement referred to in paragraph (4) accompanies—
- (a) any statement of accounts which it is obliged to prepare in accordance with regulation 8; or
 - (b) any accounting statement which it is obliged to prepare in accordance with regulation 14.

Accounting records and control systems

6.—(1) The responsible financial officer of a relevant body must 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 that officer must ensure that the accounting control systems determined by that officer 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 in accordance with paragraph (1)(a) must—
- (a) be sufficient to show and explain a relevant body's transactions and to enable the responsible financial officer to ensure that any statement of accounts or accounting statement which is prepared under these Regulations complies with these Regulations; and
 - (b) contain—
 - (i) 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;
 - (ii) a record of the assets and liabilities of the body; and
 - (iii) a record of income and expenditure of the body in relation to claims made, or to be made, by it for contribution, grant or subsidy from the Welsh Ministers, any Minister of the Crown or a body to whom the Welsh Ministers or such a Minister may pay sums of monies.
- (3) The accounting control systems determined in accordance with paragraph (1)(b) must 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 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

7.—(1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

(2) Any officer or member of that body must, 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.

(3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.

(4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control referred to in regulation 5(3), by the committee or body referred to in that paragraph.

PART 4

Published Accounts and Audit – Larger Relevant Bodies

Statement of accounts

8.—(1) A larger relevant body must prepare for each year a statement of accounts in accordance with these Regulations and proper practices and the statement must include such of the following accounting statements as are relevant to the functions of the body—

- (a) housing revenue account;
- (b) firefighters' pension fund;
- (c) 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.

(2) Where a county council or a county borough council is required by section 74 (duty to keep housing revenue account) of the 1989 Act⁽¹³⁾ to maintain a Housing Revenue Account the statement of accounts required by paragraph (1) must 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.

Declaration of remuneration

9.—(1) The statement of accounts required by regulation 8(1) must be accompanied by the notes referred to in paragraphs (2) to (4).

(2) The first note is a note of the relevant body's remuneration ratio information (but this requirement does not apply to a relevant body which is a joint committee).

(3) The second note is a note of (except in relation to persons to whom paragraph (4) applies) the number of employees or police officers in the year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £5,000 starting with £60,000.

(4) The third note is a note of the remuneration (set out according to the categories listed in paragraph (7)) and the contribution to the person's pension by the relevant body of—

⁽¹³⁾ 1989 c. 42; section 74 was amended by the Housing Act 1996 (c. 52), Schedule 18, paragraph 24(2).

- (i) senior employees, or
- (ii) relevant police officers,

in respect of their employment by the relevant body or in their capacity as a police officer, whether on a permanent or temporary basis.

(5) The persons whose remuneration is to be noted under paragraph (4) must be listed individually and identified by way of job title only, except that those persons whose salary is £150,000 or more per year must also be identified by name.

(6) The remuneration and the pension contribution noted under paragraph (4) must be noted in respect of both the year to which the accounts relate and the previous year.

(7) The categories to which paragraph (4) refers are—

- (a) the total amount of salary, fees or allowances paid to or receivable by the person;
- (b) the total amount of bonuses paid to or receivable by the person;
- (c) the total amount of sums paid by way of expenses allowance that are chargeable to United Kingdom income tax, and were paid to or receivable by the person;
- (d) the total amount of any compensation for loss of employment paid to or receivable by the person, and any other payments made to or receivable by the person in connection with the termination of their employment by the relevant body, or, in the case of a relevant police officer, the total amount of any payment made to a relevant police officer who ceases to hold office before the end of a fixed term appointment;
- (e) the total estimated value of any benefits received by the person otherwise than in cash which do not fall within sub-paragraphs (a) to (d) above, which are emoluments of the person, and which are received by the person in respect of their employment by the relevant body or in their capacity as a police officer; and
- (f) in relation to relevant police officers, any payments, whether made under the Police Regulations 2003(14) or otherwise, which do not fall within (a) to (e) above.

