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**STATUTORY INSTRUMENTS**

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**1983 No. 1761****LOCAL GOVERNMENT, ENGLAND AND WALES****The Accounts and Audit Regulations 1983**

<i>Made - - - -</i>	<i>28th November 1983</i>
<i>Laid before Parliament</i>	<i>9th December 1983</i>
<i>Coming into Operation</i>	<i>31st December 1983</i>

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The Secretary of State for the Environment and the Secretary of State for Wales, after consultation with the Audit Commission for Local Authorities in England and Wales, with such associations of local authorities as appear to them to be concerned and with such bodies of accountants as appear to them to be appropriate, in exercise of their powers under sections 23 and 35 of the Local Government Finance Act 1982(a) and of all other powers enabling them in that behalf, hereby make the following regulations:—

*Citation and commencement*

1. These regulations may be cited as the Accounts and Audit Regulations 1983 and shall come into operation on 31st December 1983.

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(a) 1982 c.32.

*Interpretation and application*

2.—(1) In these regulations, except where the context otherwise requires—

“the 1972 Act” means the Local Government Act 1972 (a) ;

“the 1982 Act” means the Local Government Finance Act 1982;

“auditor” means the auditor appointed under section 12(1) of the 1982 Act in relation to any accounts of a body whose accounts are required to be audited in accordance with Part III of that Act;

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

“notice by advertisement” means a notice published in one or more local newspapers circulating in the area to which the accounts relate;

“responsible financial officer” means the person who, by virtue of section 151 of the 1972 Act or otherwise, is responsible for the administration of the financial affairs of a body whose accounts are required to be audited in accordance with Part III of the 1982 Act, or, if no person is so responsible, the person who is responsible for keeping the accounts of such a body.

(2) Any reference in these regulations to accounts shall, in relation to the Common Council of the City of London, be construed as a reference to the accounts of the rate fund and superannuation fund of the City.

(3) These regulations shall apply to all bodies whose accounts are required to be audited in accordance with Part III of the 1982 Act other than Passenger Transport Executives and the London Transport Executive.

(4) These regulations shall apply in relation to charter trustees constituted under section 246 of the 1972 Act as if the charter trustees were the council of a parish or community consisting of the area for which they act.

(5) These regulations shall with all necessary modifications apply to the accounts of an officer whose accounts are required to be audited by section 25 of the 1982 Act.

*Accounting control systems, form of accounts etc.*

3. Subject to any instructions given by a body to which these regulations apply to their responsible financial officer, their accounting systems and the form of their accounts and supporting records shall be determined by that officer, and he shall ensure that the accounting systems determined by him are observed and that the accounts of the body and supporting records are kept up to date.

*Internal audit*

4. The responsible financial officer of a body to which these regulations apply shall maintain an adequate and effective internal audit of the accounts of the body, and he, or his authorised representative, shall have a right of access at all times to such documents of the body which relate to the accounts of the body as appear to him to be necessary for the purpose of the audit and shall be entitled to require from any officer of the body such information and explanation as he thinks necessary for that purpose.

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(a) 1972 c.70.

*Records to be kept when paying in money*

5.—(1) Every officer of a body to which these regulations apply who pays any money into a banking account of the body or an official banking account of any officer of the body shall enter on a paying-in slip, and on the counterfoil or duplicate thereof, particulars of such payment, including, in the case of each cheque paid in—

- (a) the amount of the cheque, and
- (b) a reference (such as the number of the receipt given or the name of the debtor) which will connect the cheque with the debt or debts in discharge or partial discharge of which it was received.

(2) Where any cheque paid in as mentioned in paragraph (1) was not received in discharge or partial discharge of a debt due to the body, the officer shall note the fact on the counterfoil or duplicate of the paying-in slip.

*Accounts to be made up and balanced*

6. The responsible financial officer shall ensure that all accounts of a body to which these regulations apply are made up and balanced as soon as practicable after the end of the period to which those accounts relate, and in any event not later than the expiry of six months beginning immediately after the end of that period.

