EXPLANATORY MEMORANDUM TO

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015

SR 2015 No. 106

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department of the Environment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under Article 24 of the Local Government (Northern Ireland) Order 2005, and is subject to the negative resolution procedure in the Assembly.

2. Purpose

2.1 The Rule prescribes provisions with respect to the accounts and audit of local government bodies whose accounts are required to be audited in accordance with Part II of the Local Government (Northern Ireland) Order 2005.

2.2 The Rule makes provision in relation to:

- the financial management and internal control that are to be kept by the local government bodies;
- the accounting records and control systems that are to be kept by the local government bodies;
- the undertaking of an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes by the local government body;
- preparation of a statement of accounts for each financial year by the local government body;
- the signing, approval and publication of a statement of accounts by the local government body;
- the appointment of a date for the exercise of rights under Articles 17(2) and 18(1) of the Local Government (Northern Ireland) Order 2005;
- the procedure for public inspection of accounts;
- the alteration of accounts;
- the notice of public rights;

- the written notice of proposed objection;
- the notice of conclusion of audit;
- the publication of the annual audit letter; and
- joint committees.

3. Background

3.1 The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 (the 2006 Regulations) and the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 (the Amended 2006 Regulations) were both made under Article 24 of the Local Government (Northern Ireland) Order 2005 (the 2005 Order).

3.2. The 2006 Regulations and the Amended 2006 Regulations include important provisions on financial management, the form of the annual statement of accounts, and procedures connected with the approval and publication of the statement of accounts and the conduct of the audit.

3.3 Due to changes in the accounting practice relating to local government, further amendments are required. These proposed amendments would add further difficulties to working within the 2006 Regulations and the Amended 2006 Regulations and, therefore, consolidation is highly desirable so that there is a clear statement of these important provisions for the benefit of those they affect.

4. Consultation

4.1 The Department issued a consultation document on 20 October 2014 seeking views by 12 January 2015 on the Department's proposals to make the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

4.2 Eleven organisations, representing the local government sector, responded to the consultation. The responses broadly supported the Department's proposals. The main issue raised by a number of respondents was in relation to the date for finalisation of the statement of accounts.

4.3 A summary of the consultation responses received has been prepared and has been placed on the DOE website. The consultation report sets out the key points raised by respondents and the Department's response.

5. Equality Impact

5.1 The Department carried out an Equality Screening with consideration given to compliance with section 75 of the Northern Ireland Act 1998. A full Equality Impact Assessment is not considered necessary as the proposed Regulations will apply equally across councils and, as a result, are neutral in terms of

impact. Councils are statutory authorities in their own right and have their own equality duties.

6. Regulatory Impact

6.1 A Regulatory Impact Assessment is not required, because the proposals result in no costs or savings, or restriction on businesses, charities, social economy enterprises or the voluntary sector.

7. Financial Implications

7.1 There are no financial implications arising from the implementation of the Rule.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Regulations are considered compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1 There are no EU implications associated with the draft Regulations.

10. Parity or Replicatory Measure

10.1 Not applicable.

11. Additional Information

11.1 None.