(8) In this regulation—

“chief executive” (*“prif weithredwr”*) means—

- (a) in the case of a relevant body which is a county council or county borough council, fire and rescue authority or National Park authority, the head of the body’s paid service designated under section 4(1) of the 1989 Act;
- (b) in the case of a relevant body which is a chief constable, the chief constable;
- (c) in the case of a relevant body which is a police and crime commissioner, the chief executive appointed by the commissioner under Schedule 1 to the Police Reform and Social Responsibility Act 2011(15);
- (d) in the case of any other relevant body, the highest ranking employee;

“contribution to the person’s pension” (*“cyfraniad at bensiwn y person”*) means an amount to be calculated as follows—

- (a) in relation to contributions to the relevant pension scheme established under section 7 of the Superannuation Act 1972(16), the common rate of employer’s contribution specified in a rates and adjustments certificate prepared under regulation 62 (actuarial valuations of pension funds) of the Local Government Pension Scheme Regulations 2013(17), being the amount appropriate for that body calculated in accordance with the certificate and

(14) S.I. 2003/527; relevant amending instruments are S.I. 2006/3449, 2011/3026, and 2012/192 and 2712.

(15) 2011 c. 13.

(16) 1972 c. 11; section 7 was amended by the Public Service Pensions Act 2013(c .25) , Schedule 8, paragraphs 6 and 8.

(17) S.I. 2013/2356.

regulation 67 (employer's contributions) of those Regulations, multiplied by the person's pensionable pay;

- (b) in relation to contributions to the firefighters' pension scheme established under the Fire Services Acts 1947 and 1959⁽¹⁸⁾, the percentage of the aggregate of the pensionable pay calculated for the purposes of paragraph G2(3) and (4) of Schedule 2 to the Firemen's Pension Scheme Order 1992⁽¹⁹⁾, multiplied by the person's pensionable pay;
- (c) in relation to contributions to the firefighters' pension scheme established under the Fire and Rescue Services Act 2004⁽²⁰⁾, the percentage of the aggregate of the pensionable pay calculated for the purposes of paragraphs (2) and (3) of rule 2 of Part 13 of Schedule 1 to the Firefighters' Pension Scheme (Wales) Order 2007⁽²¹⁾, multiplied by the person's pensionable pay;
- (d) in relation to contributions to police pension schemes established under the Police Pensions Regulations 1987⁽²²⁾ or the Police Pensions Regulations 2006⁽²³⁾, the percentage of pensionable pay specified in regulation 5(1) (contributions) of the Police Pension Fund Regulations 2007⁽²⁴⁾, multiplied by the person's pensionable pay;

"employee" (*cyflogai*) includes a member of the relevant body and a holder of an office under the relevant body, but does not include a person who is an elected councillor, and "employment" (*cyflogaeth*) is to be construed accordingly;

"relevant body's remuneration ratio information" (*gwybodaeth cymhareb tâl y corff perthnasol*) means—

- (a) the remuneration of the body's chief executive during the year to which the accounts relate;
- (b) the median remuneration of all the body's employees during the year to which the accounts relate; and
- (c) the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b);

"relevant police officer" (*swyddog heddlu perthnasol*) means—

- (a) in relation to a police force maintained under section 2 (maintenance of police forces) of the Police Act 1996⁽²⁵⁾, the chief constable, and
- (b) any other senior police officer whose salary is £150,000 per year or more;

"remuneration" (*tâl*) means all amounts paid to or receivable by a person, 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 otherwise than in cash;

"senior employee" (*cyflogai hŷn*) means an employee whose salary is £150,000 or more per year, or an employee whose salary is £60,000 or more per year who falls within at least one of the following categories—

- (a) a person employed by a relevant body to which section 2 (politically restricted posts) of the 1989 Act⁽²⁶⁾ applies who—

(18) 1947 c. 41 and 1959 c. 44. Both these Acts have been repealed by the Fire and Rescue Services Act 2004 (c. 21) which contained savings in respect of pension schemes established under them.