*Preparation of statement of accounts*

7.—(1) A body to which paragraph (2) applies shall prepare a statement of accounts in relation to the accounts for each period in accordance with this regulation.

(2) This paragraph applies to the following bodies:—

- (a) the council of a county, a district or a London borough, the Greater London Council and the Council of the Isles of Scilly;
- (b) any committee of such a council which is required to keep separate accounts;
- (c) any joint committee of two or more such councils;
- (d) any combined police authority, and
- (e) any fire authority constituted by a combination scheme.

(3) The statement of accounts required by paragraph (1) shall include the following:—

- (a) summarised statements of the income and expenditure of each fund or undertaking in relation to which the body is required by or by virtue of any statutory provision to keep a separate account;
- (b) a summarised statement of capital expenditure, differentiated in respect of different services and showing the sources of finance of the year's total capital expenditure;
- (c) a consolidated balance sheet;
- (d) any balance sheet relating to a fund the balances in respect of which are not shown in the consolidated balance sheet; and
- (e) a statement of source and application of funds;

and in relation to amounts shown in pursuance of sub-paragraphs (a), (c), (d) and (e) shall show any corresponding amounts for the immediately preceding period.

(4) The Common Council shall in relation to the accounts referred to in section 12(3) of the 1982 Act for each period prepare a statement of accounts including—

- (a) a summarised statement of capital expenditure in relation to each of the funds mentioned in that subsection, differentiated in respect of different services;
  - (b) summarised statements of the income and expenditure of each of those funds, and
  - (c) balance sheets in respect of each of those funds,
- and in relation to amounts shown in pursuance of sub-paragraphs (b) and (c) shall show any corresponding amounts for the immediately preceding period.

(5) Where the statement of accounts contains matter other than the items mentioned in paragraph (3) or, in the case of the Common Council, paragraph (4), that matter shall be grouped together in a section of the statement separate from those items and any notes on them so as not to form part of the relevant statement of accounts for the purposes of section 18(1) of the 1982 Act (auditor's certificate and opinion).

(6) A statement of accounts prepared in pursuance of this regulation shall include particulars of the main principles adopted in its compilation, and those particulars shall draw attention to any changes of practice which in the opinion of the body have a significant effect on the results shown by the statement.

- (7) The main principles referred to in paragraph (6) shall include—
- (a) the basis on which debtors and creditors outstanding at the end of the relevant year are included;
  - (b) the nature of substantial reserves, provisions, contingent liabilities and deferred charges included;
  - (c) the basis on which provision is made for the redemption of debt;
  - (d) the basis on which capital works or expenses are recorded;
  - (e) the basis of valuation of real property and investments;
  - (f) the basis of depreciation provisions; and
  - (g) the extent to which central administrative expenses are allocated over services.

#### *Appointment of date for the exercise of public rights*

8. The auditor shall, for the purpose of the exercise of rights under section 17(2) and (3) of the 1982 Act, appoint a date on or after which those rights may be exercised, and shall notify the body concerned, or in the case of a parish meeting the chairman of the meeting, of that date.

#### *Public inspection of accounts*

9. The body or, as the case may be, the chairman notified under regulation 8 shall make the accounts and other documents mentioned in section 17(1) of the 1982 Act available for public inspection for 15 full working days before the date appointed by the auditor under that regulation.

#### *Alteration of accounts*

10. Except with the consent of the auditor, accounts shall not be altered after the date on which they are first made available for inspection in pursuance of regulation 9.

*Notice by advertisement of public rights*

**11.**—(1) Subject to paragraph (3), not later than fourteen days before the commencement of the period during which the accounts and other documents are made available in pursuance of regulation 9, the body, or as the case may be the chairman of the parish or community meeting, 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 9 above;
- (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 conferred by section 17 of the 1982 Act, and the effect of subsections (4) and (5) of that section; and
- (e) the date appointed under regulation 8.

