

2015 No. 106

LOCAL GOVERNMENT

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

Made - - - - - *27th February 2015*

Coming into operation - *1st April 2015*

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The Department of the Environment, in exercise of the powers conferred by Article 24 of the Local Government (Northern Ireland) Order 2005(a), makes the following Regulations.

In accordance with Article 24(4) of that Order, the Department has consulted councils, such associations or bodies representative of councils, such associations or bodies representative of officers of councils and such other persons or bodies as appear to the Department to be appropriate.

PART 1

Introductory

Citation, commencement and application

1.—(1) These Regulations may be cited as the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and shall come into operation on 1st April 2015.

(2) These Regulations shall not apply to statements of accounts for periods beginning before 1st April 2015.

(3) These Regulations shall apply as follows—

- (a) regulations 2 to 3, 4 to 6 and 11 to 18 shall apply to all local government bodies;
- (b) regulations 7 and 8 shall apply to larger local government bodies only; and
- (c) regulations 9 and 10 shall apply to smaller local government bodies only.

Interpretation

2. In these Regulations—

“the 1972 Act” means the Local Government Act (Northern Ireland) 1972(b);

“the 2005 Order” means the Local Government (Northern Ireland) Order 2005;

“the 2011 Act” means the Local Government Finance Act (Northern Ireland) 2011(c);

“the 2014 Act” means the Local Government Act (Northern Ireland) 2014(d);

“chief financial officer” has the meaning assigned to it by section 1(2) of the Local Government Finance Act (Northern Ireland) 2011 and, in the case of a joint committee, means the officer who has responsibility for supervising the joint committee’s arrangements for the receipt of money paid to it and the issue of money payable by it or, if no such officer has been appointed, the chief officer of the joint committee;

“Direction” means direction in writing and “directed” shall be construed accordingly;

“financial year” means the 12 months ending with 31st March;

(a) S.I. 2005/1968 (NI 18)

(b) 1972 c.9 (NI)

(c) 2011 c.10 (NI)

(d) 2014 c.8 (NI)

“joint committee” means a joint committee appointed under section 11(1) of the Local Government Act (Northern Ireland) 2014;

“larger local government body” means-

- (a) a council; or
- (b) a local government body which is listed in the definition of “smaller local government body” in this Regulation but which does not meet the qualifying condition;

“local government body” means a local government body within the meaning of Part 2 of the Local Government (Northern Ireland) Order 2005;

“qualifying condition” means that the local government body’s gross income or gross expenditure (whichever is higher) is not more than an amount directed by the Department;

“smaller local government body” means-

- (a) a committee of a council for which accounts are separately kept;
- (b) a joint committee of two or more councils; or
- (c) a local government body which-
 - (i) is an established body, which meets the qualifying condition for the year concerned and for either of the two preceding years;
 - (ii) is a newly established body, which meets the qualifying condition for its first year; and

“working day” means any day other than a Saturday, Sunday or a public holiday.

Revocations and saving of regulations

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

- (a) the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006(a); and
- (b) the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006(b).

(2) The regulations in paragraph (1) are saved in so far as they apply to accounts for the financial year ending on or before 31st March 2015 and the audit of those accounts.

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.

(a) S.R. 2006 No. 89
(b) S.R. 2006 No. 522

(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.

PART 3

Published Accounts and Audit – Larger Local Government Bodies

Statement of accounts

7. A larger local government body must ensure that its statement of accounts is prepared in accordance with these Regulations, in accordance with proper accounting practices and in the form directed by the Department including a remuneration report.

Signing, approval and publication of statement of accounts

8.—(1) A larger local government body must ensure that the statement of accounts required by regulation 7 is prepared in accordance with these Regulations.

(2) Before the approval referred to in paragraph (3) is given, the chief financial officer of a larger local government body must, no later than 30th June following the end of the financial year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the local government body at the end of the year to which it relates and of that local government body's income and expenditure for the year, for submission to the Department and the local government auditor. Where the chief financial officer is unable to sign and certify the statement of accounts owing to absence or illness, a person nominated by the chief financial officer should sign and certify the statement of accounts.

