
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under sections 39 and 58 of the Public Audit (Wales) Act 2004 (“the 2004 Act”). They make provision with respect to the accounts and audit of local government bodies in Wales whose accounts are required to be audited in accordance with Part 2 of the 2004 Act (other than local probation boards).

The Regulations supersede the Accounts and Audit Regulations 1996 (as amended) (“the 1996 Regulations”) which, together with amending Regulations, are revoked from 1 April 2005 (subject to certain savings in relation to the financial year ending 31 March 2005).

These Regulations differ in a number of respects from the 1996 Regulations. Of particular note among the changes are the following: a new explicit requirement for local government bodies to be responsible for their financial management and system of internal control (regulation 4); a requirement to follow proper internal audit practices (regulation 6); an increase of the financial threshold above which community councils are required to provide a statement of accounts from £500,000 to £1 million; an increase in the financial threshold above which community councils are required to prepare income and expenditure accounts from £50,000 to £100,000 (regulation 8) and the bringing forward of the deadlines for approval and publication of statements of account for principal authorities in a phased way (regulations 9 and 10).

Regulation 1 provides that the Regulations shall come into force on 1st April 2005 and that they apply in Wales only.

Regulation 2 deals with the interpretation of the terms used in the Regulations and their application.

Regulation 3 deals with the revocation of the Accounts and Audit Regulations 1996 (and amending Regulations), which govern the regulation of accounts and audit in the bodies to which these Regulations apply. This Regulation also includes a saving provision in relation to the 1996 Regulations in so far as they relate to the financial year ending 31 March 2005.

Regulation 4 imposes a new requirement on local government bodies, making it explicit for the first time that they are responsible for ensuring that their financial management is adequate and effective and that they have a sound system of internal control which they regularly review. Regulation 4 also requires that a statement on internal control is issued with the financial statements.

Regulation 5 makes provision in respect of the accounting records and control systems that are to be kept by the bodies to which these Regulations apply. The Regulation also specifies that when the responsible financial officer makes determinations about the accounting records and accounting control systems that person does so on behalf of the local government body.

Regulation 6 makes provision in respect of the internal audit system that should be maintained in accordance with proper practices by the bodies to which these Regulations apply.

Regulation 7 makes provision with respect to certain of the bodies to which these Regulations apply regarding the preparation of a statement of accounts for each year. This obligation does not apply to community councils whose gross income or expenditure (whichever is higher) for the relevant year is, and for the preceding two years was, less than £1 million.

Regulation 8 makes provision with respect to the accounting statements that must be prepared by certain of the bodies to which these Regulations apply, not being bodies covered by the requirements set out in Regulation 7. The threshold above which community councils are required to prepare income and expenditure accounts and statements of balances is increased from £50,000 to £100,000.

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Regulation 9 makes provision in respect of the signing and approval of the various forms of accounts required to be prepared under these Regulations. The Regulation also introduces a new requirement for a person presiding at a committee or meeting to sign the accounting statements following approval by the committee or meeting which approved those statements.

In the case of bodies subject to the obligation to prepare a statement of accounts under regulation 7(1) of these Regulations the date by which the accounts must be approved is 30 June following the end of the relevant financial year. This changes the date from 30 September following the end of the relevant financial year. In order to assist local government bodies to adjust to the new timetable, the timetable is to be phased in over two years.

Regulation 10 makes provision in respect of the publication of statements of accounts prepared under regulation 7. The date by which they must be published is 30 September following the end of the relevant financial year. This changes the date from 31 December following the end of the relevant financial year. In order to assist local government bodies to adjust to the new timetable the timetable is to be phased in over two years.

Regulation 11 makes provision in respect of the publication of accounts required to be prepared under regulation 8. The date by which they must be published is 31 December following the end of the relevant financial year.

Regulation 12 makes provision in respect of the exercise of the rights of local government electors. Under the provisions of section 30(2) of the 2004 Act a local government elector or that person's representative is entitled to question the auditor about the accounts and under the provisions of section 31(1) a local government elector may attend before the auditor and make objections with respect to certain matters in respect of the accounts. This regulation provides that the auditor shall appoint a date on or after which these rights may be exercised and that the auditor shall notify the local government body of that date.

Regulation 13 makes provision in respect of arrangements to be made for the public inspection of accounts and other documents. They must be available for public inspection for 20 working days before the date appointed by the auditor under the provisions of regulation 12.

Regulation 14 provides that the accounts and other documents made available for public inspection shall not be altered after they have been made so available, except with the consent of the auditor.

Regulation 15 makes provision in respect of the publication of information relating to the right of public inspection of accounts and other documents. The information must be made available to the public at least 14 days before the start of the period during which the accounts and other documents are to be made available pursuant to regulation 13.

Regulation 16 makes provision in respect of the contents of any written notice of a proposed objection that a local government elector gives the auditor.

Regulation 17 makes provision in respect of giving notice that an audit has been concluded and that the accounts are available for inspection by local government electors.

Regulation 18 makes provision in respect of the publication of the annual audit letter that local government bodies receive from their auditor.

Regulation 19 makes provision in respect of joint committees, joint boards, and National Park Authorities regarding the deposit of certain documents relating to their accounts and audit with each constituent authority.

Regulation 20 makes provision relating to the notice that must be given by a local government body in the event that the Auditor General for Wales directs an auditor to hold an extraordinary audit of the accounts of that body.

Regulation 21 declares that the contravention of certain regulations is an offence, as provided for by section 39(3) of the 2004 Act.

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Regulation 22 amends the Local Authorities Executive Arrangements (Functions and Responsibilities) (Wales) Regulations 2001 and the Local Authorities (Alternative Arrangements) (Wales) Regulations 2001, by reliance on powers in the Local Government Act 2000, to add functions under these Regulations to the lists of functions under those Regulations that may not be the responsibility of an executive or a Board respectively.