



# Local Audit and Accountability Act 2014

## 2014 CHAPTER 2

### PART 5

#### CONDUCT OF LOCAL AUDIT

##### *General powers and duties of auditors*

#### **20 General duties of auditors**

- (1) In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied—
  - (a) that the accounts comply with the requirements of the enactments that apply to them,
  - (b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and
  - (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- (2) Subject as follows, when a local auditor has completed an audit of the accounts of a relevant authority other than a health service body, the auditor must enter on the statement of accounts—
  - (a) a certificate that the auditor has completed the audit in accordance with this Act, and
  - (b) the auditor's opinion on the statement.
- (3) If, for any part of the period for which a relevant authority is required to prepare a statement of accounts, the authority is required to maintain a pension fund under regulations under section 1 of the Public Service Pensions Act 2013 as they relate to local government workers (within the meaning of that Act), the authority's local auditor must give a separate opinion on the part of the statement that relates to the accounts of that pension fund.
- (4) A local auditor may enter an opinion on the statement of accounts on that statement before the audit is completed if—

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*Status: This is the original version (as it was originally enacted).*

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- (a) the audit has not been completed because an objection has been made under section 27 and that objection has not been disposed of, and
  - (b) the auditor thinks that, if the objection were resolved in the objector's favour, this would not affect the accuracy of the statement of accounts.
- (5) A local auditor must, in carrying out the auditor's functions in relation to the accounts of a relevant authority, comply with the code of audit practice applicable to the authority that is for the time being in force.
- (6) A local auditor must, in carrying out functions under this Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6.

## **21 General duties of auditors of accounts of health service bodies**

- (1) In auditing the accounts of a clinical commissioning group, a local auditor must, by examination of the accounts and otherwise, be satisfied—
- (a) that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them,
  - (b) that proper practices have been observed in the preparation of the accounts,
  - (c) that the group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources,
  - (d) that money provided by Parliament has been expended for the purposes intended by Parliament,
  - (e) that resources authorised by Parliament to be used have been used for the purposes in relation to which the use was authorised, and
  - (f) that the financial transactions of the group are in accordance with any authority which is relevant to the transactions.
- (2) In subsection (1)(e) use of resources means their expenditure, consumption or reduction in value.
- (3) In auditing the accounts of special trustees for a hospital, a local auditor must, by examination of the accounts and otherwise, be satisfied—
- (a) that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them,
  - (b) that proper practices have been observed in the preparation of the accounts, and
  - (c) that the special trustees have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.
- (4) When a local auditor has completed an audit of the accounts of a health service body, the auditor must—
- (a) enter on the accounts a certificate that the auditor has completed the audit in accordance with this Act, and
  - (b) make a report in accordance with subsection (5).
- (5) A report under subsection (4)(b)—
- (a) must contain the auditor's opinion on the accounts, including on the matters in subsection (1) or, as the case may be, subsection (3), but
  - (b) must not contain the auditor's opinion on the matter in subsection (1)(c) or (3)(c) if the auditor is satisfied as to that matter.

## 22 Auditors' right to documents and information

- (1) A local auditor has a right of access at all reasonable times to every document (an "audit document") that—
  - (a) relates to a relevant authority or an entity connected with a relevant authority, and
  - (b) the auditor thinks is necessary for the purposes of the auditor's functions under this Act.
- (2) This includes power to inspect, copy or take away an audit document.
- (3) A local auditor may—
  - (a) require a person holding or accountable for, or who has at any time held or been accountable for, an audit document to provide such information or explanation as the auditor thinks is necessary for the purposes of this Act, and
  - (b) if the auditor thinks it necessary, require the person to meet the auditor to give the information or explanation or (if the person holds or is accountable for the document) to produce the document.
- (4) Where an audit document is in an electronic form, the power to require a person to produce the document includes power to require it to be produced in a form in which it is legible and can be taken away.
- (5) For the purpose of inspecting an audit document which is in an electronic form, a local auditor—
  - (a) may have access to, and inspect and check the operation of, any computer and associated apparatus or material which the auditor thinks is or has been used in connection with the document, and
  - (b) may require a person within subsection (6) to give the auditor the reasonable assistance that the auditor needs for that purpose.
- (6) A person is within this subsection who—
  - (a) is the person by whom or on whose behalf the computer is or has been used, or
  - (b) is a person in charge of, or otherwise involved in operating, the computer, apparatus or material.
- (7) A local auditor may—
  - (a) require any person to whom this subsection applies to provide such information or explanation as the auditor thinks is necessary for the purposes of this Act, and
  - (b) if the auditor thinks it necessary, require the person to meet the auditor to give the information or explanation.
- (8) Subsection (7) applies to—
  - (a) a member or officer of a relevant authority,
  - (b) where a relevant authority is a corporation sole, the holder of that office,
  - (c) a person elected or appointed—
    - (i) as an entity connected with a relevant authority,
    - (ii) to such an entity, or
    - (iii) to an office of such an entity,
  - (d) an employee of such an entity,
  - (e) an auditor of the accounts of such an entity, or

- (f) a person who fell within any of paragraphs (a) to (d) at a time to which the information or explanation required by the local auditor relates.
- (9) A local auditor of the accounts of a parish meeting may only exercise the function in subsection (7), so far as it applies to a person who is or was a member or officer of a relevant authority, in relation to a person who is or was the chairman of the parish meeting or the proper officer of the district council within whose area the parish lies.
- (10) A relevant authority or an entity connected with a relevant authority must provide a local auditor with the facilities and information that the auditor reasonably requires for the purposes of the auditor's functions under this Act.
- (11) A statement made by a person in response to a requirement under this section may not be used in evidence against that person in criminal proceedings other than proceedings for an offence under section 23.
- (12) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

### **23 Offences relating to section 22**

- (1) A person is guilty of an offence if, without reasonable excuse, the person—
  - (a) obstructs the exercise of any power conferred by section 22, or
  - (b) fails to comply with any requirement of a local auditor under that section.
- (2) A person guilty of an offence under subsection (1) is liable on summary conviction—
  - (a) to a fine not exceeding level 3 on the standard scale, and
  - (b) to an additional fine of not more than £20 for each day on which the offence continues after conviction for that offence.
- (3) The reasonable expenses incurred by a local auditor in connection with proceedings for an offence under subsection (1) alleged to have been committed by a person within subsection (4) in relation to the audit of the accounts of a relevant authority are recoverable from that authority so far as they are not recovered from any other source.
- (4) The persons within this subsection are—
  - (a) a member or officer of the relevant authority,
  - (b) a person elected or appointed—
    - (i) as an entity connected with the relevant authority,
    - (ii) to such an entity, or
    - (iii) to an office of such an entity, and
  - (c) an employee of such an entity.
- (5) Subsection (3) does not apply in relation to a parish meeting unless the offence is alleged to have been committed by the chairman of the parish meeting or the proper officer of the district council within whose area the parish lies.
- (6) In subsection (4)(a) the reference to a member of the relevant authority, in relation to a corporation sole, is to the holder of that office.