



# Companies Act 2006

## 2006 CHAPTER 46

### PART 42

#### STATUTORY AUDITORS

### CHAPTER 3

#### AUDITORS GENERAL

#### *Supervision of Auditors General*

#### **1229 Supervision of Auditors General by the Independent Supervisor**

- (1) The Independent Supervisor must supervise the performance by each Auditor General of his functions as a statutory auditor.
- (2) The Independent Supervisor must discharge that duty by—
  - (a) entering into supervision arrangements with one or more bodies, and
  - (b) overseeing the effective operation of any supervision arrangements entered into by it.
- (3) For this purpose “supervision arrangements” are arrangements entered into by the Independent Supervisor with a body, for the purposes of this section, in accordance with which the body does one or more of the following—
  - (a) determines standards relating to professional integrity and independence which must be applied by an Auditor General in statutory audit work;
  - (b) determines technical standards which must be applied by an Auditor General in statutory audit work and the manner in which those standards are to be applied in practice;
  - (c) monitors the performance of statutory audits carried out by an Auditor General;

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*Status: This is the original version (as it was originally enacted).*

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- (d) investigates any matter arising from the performance by an Auditor General of a statutory audit;
  - (e) holds disciplinary hearings in respect of an Auditor General which appear to be desirable following the conclusion of such investigations;
  - (f) decides whether (and, if so, what) disciplinary action should be taken against an Auditor General to whom such a hearing related.
- (4) The Independent Supervisor may enter into supervision arrangements with a body despite any relationship that may exist between the Independent Supervisor and that body.
- (5) The Independent Supervisor must notify each Auditor General in writing of any supervision arrangements that it enters into under this section.
- (6) Supervision arrangements within subsection (3)(f) may, in particular, provide for the payment by an Auditor General of a fine to any person.
- (7) Any fine received by the Independent Supervisor under supervision arrangements is to be paid into the Consolidated Fund.

### **1230 Duties of Auditors General in relation to supervision arrangements**

- (1) Each Auditor General must—
- (a) comply with any standards of the kind mentioned in subsection (3)(a) or (b) of section 1229 determined under the supervision arrangements,
  - (b) take such steps as may be reasonably required of that Auditor General to enable his performance of statutory audits to be monitored by means of inspections carried out under the supervision arrangements, and
  - (c) comply with any decision of the kind mentioned in subsection (3)(f) of that section made under the supervision arrangements.
- (2) Each Auditor General must pay to the body or bodies with which the Independent Supervisor enters into the supervision arrangements such proportion of the costs incurred by the body or bodies for the purposes of the arrangements as the Independent Supervisor may notify to him in writing.
- (3) Expenditure under subsection (2) is—
- (a) in the case of expenditure of the Comptroller and Auditor General, to be regarded as expenditure of the National Audit Office for the purposes of section 4(1) of the National Audit Act 1983 (c. 44);
  - (b) in the case of expenditure of the Comptroller and Auditor General for Northern Ireland, to be regarded as expenditure of the Northern Ireland Audit Office for the purposes of Article 6(1) of the Audit (Northern Ireland) Order 1987 (S.I. 1987/460 (N.I. 5)).
- (4) In this section “the supervision arrangements” means the arrangements entered into under section 1229.