



**OFFICE OF THE  
DEPUTY PRIME MINISTER**

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Dear

**ACCOUNTS AND AUDIT REGULATIONS 2003 - STATUTORY INSTRUMENT AND  
GUIDANCE CIRCULAR**

You will recall that last year you responded to our consultation on proposed amendments to the Accounts and Audit Regulations 1996. I am grateful for the contribution you made to this exercise.

You may be interested to know that in total 369 responses were received to this consultation. Most of the proposals were welcomed by consultees. In particular, the proposal to raise from £50,000 to £100,000 the threshold below which the least burdensome accounting regime applies to parish councils, was well received. This change, which aims to reduce the accounting burden for parishes, has therefore been included among the proposals agreed for implementation.

However, a number of other proposals did raise concerns from some of those who responded to the consultation. These concerns included the possible extra administrative burdens imposed by proposals to make accounts more accessible for viewing by the public; the bringing forward of the deadlines for the approval and publication of accounts; and the disclosure of senior staff salaries. A number of parish councils also stressed their concern about the burdens imposed by the need to follow best practice on internal audit.

Following consideration of the responses received, Ministers have decided to amend the original proposals to reflect the comments of consultees in the following areas:

- The impact of increased accessibility to the accounts will be minimised by a limited increase in access from 15 to 20 working days per year (rather than the originally proposed 12 months);
- Earlier approval and publication of accounts will not apply to smaller parish councils (we will however, retain earlier approval and publication for principal authorities and larger parishes to fulfil the commitment in the Local Government White Paper to bring forward these deadlines);
- In view of the concerns raised by consultees, no authorities will be required to provide information on salaries of senior named staff. However, the requirement for principal

authorities to provide information on the numbers of senior staff in different salary bands will be updated and the threshold for disclosure raised from £40,000 to £50,000;

- Appropriate bodies will consider the development of proportionate guidance for local councils on how to obtain internal audit, with the aim of addressing concerns about the burdens imposed by the current guidance.

The Accounts and Audit Regulations 2003 take these considerations into account. The Regulations were laid on 11 March 2003 and will come into effect on 1 April. I enclose a copy of the Regulations together with a circular giving guidance to authorities on the operation of the Regulations.

The main themes of the new Regulations are:

- To reduce the accounting burden for smaller parishes;
- To provide for greater accountability, transparency and openness in the provision of information, eg through bringing forward the deadlines for the approval and publication of accounts by principal authorities and larger parishes, and providing for improved access to accounts by electors; and
- To encourage consistent standards by requiring up-to-date proper accounting practices to be followed, and by encouraging authorities to take corporate responsibility for their decisions.

We hope shortly to be able to make available a more detailed summary of the responses received from consultees and the Government's decisions on action on individual issues, on the ODPM website.

**MARGUERITA MCNALLY**