



Local Government Finance Act 1982

1982 CHAPTER 32

PART III

ACCOUNTS AND AUDIT

Miscellaneous and supplementary

26 Studies for improving economy etc. in services

- (1) The Commission shall undertake or promote comparative and other studies designed to enable it to make recommendations for improving economy, efficiency and effectiveness in the provision of local authority services and of other services provided by bodies whose accounts are required to be audited in accordance with this Part of this Act, and for improving the financial or other management of such bodies.
- (2) The Commission may undertake or promote other studies relating to the provision by such bodies of their services besides the studies referred to in subsection (1) above and section 27 below.
- (3) The Commission shall publish or otherwise make available its recommendations and the results of any studies under this section.
- (4) Before undertaking or promoting any study under this section the Commission shall consult such associations of local authorities or other bodies whose accounts are required to be audited in accordance with this Part of this Act as appear to it to be concerned and such associations of employees as appear to it to be appropriate.

27 Reports on impact of statutory provisions etc.

- (1) In addition to the studies referred to in section 26(1) above, the Commission shall undertake or promote studies designed to enable it to prepare reports as to the impact—
 - (a) of the operation of any particular statutory provision or provisions ; or
 - (b) of any directions or guidance given by a Minister of the Crown (whether pursuant to any such provision or otherwise),

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on economy, efficiency and effectiveness in the provision of local authority services and of other services provided by bodies whose accounts are required to be audited in accordance with this Part of this Act, or on the financial management of such bodies.

- (2) The Commission shall publish or otherwise make available its report of the results of any study under this section, and shall send a copy of any such report to the Comptroller and Auditor General.
- (3) Where the Comptroller and Auditor General has received a copy of any such report he may require the Commission to furnish him with any information obtained by it in connection with the preparation of the report, and for that purpose the Commission shall permit any person authorised by him to inspect and make copies of any documents containing any such information ; but no information shall be required by the Comptroller and Auditor General under this section in respect of any particular body.
- (4) The Comptroller and Auditor General shall from time to time lay before the House of Commons a report of any matters which, in his opinion, arise out of any studies of the Commission under this section and ought to be drawn to the attention of that House.
- (5) Before undertaking or promoting any study under this section the Commission shall consult—
 - (a) the Comptroller and Auditor General;
 - (b) any Minister of the Crown who appears to it to be concerned; and
 - (c) such associations of local authorities or other bodies whose accounts are required to be audited in accordance with this Part of this Act as appear to it to be concerned and such associations of employees as appear to it to be appropriate.

28 Furnishing of information and documents to Commission

- (1) Without prejudice to any other provision of this Part of this Act, the Commission may require any body whose accounts are required to be audited in accordance with this Part of this Act, and any officer or member of any such body, to furnish the Commission or any person authorised by it with all such information as the Commission or that person may reasonably require for the discharge of the functions under this Part of this Act of the Commission or of that person, including the carrying out of any study under section 26 or 27 above.
- (2) For the purpose of assisting the Commission to maintain proper standards in the auditing of the accounts of any such body the Commission may require that body to make available for inspection by or on behalf of the Commission the accounts concerned and such other documents relating to the body as might reasonably be required by an auditor for the purposes of the audit.
- (3) Subsections (4) and (5) of section 16 above shall apply in relation to a requirement imposed on any officer or member of a body under subsection (1) above as they apply in relation to a requirement imposed under that section.

29 Miscellaneous functions of Commission

- (1) The Commission shall, if so required by the body concerned, make arrangements—

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- (a) for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown to any body whose accounts are required to be audited in accordance with this Part of this Act; or
 - (b) for certifying any account submitted by any such body to any such Minister with a view to obtaining payment under a contract between that body and the Minister.
- (2) The Commission may, at the request of the body concerned, promote or undertake studies designed to improve economy, efficiency and effectiveness in the management or operations of any body whose accounts are required to be audited in accordance with this Part of this Act, but before making a request under this subsection a body shall consult such associations of employees as appear to the body to be appropriate.
- (3) The Commission may, with the consent of the Secretary of State and by agreement with the body concerned, undertake the audit of the accounts of any body other than one whose accounts are required to be so audited, being a body which appears to the Secretary of State to be connected with local government.
- (4) Without prejudice to any applicable statutory provision, any audit carried out pursuant to subsection (3) above shall be carried out in such a manner as the Commission and the body in question may agree; and references in the foregoing provisions of this Part of this Act to an audit carried out thereunder accordingly do not include an audit carried out pursuant to that subsection.
- (5) The Commission shall charge the body concerned such fees for services provided under this section as will cover the full cost of providing them.

30 Restriction on disclosure of information

- (1) No information relating to a particular body or other person and obtained by the Commission or an auditor, or by a person acting on behalf of the Commission or an auditor, pursuant to any provision of this Part of this Act or in the course of any audit or study thereunder shall be disclosed except—
- (a) with the consent of the body or person to whom the information relates; or
 - (b) for the purposes of any functions of the Commission or an auditor under this Part of this Act; or
 - (c) for the purposes of any criminal proceedings.
- (2) Any person who discloses any information in contravention of subsection (1) above shall be guilty of an offence and liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the prescribed sum (as defined in section 32(9) of the Magistrates' Courts Act 1980) or to both ; or
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or to both.

