EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision with respect to the accounts and audit of bodies whose accounts are required to be audited in accordance with section 2 of the 1998 Act other than a NHS body as defined in paragraph 1 of Schedule 15 to the National Health Service Act 2006, a local probation board or a probation trust (‘relevant bodies’, see regulation 2). They also make provision in respect of the summary statement of accounts that the Greater London Authority is required to prepare under section 134 of the Greater London Authority Act 1999.

These Regulations replace the Accounts and Audit Regulations 2003 (as amended) which, together with amending Regulations, are revoked.

These Regulations differ in a number of respects from previous Accounts and Audit Regulations. Of particular note among the changes are the following: the increase in the threshold of gross income or gross expenditure for smaller relevant bodies from less than £1 million per year to not more than £6.5 million (regulation 2); changes to the procedures for approving and publishing accounts (regulations 8 and 13); changes to the requirements for the statement of accounts of a Passenger Transport Executive (regulation 17); the separation of procedures governing published accounts and audit for larger relevant bodies from that for smaller relevant bodies in the structure of the Regulations (see Parts 3 and 4); and it is no longer an offence to fail to comply with any aspect of the Regulations.

Part 1 is introductory. Regulation 1 sets out the citation, commencement date of 31st March 2011 and application of the Regulations to England only. Regulation 2 sets out the defined terms used in the Regulations.

Regulation 3 and the Schedule set out the instruments which are, and the extent to which they are, revoked.

Part 2 concerns financial management and internal control. Regulation 4 requires relevant bodies to be responsible for ensuring that the financial management of the body is adequate and effective and the body has a sound system of internal control which they regularly review. Regulation 5 makes provision in respect of the accounting records which are to be kept, and the control systems that must be maintained, by relevant bodies. Regulation 6 makes provision for relevant bodies to maintain an adequate and effective internal audit of their accounting records and system of internal control.

Part 3 concerns the published accounts and audit for larger relevant bodies. Regulation 7 contains the requirements for the preparation of the statement of accounts for a body, regulation 8 the requirements for signing, approval and publication of the statement of accounts by a body, regulation 9 the procedure for the public to inspect the accounts of a body, regulation 10 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure, and regulation 11 the requirement for a body to give notice as to the conclusion of audit and the availability of its statement of accounts for inspection by local government electors.

Part 4 concerns the published accounts and audit for smaller relevant bodies. Regulation 12 contains the requirements for the preparation of accounting statements for a body, regulation 13 the requirements for signing, approval and publication of accounting statements by a body, regulation 14 the procedure for the public to inspect the accounts of a body, regulation 15 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure, and regulation 16 the requirement for a body to display a notice stating that the audit has concluded and that the relevant accounting statements are available for inspection by local government electors.
Part 5 concerns particular authorities. Regulation 17 contains the requirements for the preparation of the statement of accounts of a Passenger Transport Executive. Regulation 18 makes provision as to the accounting treatment of certain payments and contributions statutorily payable by an internal drainage board. Regulation 19 contains the requirements for the Greater London Authority in preparing its summary statement of accounts. Regulation 20 makes provision in respect of joint committees, joint boards, combined authorities and National Park Authorities regarding the deposit of certain documents relating to their accounts and audit with each constituent authority (being an authority entitled to appoint members to the body, and in relation to a National Park Authority includes the Secretary of State and Natural England).

Part 6 concerns audit procedure. Regulation 21 requires the auditor to appoint a date on or after which the rights of local government electors under sections 15 (right to request an opportunity to question the auditor about the accounts) and 16 (right to make objections to the auditor) of the Audit Commission Act 1998 (‘the 1998 Act’) may be exercised, and to notify the relevant body concerned. Regulation 22 requires a relevant body notified under regulation 21 to make the accounts and documents mentioned in section 15 of the 1998 Act available in accordance with the procedure specified for the type of relevant body (in either Part 2 or 3 of these Regulations). Regulation 23 provides that, except with the consent of the auditor, that accounts and other documents must not be altered after the first date on which they are first made available for inspection. Regulation 24 requires relevant bodies to give notice of public rights in accordance with the procedure specified in these Regulations. Regulation 25 contains the requirements for any written notice of an objection given in pursuance of section 16 of the 1998 Act by a local government elector. Regulation 26 requires a relevant body to give notice of conclusion of audit in accordance with the procedure specified in these Regulations. Regulation 27 requires a relevant body to consider the annual letter from the auditor, publish it and make copies available for purchase. Regulation 28 provides that, where an auditor has been directed by the Audit Commission to hold an extraordinary audit of a relevant body’s accounts under section 25 of the 1998 Act, the body must advertise the right of any local government elector to make objections to any of those accounts.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.