



Companies (Audit, Investigations and Community Enterprise) Act 2004

2004 CHAPTER 27

PART 1

AUDITORS, ACCOUNTS, DIRECTORS' LIABILITIES AND INVESTIGATIONS

CHAPTER 1

AUDITORS

Recognised supervisory bodies

1 Additional requirements for recognition of supervisory bodies

- (1) Part 2 of Schedule 11 to the Companies Act 1989 (c. 40) (requirements for recognition of supervisory bodies for purposes of provisions relating to company auditors) is amended as follows.
- (2) After paragraph 7(1) (body must have rules and practices for ensuring company audit work is carried out with integrity and without conflicts of interest) insert—
 - “(1A) The body must participate in arrangements within paragraph 17, and the rules and practices mentioned in sub-paragraph (1) above must include provision requiring compliance with any standards for the time being determined under such arrangements.”
- (3) In paragraph 8 (body must have rules and practices as to the technical standards to be applied in company audit work), the existing provisions become sub-paragraph (1), and after that sub-paragraph insert—
 - “(2) The body must participate in arrangements within paragraph 18, and the rules and practices mentioned in sub-paragraph (1) above must include

Status: This is the original version (as it was originally enacted).

provision requiring compliance with any standards for the time being determined under such arrangements.”

(4) After paragraph 10 insert—

“Independent monitoring of audits of listed and other major companies

10A (1) The body must—

- (a) participate in arrangements within paragraph 19(1), and
- (b) have rules designed to ensure that members of the body who perform any company audit functions in respect of major audits take such steps as may be reasonably required of them to enable their performance of any such functions to be monitored by means of inspections carried out under the arrangements.

(2) Any monitoring of such persons under the arrangements is to be regarded (so far as their performance of company audit functions in respect of major audits is concerned) as monitoring of compliance with the body’s rules for the purposes of paragraph 10(1).

(3) In this paragraph “company audit function” and “major audit” have the same meaning as in paragraph 19.”

(5) After paragraph 12 insert—

“Independent investigation for disciplinary purposes of public interest cases

12A (1) The body must—

- (a) participate in arrangements within paragraph 20(1), and
- (b) have rules and practices designed to ensure that, where the designated persons have decided that any particular disciplinary action should be taken against a member of the body following the conclusion of an investigation under such arrangements, that decision is to be treated as if it were a decision made by the body in disciplinary proceedings against the member.

(2) In sub-paragraph (1) “the designated persons” means the persons who, under the arrangements, have the function of deciding whether (and, if so, what) disciplinary action should be taken against a member of the body in the light of an investigation carried out under the arrangements.”