

REPORT OF DEPUTY CHIEF EXECUTIVE & CORPORATE DIRECTOR FOR  
RESOURCES

**PROPOSED AMENDMENTS TO THE ACCOUNTS & AUDIT REGULATIONS  
2003**

**1 PURPOSE OF THE REPORT**

The purpose of this report is to gain the Committee's views on proposed changes to the Accounts & Audit Regulations 2003,

**2 RECOMMENDATIONS**

That this Committee be asked to identify any issues or concerns raised by the consultation amendments so that they can be incorporated into the Council's response.

**3 REASONS FOR CONSIDERATION**

Communities and Local Government (CLG) are consulting with Local Authorities on proposed amendments to the Accounts & Audit Regulations 2003. The consultation documents are available from Internal Audit and will be available at the meeting for Councillors' information. Alternatively the document may be viewed by following the link below:

<http://www.communities.gov.uk/publications/localgovernment/revisionaccountsregs2003consult>

This report aims to inform Councillors of the main amendments to the regulations and seek their views on the proposed changes. The consultation period ends on 4<sup>th</sup> March 2011.

**4 OVERVIEW OF WORK UNDERTAKEN**

The main amendments put forward in the consultation are as follows:

- 4.1 In respect of the approval and publication of the annual accounts, Councillors will not now be required to approve the unaudited accounts by the 30th June. The Responsible Financial Officer will still be required to certify that the accounts are a true and fair view by this date, and Councillors will be required to continue to approve the audited accounts by the end of September. This new proposal will bring Local Authorities in line

with the process for approving company accounts. In considering this proposed amendment, Councillors may wish to take into consideration the fact that the Council's year end financial position is also reported to the Executive Board. In addition, it is also worth noting that it is a requirement of the regulations that the accounts are made available for public inspection and it is standard practice that this is undertaken before the audited accounts are approved.

- 4.2 It is currently the responsibility of the Responsible Financial Officer to certify that the unaudited accounts are a true and fair view of the Council's financial position.
- 4.3 It is also currently the responsibility of members of this Committee to approve the unaudited accounts by the 30th June. The accounts are then made available for public inspection.
- 4.4 Under these new proposals the responsibility of the Responsible Financial Officer remains the same but members are only required to approve the audited accounts before the 30th September. A consequence of the removal of the need for member approval before 30th June is that we will have additional time to prepare our accounts. This change is supported
- 4.5 Currently any contravention of the regulations is a criminal offence. The proposal is that none of the regulations should be identified as attracting criminal penalties. There have been no known examples of a criminal prosecution for failure to comply with the current regulations. As compliance with procedural arrangements in local government is normally achieved without recourse to criminal law. The proposed decriminalisation for non-compliance is supported.
- 4.6 The current regulations require the Council to annually review its system of internal audit. We have previously asked for clarification of the meaning of the term 'system of internal audit', as opposed to a review of the internal audit function. CLG now recognises the confusion and propose to clarify the requirement by requiring an annual review of internal audit. This clarification is supported.
- 4.7 The regulations refer to 'The Statement on Internal Control' (SIC) which was superseded by the Annual Governance Statement (AGS) in 2008 as a result of best practice guidance from CIPFA. The SIC (referred now to as the AGS), will no longer to be published as part of the Statement of Accounts. The AGS will instead accompany the published accounts, and the Council will have to make it clear that the statement is not part of the accounts.
- 4.8 The definition of remuneration and the categories of remuneration to be reported for senior officers are also clarified and any inconsistencies have been removed by these regulations. Clarification is supported and further proposed changes to the levels of remuneration are awaited.
- 4.9 The CLG deadline for responses is the 4th March 2011. Consequently, Councillors' views are being sought at this Committee in order for them to be reflected in the Council's response.

**5 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS  
OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

None

**6 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS  
REPORT**

Revision and consolidation of the Accounts & Audit Regulations 2003 (SI 2003 No 533) as amended.

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