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STATUTORY RULES OF NORTHERN IRELAND

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**2015 No. 106**

**The Local Government (Accounts and  
Audit) Regulations (Northern Ireland) 2015**

**PART 2**

**Financial management and internal control**

**Responsibility for financial management and internal control**

4.—(1) A local government body is responsible for ensuring that—

- (a) the financial management of the local government body is adequate and effective; and
- (b) the local government body has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

(2) A local government body must conduct a review at least once in each financial year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered at a meeting either of the local government body as a whole or a committee of the local government body whose remit includes audit of governance functions.

(4) Following consideration of the findings of the review referred to in paragraph (3) that local government body as a whole or committee must approve an annual governance statement prepared in accordance with proper practices on internal control.

**Accounting records and control systems**

5.—(1) Subject to paragraphs (2) and (3), and in so far as they are not in conflict with those paragraphs, to any instructions given by a local government body to its chief financial officer, that officer must determine, on behalf of the local government body—

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

and such an officer must ensure that the accounting control systems determined by that officer are observed and that the accounting records of the local government body are kept up-to-date.

(2) The accounting records determined in accordance with paragraph (1)(a) must be sufficient to show and explain a local government body's transactions and to enable the chief financial officer to ensure that any statement of accounts or accounting statement which is prepared under these Regulations complies with these Regulations.

(3) The accounting records determined in accordance with paragraph (1)(a) must in particular contain—

- (a) entries from day to day of all sums of money received and expended by the local government body and the matters to which its income and expenditure or receipts and payments relate; and
  - (b) a record of assets and liabilities of the local government body.
- (4) The accounting control systems determined in accordance with paragraph (1)(b) must include–
- (a) measures to ensure that the financial transactions of the local government 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 chief 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 risk is appropriately managed.

**Internal audit**

6.—(1) A local government body must undertake an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time.

- (2) Any officer or member of a local government body must, if internal audit requires–
- (a) make available such documents and records as appear to internal audit to be necessary for the purposes of the audit; and
  - (b) supply internal audit with such information and explanation as internal audit considers necessary for that purpose.
- (3) In this regulation “records” includes records and documents in an electronic form.