(19) S.I. 1992/129; rule G2 was amended by S.I. 2006/1672 (W. 160), 2007/1074 (W. 112) and 2012/974 (W. 128).

(20) 2004 c. 21.

(21) S.I. 2007/1072 (W. 110); rule 2 was amended by S.I. 2009/1225 (W. 108).

(22) S.I. 1987/257 to which there are amendments not relevant to these Regulations.

(23) S.I. 2006/3415 to which there are amendments not relevant to these Regulations.

(24) S.I. 2007/1932, amended by S.I. 2008/1887; there are other amending instruments but none are relevant.

(25) 1996 c. 16. Section 2 was amended by the Police Reform and Social Responsibility Act 2011 (c. 13), Schedule 16, paragraphs 1 and 4.

(26) 1989 c. 42. Section 2 was amended by the Education Act 1996 (c.56), Schedule 37, paragraph 95; S.I. 2002/808 (W. 89); the Children Act 2004 (c. 31), Schedule 2, paragraph 3; the Fire and Rescue Services Act 2004 (c. 21), Schedule 2; the

- (i) has been designated as head of paid service under section 4 of that Act⁽²⁷⁾;
 - (ii) is a statutory chief officer within the meaning of section 2(6) of that Act; or
 - (iii) is a non-statutory chief officer within the meaning of section 2(7) of that Act;
- (b) the person who is the head of staff for any relevant body to which section 4 of the 1989 Act does not apply; or
 - (c) a person who has responsibility for the management of the relevant body to the extent that the person has power to direct or control the major activities of the body (in particular activities involving the expenditure of money), whether solely or collectively with other persons; and

“senior police officer” (“*swyddog heddlu hŷn*”) means a member of a police force holding a rank above that of superintendent.

(9) The sums of £60,000 and £150,000 in this regulation are to be reduced pro rata for an employee or officer who is employed or engaged on a temporary or part-time basis.

Signing, approval and publication of statement of accounts

10.—(1) The responsible financial officer of a larger relevant body must, no later than 30 June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body’s income and expenditure for that year.

(2) A larger relevant body must, no later than 30 September in the year immediately following the end of the year to which the statement relates—

- (a) consider either by way of a committee or by the members meeting as a whole the statement of accounts;
- (b) following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
- (c) following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given; and
- (d) publish (which must include publication on the body’s website) the statement of accounts together with any certificate, opinion or report issued, given or made by the auditor under sections 23(2) (general report)⁽²⁸⁾ and 33 (advisory notices)⁽²⁹⁾ of the 2004 Act before the date of publication, or, if the 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.

(3) The responsible financial officer must re-certify the presentation of the statement of accounts before the relevant body approves it.

(4) If the responsible financial officer does not comply with paragraph (1) or (3), the larger relevant body must—

- (a) publish immediately a statement setting out the reasons for the officer’s non-compliance; and

Local Government and Public Involvement in Health Act 2007 (c. 28), section 203(1); the Local Democracy, Economic Development and Construction Act 2009 (c. 20), sections 30(1) and (2) and 146(1); S.I. 2010/1158; the Local Government (Wales) Measure 2011 (nawm 4), section 21; and the Health and Social Care Act 2012 (c. 7), Schedule 5, paragraph 57.

⁽²⁷⁾ Section 4 was amended by the Local Democracy, Economic Development and Construction Act 2009 (c. 20), Schedule 6, paragraph 81(1) and (2) and by the Police Reform and Social Responsibility Act 2011 (c. 13), Schedule 19, paragraphs 199 and 201.

⁽²⁸⁾ 2004 c. 23; section 23(2) was amended by the Public Audit (Wales) Act 2013 (anaw 3), Schedule 4, paragraphs 20 and 28.

⁽²⁹⁾ 2004 c. 23; section 33(2) was amended by the Public Audit (Wales) Act 2013 (anaw 3), Schedule 4, paragraphs 20 and 38.

(b) agree to a course of action to ensure compliance as soon as possible.