(3) In the case of a parish council, parish meeting, community council, joint committee of the councils of two or more parishes or communities or of the Council of the Isles of Scilly, the body or as the case may be the chairman of the meeting may, instead of giving notice under paragraph (1), display a notice containing the requisite information in a conspicuous place or places in the area to which the accounts relate for a period of at least 14 days immediately prior to the date appointed by the auditor under regulation 8.

(4) A body, or the chairman of a parish meeting, shall, on giving notice under paragraph (1), forthwith send the auditor an extract, containing the published notice, from the newspaper or newspapers in which the notice was published, together with a statement of the name and date of publication of the newspaper or newspapers.

(5) A body or a chairman of a parish meeting shall, on displaying a notice under paragraph (3), forthwith notify the auditor in writing that a notice has been so displayed.

*Written notice of proposed objection*

**12.** Any written notice of a proposed objection given in pursuance of section 17(4) of the 1982 Act shall state the facts on which the local government elector, or as the case may be his representative, 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—
  - (i) any person from whom it is alleged that the auditor should certify under section 20 of that Act that a sum or amount of loss or deficiency is due, and
  - (ii) that sum or amount, and
- (c) particulars of any matter in respect of which it is proposed that the auditor could make a report under section 15(3) of that Act.

*Signing of statement of accounts etc.*

**13.** For the purpose of identifying the relevant statement (or, as the case may be, the accounts) on which the auditor is to enter his certificate and opinion pursuant to section 18(1) of the 1982 Act, the responsible financial

officer of a body to which these regulations apply shall sign and date—

- (a) the statement of accounts, or
- (b) where no statement is required to be prepared, the balance sheet, or
- (c) where there is no balance sheet, the record of the receipts and payments of the body.

*Notice by advertisement of conclusion of audit etc.*

14.—(1) As soon as possible after the conclusion of an audit, a body to which these regulations apply shall give notice by advertisement that the audit has been concluded and, in the case of a body to which regulation 7(2) applies, that the statement of accounts is available for inspection by local government electors.

(2) Not later than 14 days after the date of the meeting at which a body take into consideration any auditor's report sent to them in pursuance of section 18(3) of the 1982 Act, the body or, in the case of a parish meeting the chairman of the meeting, shall give notice by advertisement that the report is available for inspection by local government electors.

(3) Where on conclusion of an audit the auditor sends a report to the body concerned in pursuance of section 18(3) of the 1982 Act, paragraph (1) shall apply as if for the reference to the date of the conclusion of the audit there were substituted a reference to the date of the meeting at which the body take that report into consideration.

(4) Any notice by advertisement given in pursuance of this regulation shall—

- (a) contain a statement of the rights conferred on local government electors by section 24 of the 1982 Act, and
- (b) state the address at which and the hours during which the statement of accounts, or as the case may be the auditor's report, is available for the exercise of those rights.

(5) A body to which regulation 7(2) applies, the Common Council, and any body to which an auditor's report has been sent in pursuance of section 18(3) of the 1982 Act shall, on giving notice under paragraph (1) or (2), forthwith send the auditor an extract containing the published notice from the newspaper or newspapers in which the notice was published, together with a statement of the name and date of publication of the newspaper or newspapers, or notify him in writing that paragraph (6) has been complied with.

(6) In the case of a parish or community with a population of less than 2,000, a joint committee of the councils of two or more such parishes or communities or the Council of the Isles of Scilly, the body or, as the case may be, the chairman of the parish meeting may, instead of giving notice under paragraph (1) or (2), display a notice containing the requisite information in a conspicuous place or places in the areas to which the accounts relate for a period of not less than 28 days commencing at the earliest possible date after the conclusion of the audit or, as the case may be, the meeting at which the auditor's report was taken into consideration.

(7) Where a notice is displayed under paragraph (5) in relation to an auditor's report, as soon as possible after the commencement of the period mentioned in that paragraph the body, or chairman as the case may be, shall notify the auditor in writing that a notice has been so displayed.