(3) Subject to paragraph (4), a larger local government body must, no later than 31st October following the end of the financial year to which the statement relates—

- (a) consider either by way of a committee of that body or by the members of the body meeting as a whole the statement of accounts;
- (b) following that consideration, approve the statement of accounts for submission to the local government auditor 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 the approval was given; and
- (d) publish (which must include as a minimum publication on the local government body's website) the statement of accounts together with any certificate, opinion or report issued, given or made by the local government auditor under Article 10 of the 2005 Order.

(4) The chief financial officer must re-certify the presentation of the statement of accounts referred to in paragraph (2) before the relevant local government body approves it.

(5) Where an audit of accounts has not been concluded before the date specified in paragraph (3) the local government body must publish (which must include publication on the local government body's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to approve the accounts and its reasons for this.

(6) A larger local government body must keep copies of the documents mentioned in paragraph (3)(d) for purchase by any person on payment of a reasonable sum.

PART 4

Published Accounts and Audit – Smaller Local Government Bodies

Statement of accounts

9. A smaller local government body must prepare a statement of accounts each year in accordance with proper accounting practices and in the form directed by the Department.

Signing, approval and publication of statement of accounts

10.—(1) A smaller local government body must ensure that the statement of accounts required by regulation 9 is prepared in accordance with these Regulations.

(2) Before the approval referred to in paragraph (3) is given and the statement of accounts is submitted to the Department and the local government auditor, the chief financial officer of a smaller local government body must, no later than 30th June following the end of the financial year—

- (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 local government body at the end of the year to which it relates and of that local government body's income and expenditure for the year. Where the chief financial officer is unable to sign and certify the statement of accounts owing to absence or illness, a person nominated by the chief financial officer should sign and certify the statement of accounts; or
- (b) in a case where the body has prepared a statement of accounts in the form of a record of receipts and payments, sign and date that record, and certify that it properly presents the body's receipts and payments for the year to which the record relates.

(3) Subject to paragraph (4), a smaller local government body must, no later than 31st October following the end of the financial year to which the statement relates—

- (a) consider either by way of a committee of that body or by the members of the body meeting as a whole the statement of accounts;
- (b) following that consideration, approve the statement of accounts for submission to the local government auditor 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 the approval is given; and
- (d) publish (which must include as a minimum publication on the local government body's website) the statement of accounts together with any certificate, opinion or report issued, given or made by the local government auditor under Article 10 of the 2005 Order.

(4) The chief financial officer must re-certify the presentation of the statement of accounts referred to in paragraph (2) before the relevant local government body approves it.

(5) Where an audit of accounts has not been concluded before the date specified in paragraph (3) the local government body must publish (which must include publication on the local government body's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to approve the accounts and its reasons for this.

(6) A smaller local government body must keep copies of the documents mentioned in paragraph (3)(d) for purchase by any person on payment of a reasonable sum.

PART 5

Inspection and Notice Procedure

Appointment of date for the exercise of rights of the public

11. The local government auditor shall, for the purposes of the exercise of rights under Articles 17(2) and 18(1) of the 2005 Order, appoint a date on or after those rights may be exercised and shall notify the local government body concerned of that date.

Procedure for public inspection of accounts

12. A local government body, notified under regulation 11, must make the accounts and other documents mentioned in Article 17 of the 2005 Order available for public inspection for 20 working days before the date appointed by the local government auditor under that regulation.

Alteration of accounts

13. Except with the consent of the local government auditor, accounts and other documents must not be altered after the date on which they are first made available for inspection in pursuance of regulation 12.

Notice of public rights

14.—(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 12 a local government body must give notice by publication 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 12;
- (b) the place at which, and the hours during which, they will be so available;
- (c) the name and address of the local government auditor;
- (d) the provisions contained in Article 17 and 18 of the 2005 Order; and
- (e) the date appointed under regulation 11.