31 Passenger transport executives and their subsidiaries

- (1) The foregoing provisions of this Part of this Act shall apply in relation to a Passenger Transport Executive and the London Transport Executive as they apply in relation to a body to which section 12 above applies, but subject to the following modifications—
- (a) the Commission shall under section 13(3) consult the relevant authority instead of the Executive ;

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- (b) the reference in sections 17(2) and (3), 22(1)(o), 23(1)(e) and 24(1) to a local government elector for any such area as is there mentioned shall be construed as a reference to a local government elector for the area of the relevant authority;
 - (c) the requirements of subsection (3) of section 18 shall apply in relation to the relevant authority as well as the Executive, but subsection (5) of that section shall apply only to the relevant authority ;
 - (d) the notice required to be given by section 22(4) shall be given to the relevant authority as well as the Executive.
- (2) In subsection (1) above " the relevant authority "—
- (a) in relation to a Passenger Transport Executive, means the Passenger Transport Authority for the area for which the Executive is established ; and
 - (b) in relation to the London Transport Executive, means the Greater London Council.
- (3) Section 14(1)(a) of the Transport Act 1968 and section 10(1)(a) of the Transport (London) Act 1969 (which provide for the keeping of proper accounts and other records) shall have effect subject to any regulations made under section 23 above.
- (4) The Secretary of State may, if it appears to him expedient to do so, by regulations provide—
- (a) for the provisions of this Part of this Act to apply in relation to subsidiaries of the Executives mentioned in subsection (1) above with such modifications, additions and omissions as may be prescribed in the regulations ; and
 - (b) for any statutory provision which would otherwise apply in relation to the auditing of the accounts of those subsidiaries to cease to apply.
- (5) In this section " subsidiary " means, subject to subsection (6) below, a subsidiary within the meaning of section 154 of the Companies Act 1948.
- (6) Where a company would, if an Executive and any other body or bodies whose accounts are required to be audited in accordance with this Part of this Act were a single body corporate, be a subsidiary of that body corporate, the company shall be treated for the purposes of subsection (4) above as a subsidiary of the Executive.

32 Water authorities and National Water Council

Schedule 3 to the Water Act 1973 shall have effect with the substitution for paragraphs 38 and 39 of that Schedule (accounts and audit of water authorities and National Water Council) of the paragraphs set out in Schedule 4 to this Act.

33 Commencement of Part III and transitional provisions

- (1) The Commission shall come into existence on such day (" the first appointed day ") as may be appointed by an order made by the Secretary of State.
- (2) The provisions of this Part of this Act relating to the audit of accounts shall have effect in relation to accounts for any period beginning on or after such later date (" the second appointed day ") as may be appointed by an order made by the Secretary of State ; and the amendments made by section 32 and Schedule 4 to this Act shall have effect in relation to any such period.

- (3) The Secretary of State may by regulations provide for any statutory provision not contained in this Part of this Act to continue to apply on and after the second appointed day in relation to accounts for any period beginning before that day of bodies falling within subsection (4) below with such modifications, additions and omissions as may be prescribed in the regulations ; and different provision may be made by such regulations in relation to the accounts of bodies of different descriptions and in relation to their accounts for different periods.
- (4) The bodies referred to in subsection (3) above are—
 - (a) the bodies to which section 12 above applies ;
 - (b) Passenger Transport Executives and the London Transport Executive; and
 - (c) water authorities and the National Water Council.
- (5) The expenses incurred by the Commission between the first and second appointed days shall be paid by the Secretary of State ; and in the two years beginning with the second appointed day the Secretary of State may, with the consent of the Treasury, make to the Commission grants for the purpose of providing it with working capital.

34 Consequential amendments

- (1) The enactments mentioned in Schedule 5 to this Act shall have effect with the amendments there specified, being amendments consequential on the provisions of this Part of this Act.
- (2) The amendments made by that Schedule do not affect any enactment in its application—
 - (a) to accounts for any period beginning before the second appointed day; or
 - (b) to a person disqualified under any enactment in its application to any such accounts.

35 Orders and regulations

- (1) Any power conferred by this Part of this Act to make orders or regulations shall be exercisable by statutory instrument.
- (2) Any regulations made under this Part of this Act shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) Before making any regulations under section 21(7) or 23 above the Secretary of State shall consult the Commission, such associations of local authorities as appear to him to be concerned and such bodies of accountants as appear to him to be appropriate.

36 Interpretation of Part III

- (1) In this Part of this Act—
 - " the first appointed day " and " the second appointed day " have the meaning given by section 33 above ;
 - " auditor ", in relation to the accounts of any body, means the person or any of the persons appointed by the Commission to act as auditor in relation to those accounts and, to the extent provided by section 13(8) above, includes a person assisting an auditor under arrangements approved under that provision;

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

" statutory provision " means any provision contained in or having effect under any enactment.

(2) Section 270 of the Local Government Act 1972 (general interpretation) shall apply for the interpretation of this Part of this Act.