

SCHEDULES

SCHEDULE 1

REGISTERED SOCIAL LANDLORDS: REGULATION

PART III

ACCOUNTS AND AUDIT

General requirements as to accounts and audit

- 16 (1) The Corporation may from time to time determine accounting requirements for registered social landlords with a view to ensuring that the accounts of every registered social landlord—
- (a) are prepared in a proper form, and
 - (b) give a true and fair view of—
 - (i) the state of affairs of the landlord, so far as its housing activities are concerned, and
 - (ii) the disposition of funds and assets which are, or at any time have been, in its hands in connection with those activities.
- (2) The Corporation by a determination under sub-paragraph (1) may lay down a method by which a registered charity is to distinguish in its accounts between its housing activities and other activities.
- (3) The accounts of every registered social landlord shall comply with the requirements laid down under this paragraph.
- (4) The auditor's report shall state, in addition to any other matters which it is required to state, whether in the auditor's opinion the accounts do so comply.
- (5) Every registered social landlord shall furnish to the Corporation a copy of its accounts and auditor's report within six months of the end of the period to which they relate.

Appointment of auditors by industrial and provident societies

- 17 Section 4 of the Friendly and Industrial and Provident Societies Act 1968 (obligation to appoint qualified auditors to audit accounts and balance sheet for each year of account) applies to every industrial and provident society which is a registered social landlord, without regard to the volume of its receipts and payments, the number of its members or the value of its assets.

Accounting and audit requirements for charities

- 18 (1) A registered social landlord which is a registered charity shall, in respect of its housing activities (and separately from its other activities, if any), be subject

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to the following provisions (which impose accounting and audit requirements corresponding to those imposed by the Friendly and Industrial and Provident Societies Act 1968).

This does not affect any obligation of the charity under sections 41 to 45 of the Charities Act 1993 (charity accounts).

- (2) The charity shall in respect of its housing activities—
- (a) cause to be kept properly books of account showing its transactions and its assets and liabilities, and
 - (b) establish and maintain a satisfactory system of control of its books of accounts, its cash holdings and all its receipts and remittances.

The books of account must be such as to enable a true and fair view to be given of the state of affairs of the charity in respect of its housing activities, and to explain its transactions in the course of those activities.

- (3) The charity shall for each period of account prepare—
- (a) a revenue account giving a true and fair view of the charity's income and expenditure in the period, so far as arising in connection with its housing activities, and
 - (b) a balance sheet giving a true and fair view as at the end of the period of the state of the charity's affairs.

The revenue account and balance sheet must be signed by at least two directors or trustees of the charity.

- (4) The charity shall in each period of account appoint a qualified auditor to audit the accounts prepared in accordance with sub-paragraph (3).

A qualified auditor means a person who is eligible for appointment as auditor of the charity under Part II of the Companies Act 1989 or who would be so eligible if the charity were a company registered under the Companies Act 1985.

- (5) The auditor shall make a report to the charity on the accounts audited by him, stating whether in his opinion—
- (a) the revenue account gives a true and fair view of the state of income and expenditure of the charity in respect of its housing activities and of any other matters to which it relates, and
 - (b) the balance sheet gives a true and fair view of the state of affairs of the charity as at the end of the period of account.
- (6) The auditor in preparing his report shall carry out such investigations as will enable him to form an opinion as to the following matters—
- (a) whether the association has kept, in respect of its housing activities, proper books of account in accordance with the requirements of this paragraph,
 - (b) whether the charity has maintained a satisfactory system of control over its transactions in accordance with those requirements, and
 - (c) whether the accounts are in agreement with the charity's books;
- and if he is of opinion that the charity has failed in any respect to comply with this paragraph, or if the accounts are not in agreement with the books, he shall state that fact in his report.

- (7) The auditor—

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- (a) has a right of access at all times to the books, deeds and accounts of the charity, so far as relating to its housing activities, and to all other documents relating to those activities, and
- (b) is entitled to require from officers of the charity such information and explanations as he thinks necessary for the performance of his duties;

and if he fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

- (8) A period of account for the purposes of this paragraph is twelve months or such other period not less than six months or more than 18 months as the charity may, with the consent of the Corporation, determine.

Responsibility for securing compliance with accounting requirements

- 19 (1) Every responsible person, that is to say, every person who—
 - (a) is directly concerned with the conduct and management of the affairs of a registered social landlord, and
 - (b) is in that capacity responsible for the preparation and audit of accounts,shall ensure that paragraph 16 (general requirements as to accounts and audit) and, where applicable, paragraph 18 (accounting and audit requirements for charities) are complied with by the registered social landlord.
- (2) If—
 - (a) paragraph 16(5) (furnishing of accounts and auditor’s report) is not complied with,
 - (b) the accounts furnished to the Corporation under that provision do not comply with the accounting requirements laid down under paragraph 16(1),
 - (c) paragraph 18 (accounting and audit requirements for charities), where applicable, is not complied with,
 - (d) section 55(9) of the Housing Act 1988 (surplus rental income: power to require information) is not complied with, or
 - (e) any notice under section 26 (information relating to disposal proceeds fund) is not complied with,every responsible person, and the registered social landlord itself, commits a summary offence and is liable on conviction to a fine not exceeding level 3 on the standard scale.
- (3) In proceedings for an offence under this paragraph it is a defence—
 - (a) for a responsible person to prove that he did everything that could reasonably have been expected of him by way of discharging the relevant duty;
 - (b) for a registered social landlord to prove that every responsible person did everything that could reasonably have been expected of him by way of discharging the relevant duty in relation to the registered social landlord.
- (4) Proceedings for an offence under this paragraph may be brought only by or with the consent of the Corporation or the Director of Public Prosecutions.