(5) If the accounts were approved pursuant to paragraph (2) before the conclusion of an audit of those accounts, the accounts must be approved as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit and which is issued before the conclusion of the audit.

(6) The approval required by paragraph (5) is in addition to approval pursuant to paragraph (2).

(7) Where any material amendment is made to the accounts, the responsible financial officer must report such amendment to the larger relevant body or the committee of that body immediately before the body or committee is to approve the accounts pursuant to paragraph (2) or (5).

(8) A larger relevant body must keep copies of the documents mentioned in paragraph (2)(d) for purchase by any person on payment of a reasonable sum.

Procedure for public inspection of accounts

11. The procedure for public inspection of accounts for a larger relevant body, referred to in regulation 22, is that it must make the documents referred to in that regulation available for public inspection for 20 working days before the date appointed by the auditor under regulation 21.

Notice of public rights

12.—(1) The procedure for a larger relevant body to give notice of public rights, referred to in regulation 24, is that, 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 11, the body must give notice by advertisement and on its website 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 11;
- (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 contained in section 30 (inspection of documents and questions at audit)(**30**) and section 31 (right to make objections at audit)(**31**) of the 2004 Act; and
- (e) the date appointed under regulation 21 for the exercise of rights of electors.

(3) A larger relevant body must on giving notice under paragraph (1) notify the auditor immediately in writing that a notice has been given.

Notice of conclusion of audit

13. As soon as reasonably possible after conclusion of an audit, a larger relevant body must give notice by advertisement and on its website 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 (inspection of statements of accounts and Auditor General for Wales' reports)(**32**) of the 2004 Act;
- (b) the address at which and the hours during which those rights may be exercised; and
- (c) details of where the last approved statement of accounts and auditor's reports can be found on the body's website.

(30) 2004 c. 23; section 30 was amended by the [Public Audit \(Wales\) Act 2013 \(anaw 3\)](#), Schedule 4, paragraphs 20 and 35.

(31) 2004 c. 23; section 31 was amended by the [Public Audit \(Wales\) Act 2013 \(anaw 3\)](#), Schedule 4, paragraphs 20 and 36.

(32) 2004 c. 23; section 29 was amended by the [Public Audit \(Wales\) Act 2013 \(anaw 3\)](#), Schedule 4, paragraphs 20 and 34.

PART 5

Published Accounts and Audit – Smaller Relevant Bodies

Accounting statements

14. A smaller relevant body must prepare for each year accounting statements in accordance with these Regulations and proper practices.

Signing, approval and publication of accounting statements

15.—(1) Before the approval referred to in in paragraph (2) is given, the responsible financial officer of a relevant body must—

- (a) in a case where the body has prepared a statement of accounts, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year;
- (b) in a case where the body has prepared a record of receipts and payments, sign and date that record, and certify that it properly presents that body's receipts and payments for the year to which the record relates; or
- (c) in any other case, sign and date the income and expenditure account and statement of balances, and certify that they present fairly the financial position of the body at the end of the year to which they relate and that body's income and expenditure for that year.

(2) A smaller relevant body must, no later than 30 June immediately following the end of a year—

- (a) consider the accounting statements by the members meeting as a whole;
- (b) following that consideration, approve the accounting statements for submission to the auditor by a resolution of the body; and
- (c) following approval, ensure that the accounting statements are signed and dated by the person presiding at the meeting at which that approval was given.

(3) If the responsible financial officer does not comply with paragraph (1), the smaller relevant body must—

- (a) publish immediately a statement setting out the reasons for the officer's non-compliance; and
- (b) agree to a course of action to ensure compliance as soon as possible.

(4) Where a smaller relevant body decides to amend its accounting statements following the receipt of a report from the auditor which contains the auditor's final findings and which is issued before the conclusion of the audit, the body must ensure that the amended accounting statements are signed and dated by the person presiding at the meeting at which the amendment was approved.

