

# LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

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## EXPLANATORY NOTES

### COMMENTARY

#### **Part 2 – Basic Requirements and Concepts**

##### ***Section 3: General requirements for accounts***

19. **Section 3** sets out the general duties of relevant authorities, other than health service bodies as defined in subsection (9), to keep adequate accounting records and to prepare annual statements of accounts for years ending 31 March. Equivalent provision for health service bodies is made under the National Health Service Act 2006 and these provisions are not amended by this Act.
20. The duties set out in section 3 follow the pattern of duties laid on companies and charities by the Companies Act 2006 and the Charities Act 2011, and draw a distinction between the records maintained during the year and the annual published statements. They replace the previous statutory duty on local public bodies to make up their accounts each year to 31 March, a duty which reflected the practice in earlier times of writing the year end accounting statements into the books in which the in-year records were kept. Subsection (8) highlights that section 32 gives a power to make regulations on accounting records and statements of accounts (but not in relation to health service bodies). Subsection (5), taken with subsections (6) and (7), gives a power to vary the period of the financial year for relevant authorities, which will be done by regulations rather than as formerly by direction. This power might be used, for example, if an authority was being wound up at a date other than 31 March. This subsection also allows regulations to exclude or modify the application of the section to specified relevant authorities.