Written notice of proposed objection

15. Any written notice of a proposed objection given in pursuance of Article 18(2) of the 2005 Order must state the facts on which the interested person proposes to rely and shall 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 local government auditor could make a report under Article 9 of that Order.

Notice of conclusion of audit

16. As soon as reasonably possible after conclusion of an audit, a local government body must give notice by publication on its website stating that the audit has been concluded and that the statement of accounts is available for inspection by any member of the public and including—

- (a) a statement of the rights conferred on members of the public by Article 16 of the 2005 Order;
- (b) the address at which and the hours during which those rights may be exercised; and
- (c) details of where the statement of accounts can be found on the local government body's website.

Publication of annual audit letter

17. As soon as reasonably practicable after receipt of the annual audit letter from the local government auditor a local government body must—

- (a) publish (which must include as a minimum publication on the local government body's website) the letter;
- (b) notify the local government auditor of the date of publication; and
- (c) make copies available for purchase by any person on payment of a reasonable sum.

Joint committees

18. Prior to publication of the notice on its website referred to in regulation 16, a joint committee to which these Regulations apply shall deposit with each of its constituent councils a copy of the local government auditor's report and its statement of accounts.

Sealed with the Official Seal of the Department of the Environment on 27th February 2015



Linda MacHugh
A senior officer of the Department of the Environment

EXPLANATORY NOTE

(This note is not part of the Regulations)

These regulations are made under Article 24 of the Local Government (Northern Ireland) Order 2005 (the 2005 Order). They make provision with respect to the accounts and audit of local government bodies whose accounts are required to be audited in accordance with Part II of the 2005 Order.

Regulation 4 makes provision in respect of the financial management and internal control that are to be kept by the local government bodies to which these regulations apply.

Regulation 5 makes provision in respect of the accounting records and control systems that are to be kept by the local government bodies to which these regulations apply.

Regulation 6 requires a local government body to 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.

Regulation 7 makes provision for a larger local government body to prepare a statement of accounts for each financial year in the form directed by the Department of the Environment (the Department).

Regulation 8 makes provision in respect of the signing, approval and publication of statement of accounts by a larger local government body and lays down procedures for occasions when the statement of accounts cannot be agreed. The regulation requires the chief financial officer to sign, date and certify the statement of accounts before a date directed by the Department.

Regulation 9 makes provision for a smaller local government body to prepare a statement of accounts for each financial year in the form directed by the Department.

Regulation 10 makes provision in respect of the signing, approval and publication of statement of accounts by a smaller local government body and lays down procedures for occasions when the statement of accounts cannot be agreed. The regulation requires the chief financial officer to sign, date and certify the statement of accounts before a date directed by the Department.

Regulation 11 requires a local government auditor to appoint a date on or after which an interested person (i.e. a local elector, a person liable for rates in the district of the local government body or a representative of those persons) may exercise his rights under Articles 17(2) and 18(1) of the 2005 Order. Article 17(2) provides that an interested person is entitled to question the local government auditor about the accounts and Article 17(2) provides that he may attend before the local government auditor and make objections regarding the accounts.

Regulation 12 requires that a local government body must make its accounts and other documents available for public inspection for 20 working days before the date appointed by the local government auditor under regulation 11.

Regulation 13 provides that the accounts and other documents made available for public inspection shall not be altered after they have been made available, except with the consent of the local government auditor.

Regulation 14 requires a local government body to give notice by publication on its website about matters relating to the right of public inspection of accounts and other documents. The notice must be published 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 12.

Regulation 15 makes provision in respect of the contents of any written notice of a proposed objection that an interested person must give the local government auditor.

Regulation 16 provides that, after the conclusion of an audit, a local government body must give notice by publication on its website that the audit of its accounts has been concluded and that its accounts are available for inspection by members of the public.

Regulation 17 makes provision in respect of the publication of the annual audit letter that a local government body receives from the local government auditor.

Regulation 18 requires that, prior to the publication of the notice referred to in regulation 16, a joint committee must give each of its constituent councils a copy of the local government auditor's report and its statement of accounts.

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