(5) A smaller relevant body must, no later than 30 September in the year immediately following the end of the year to which the statement relates, either—

- (a) publish the accounting statements by means other than solely by reference in the minutes of meetings, together with—
 - (i) any certificate, opinion, or report issued, given or made by the auditor under sections 23(2) and 33 of the 2004 Act, or
 - (ii) if the 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; or

- (b) display a notice containing the documents mentioned in sub-paragraph (a) in a conspicuous place or places in the area of the body for a period of at least 14 days.
- (6) A smaller relevant body must keep copies of the documents mentioned in paragraph (5)(a) for purchase by any person on payment of a reasonable sum.

Procedure for public inspection of accounts

16. The procedure for public inspection of accounts for a smaller relevant body, referred to in regulation 22, is that the body must make the documents mentioned in that regulation available for public inspection on reasonable notice, during a period of 20 working days before the date appointed by the auditor under regulation 21.

Notice of public rights

17.—(1) The procedure for a smaller relevant body to give notice of public rights, referred to in regulation 24, is that it must display, 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 16, a notice containing 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 16;
- (b) details of the manner in which notice should be given of an intention to inspect the accounts and other documents;
- (c) the name and address of the auditor;
- (d) the provisions contained in section 30 (inspection of documents and questions at audit) and section 31 (right to make objections at audit) of the 2004 Act; and
- (e) the date appointed under regulation 21 for the exercise of rights of electors.

(3) A smaller relevant body must on displaying a notice under paragraph (1) notify the auditor immediately in writing that a notice has been displayed.

Notice of conclusion of audit

18. As soon as reasonably possible after conclusion of an audit, a smaller relevant body must 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 last approved relevant accounting statements required by these Regulations and auditor's report are available for inspection by local government electors on reasonable notice and including—

- (a) a statement of the rights conferred on local government electors by section 29 (inspection of statements of accounts and auditors' reports) of the 2004 Act;
- (b) details of the manner in which notice should be given of an intention to exercise the right of inspection; and
- (c) if the body has a website, details of where the last approved statement of accounts and auditor's report can be found on that website.

PART 6

Particular Relevant Bodies

Internal drainage boards

19. An internal drainage board must charge to a revenue account an amount equal to the payments and contributions statutorily payable for that year under an arrangement accounted for as a defined benefit pension plan or as other long-term employee benefits (as defined in accordance with proper practices in relation to accounts).

Joint committees etc.

20.—(1) Any joint committee, fire and rescue authority or National Park authority to which these Regulations apply must deposit with each constituent authority—

- (a) where the committee is a smaller relevant body, within the period of 14 days specified by regulation 18, a copy of the auditor’s report and the accounting statements; and
- (b) otherwise, on giving notice under regulation 13, a copy of the auditor’s report and the statement of accounts.

(2) In this regulation “constituent authority” (“*awdurdod cyfansoddol*”) means any county council, county borough or community council for the time being entitled to appoint members of the committee or authority in question and in relation to a National Park authority it includes the Welsh Ministers.

PART 7

Audit Procedure

Appointment of date for the exercise of rights of electors

21. The auditor must, for the purpose of the exercise of rights under sections 30(2) (inspection of documents and questions at audit) and 31(1) (right to make objections at audit) of the 2004 Act, appoint a date on or after which those rights may be exercised, and must notify that date to the relevant body concerned.

Public inspection of accounts

22. A relevant body notified under regulation 21 must make the accounts and other documents mentioned in section 30 (inspection of documents and questions at audit) of the 2004 Act available in accordance with the procedure specified for larger relevant bodies in regulation 11, or for smaller relevant bodies in regulation 16, as appropriate.

Alteration of accounts

23. Except with the consent of the auditor, accounts and other documents must not be altered after the date on which they are first made available for inspection in pursuance of either regulation 11 or regulation 16.

Notice of public rights

24. A relevant body must give notice of public rights in accordance with the procedure specified for larger relevant bodies in regulation 12, or for smaller relevant bodies in regulation 17.