*Publication of statement of accounts*

15.—(1) A body to which regulation 7(2) applies and the Common Council shall during the publication period—

- (a) publish the statement of accounts prepared in accordance with that regulation, and
- (b) keep copies available for purchase by any person on payment of a reasonable sum.

(2) The publication period referred to in paragraph (1) is the period beginning on the day following the end of the period to which the accounts in question relate and ending with the expiry of 9 months beginning on that day.

(3) Where the publication required by paragraph (1) takes place before the conclusion of the audit, each copy of the statement published or made available shall contain—

- (a) a copy of any opinion on the statement given by the auditor before the date of publication, or
- (b) a declaration and explanation of the fact that at the date of publication the auditor has given no such opinion.

(4) Where a statement of accounts is published containing the declaration and explanation mentioned in paragraph (3)(b), if an opinion on the statement is given before the end of the publication period the statement shall be republished with that opinion not later than the expiry of one month beginning on the day following the end of the publication period, unless the opinion was given within the month preceding the end of that period.

(5) Where any publication required by this regulation takes place after the conclusion of the audit, each copy of the statement published or made available shall contain a copy of—

- (a) the auditor's certificate given under section 18(1) of the 1982 Act, and
- (b) his opinion on the statement given under that subsection, whether that opinion has been entered on the statement or included in a report as mentioned in section 18(2) of that Act.

(6) Where any publication required by this regulation takes place before the conclusion of the audit any copy made available after the conclusion of the audit shall be accompanied by the certificate and opinion mentioned in paragraph (5).

(7) Each copy of the statement of accounts published in pursuance of this regulation shall contain a copy of any report made in the course of or at the conclusion of the audit under section 15(3) of the 1982 Act before the date of publication.

*Extraordinary audit*

16.—Where, under section 22 of the 1982 Act, the Commission directs an auditor to hold an extraordinary audit of accounts of a body, the body, or in the case of a parish meeting the chairman of the meeting, shall give notice by advertisement of the right of any local government elector for the area to which the accounts relate or any representative of his to attend before the auditor and make objections to any of those accounts; and regulation 11(3) shall apply in relation to any notice under this paragraph as it applies in relation to a notice under regulation 11(1).

*Offences*

**17.**—(1) It is hereby declared that contravention of any of the provisions specified in paragraph (2) is an offence.

(2) The provisions referred to in paragraph (1) are regulations 6, 7, 9, 10, 11, 14, 15 and 16.

*Joint committees etc*

**18.** Any joint committee, joint board or combined authority to which these regulations apply shall deposit with each constituent authority—

- (a) within the period of fourteen days specified by regulation 14(2), a copy of the auditor's report, and
- (b) where the committee, board or authority is a body to which regulation 7(2) applies, on giving notice under regulation 14(1) a copy of the statement of accounts.

*Revocation*

**19.** The Accounts and Audit Regulations 1974 (a) are revoked in respect of accounts for periods beginning on or after 1st April 1983.

*Patrick Jenkin,*  
Secretary of State for  
the Environment.

24th November 1983.

*Nicholas Edwards,*  
Secretary of State for Wales.

28th November 1983.

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(a) S.I. 1974/1169.



## EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These regulations, made under section 23 of the Local Government Finance Act 1982, contain provision with respect to the accounts and the audit of bodies whose accounts are required to be audited in accordance with Part III of that Act (other than Passenger Transport Executives and the London Transport Executive) and to the accounts and audit of the accounts of officers of such bodies. The contravention of certain provisions of the regulations is declared to be an offence.

The regulations supersede the Accounts and Audit Regulations 1974 which are revoked in relation to accounts for periods commencing on or after 1st April 1983.

The way in which auditors are to carry out their functions under Part III is prescribed in the Code of Local Government Audit Practice prepared by the Audit Commission for Local Authorities in England and Wales, in pursuance of section 14 of the 1982 Act. Copies of the Code are available from the Commission at 1, Vincent Square, London SW1P 2PN.

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