Written notice of objection

25. Any written notice of an objection given in pursuance of section 31(2) of the 2004 Act must state the facts on which the local government elector relies, 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 (immediate and other reports in the public interest)(**33**) of that Act.

Notice of conclusion of audit

26. A relevant body must give notice of conclusion of audit in accordance with the procedure specified for larger relevant bodies in regulation 13, or for smaller relevant bodies in regulation 18, as appropriate.

Publication of annual audit letter

27. As soon as reasonably possible after it is received, a local government body must—

- (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 relevant body may reasonably require.

Extraordinary audit

28.—(1) Where, under section 37 (extraordinary audit)(**34**) of the 2004 Act, the Auditor General for Wales directs an auditor to hold an extraordinary audit of accounts of a relevant body, the body must—

- (a) in the case of a larger relevant body, give notice by advertisement, and
- (b) in the case of a smaller relevant body, 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 make objections to any of those accounts.

(2) Where the auditor referred to in paragraph (1) is the Auditor General for Wales, the reference to the Auditor General directing an auditor to hold an extraordinary audit is to be read as the Auditor General for Wales holding an extraordinary audit.

PART 8

Amendments and Revocations

Amendment to the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007

29.—(1) Schedule 1 (functions not to be the responsibility of an authority's executive) to the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007(**35**) is amended as follows.

(33) 2004 c. 23; section 22(2) was amended by the Public Audit (Wales) Act 2013 (anaw 3), Schedule 4, paragraphs 20 and 27.

(34) 2004 c. 23; section 37 was amended by the Public Audit (Wales) Act 2013 (anaw 3), Schedule 4, paragraphs 20 and 42.

(35) S.I. 2007/399 (W. 45), amended by S.I. 2008/1430, 2009/2983 (W. 260), 2010/630 (C. 42)/ and 2013/2902 (W. 281) and 3005 (W. 297).

(2) For the entry in column 2 of paragraph 1 of Part I (Miscellaneous functions) there is substituted “Regulations made under section 39 of the Public Audit (Wales) Act 2004 (c. 23)”.

Revocation and saving of instruments

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

- (a) the Accounts and Audit (Wales) Regulations 2005⁽³⁶⁾;
- (b) the Accounts and Audit (Wales) (Amendment) Regulations 2007⁽³⁷⁾;
- (c) the Accounts and Audit (Wales) (Amendment) Regulations 2010⁽³⁸⁾; and
- (d) the Accounts and Audit (Wales) (Amendment) Regulations 2013⁽³⁹⁾.

(2) The Regulations in paragraph (1) are saved in so far as they apply to accounts for the financial years ending on or before 31 March 2014 and the audit of those accounts.

22 December 2014

Leighton Andrews
Minister for Public Services, one of the Welsh
Ministers

⁽³⁶⁾ S.I. 2005/368 (W. 34).

⁽³⁷⁾ S.I. 2007/388 (W. 39).

⁽³⁸⁾ S.I. 2010/683 (W. 66).

⁽³⁹⁾ S.I. 2013/217 (W. 29).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision with respect to the accounts and audit of bodies whose accounts are required to be audited in accordance with section 39 of the Public Audit (Wales) Act 2004 (“the 2004 Act”) other than a local probation board for an area in Wales or a Welsh probation trust. The bodies who are subject to these Regulations are: county and county borough councils (and their committees and joint committees); community councils; fire and rescue authorities; National Park authorities; police and crime commissioners; chief constables; port health authorities; internal drainage boards; and conservation boards.

These Regulations replace the Accounts and Audit (Wales) Regulations 2005 which, together with amending Regulations, are revoked.

These Regulations differ in a number of respects from previous Accounts and Audit Regulations. Of particular note among the changes are the following: the bodies which are subject to the Regulations are specified on the face of the Regulations; the increase in the threshold of gross income or gross expenditure for smaller relevant bodies, from £1 million per year to not more than £2.5 million (regulation 2); changes to the procedures for approving and publishing accounts (regulations 10 and 15); the separation of procedures governing published accounts and audit for larger relevant bodies from that for smaller relevant bodies in the structure of the Regulations (see Parts 4 and 5); and it is no longer an offence to fail to comply with any aspect of the Regulations.

Part 1 is introductory. Regulation 1 sets out the title, commencement date of 31 March 2015 and application of the Regulations to Wales. Regulation 2 sets out the defined terms used in the Regulations.

Part 2 concerns specifying bodies so that those bodies come within the meaning of local authority for the purposes of section 23(1) of the Local Government Act 2003. Under that section the Welsh Ministers may make provision about accounting practices to be followed by local authorities as defined in the 2003 Act. Regulation 3 specifies internal drainage boards and port health authorities and regulation 4 identifies accounting practices for those bodies.

Part 3 concerns financial management and internal control. Regulation 5 requires relevant bodies to be responsible for ensuring that the financial management of the body is adequate and effective and the body has a sound system of internal control which they regularly review. Regulation 6 makes provision in respect of the accounting records which are to be kept, and the control systems that must be maintained, by relevant bodies. Regulation 7 makes provision for relevant bodies to maintain an adequate and effective internal audit of their accounting records and system of internal control.

Part 4 concerns the published accounts and audit for larger relevant bodies. Regulation 8 contains the requirements for the preparation of the statement of accounts for a body; regulation 9 the requirement for the statement of accounts to include notes relating to remuneration; regulation 10 the requirements for signing, approval and publication of the statement of accounts; regulation 11 the procedure for the public to inspect the accounts of a body; regulation 12 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure; and regulation 13 the requirement for a body to give notice as to the conclusion of audit and the availability of its statement of accounts for inspection by local government electors.

Part 5 concerns the published accounts and audit for smaller relevant bodies. Regulation 14 contains the requirements for the preparation of accounting statements for a body; regulation 15 the requirements for signing, approval and publication of accounting statements; regulation 16 the

procedure for the public to inspect the accounts of a body; regulation 17 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure; and regulation 18 the requirement for a body to display a notice stating that the audit has concluded and that the relevant accounting statements are available for inspection by local government electors.

Part 6 concerns particular authorities. Regulation 19 makes provision as to the accounting treatment of certain payments and contributions statutorily payable by an internal drainage board. Regulation 20 makes provision in respect of joint committees, fire and rescue authorities and National Park authorities regarding the deposit of certain documents relating to their accounts and audit with each constituent authority (being an authority entitled to appoint members to the body, and in relation to a National Park authority includes the Welsh Ministers).

Part 7 concerns audit procedure. Regulation 21 requires the auditor to appoint a date on or after which the rights of local government electors under sections 30 (right to request an opportunity to question the auditor about the accounts) and 31 (right to make objections to the auditor) of the 2004 Act may be exercised, and to notify the relevant body concerned. Regulation 22 requires a relevant body notified under regulation 21 to make the accounts and documents mentioned in section 30 of the 2004 Act available in accordance with the procedure specified for the type of relevant body (in either Part 4 or 5 of these Regulations). Regulation 23 provides that, except with the consent of the auditor, accounts and other documents must not be altered after the date on which they are first made available for inspection. Regulation 24 requires relevant bodies to give notice of public rights in accordance with the procedure specified in these Regulations. Regulation 25 contains the requirements for any written notice of an objection given in pursuance of section 31 of the 2004 Act by a local government elector. Regulation 26 requires a relevant body to give notice of conclusion of audit in accordance with the procedure specified in these Regulations. Regulation 27 requires a relevant body to consider the annual letter from the auditor, publish it and make copies available for purchase. Regulation 28 provides that, where an auditor has been directed by the Auditor General for Wales to hold an extraordinary audit of a relevant body's accounts under section 37 of the 2004 Act, the body must advertise the right of any local government elector to make objections to any of those accounts.

Part 8 concerns amendments and revocations. Regulation 29 amends the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007 ([S.I. 2007/399 \(W. 45\)](#)). Regulation 30 sets out the instruments which are, and the extent to which they are, revoked.