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STATUTORY INSTRUMENTS

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**2007 No. 3534**

**COMPANIES  
AUDITORS**

**The Independent Supervisor Appointment Order 2007**

*Made* - - - - *17th December 2007*  
*Laid before Parliament* *17th December 2007*  
*Coming into force* - - *6th April 2008*

The Secretary of State makes the following Order in exercise of the powers conferred by section 1228 of the Companies Act 2006<sup>(1)</sup>.

In accordance with that section it appears to him that the Professional Oversight Board is willing and able to discharge the supervision function and that it has arrangements in place which are such as to be likely to ensure that that function will be exercised effectively and in accordance with the requirements and provisions of this Order.

**Citation and commencement**

1. This Order may be cited as the Independent Supervisor Appointment Order 2007 and comes into force on 6th April 2008.

**Interpretation**

2. In this Order “the Act” means the Companies Act 2006.

**Appointment of Independent Supervisor**

3. The body known as the Professional Oversight Board, established under the articles of association of The Financial Reporting Council Limited<sup>(2)</sup>, is appointed for the purposes of section 1228 of the Act (appointment of the Independent Supervisor) to discharge the supervision function.

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(1) 2006 c.46.

(2) Registered number 02486368.

## **Requirements and provisions concerning the exercise of the supervision function**

4. The report which is required under section 1231 of the Act (reports by the Independent Supervisor) must include—

- (a) an account of how the Independent Supervisor has discharged the supervision function, including why it considers that this function has been discharged effectively;
- (b) an account of the extent to which each Auditor General has complied with its duties under the Act;
- (c) an account of any matters notified to the Independent Supervisor under section 1232 of the Act (matters to be notified to the Independent Supervisor);
- (d) an account of the Independent Supervisor's enforcement activity, including the issue of any suspension notices and any applications for compliance orders; and
- (e) an account of the activities carried out by the Independent Supervisor as a consequence of its status as a public authority for the purpose of the Freedom of Information Act 2000<sup>(3)</sup>.

5.—(1) The Independent Supervisor must, at least once in each calendar year, prepare and publish in such manner as it sees fit financial statements of its expenditure.

(2) The financial statements shall be audited by a person other than an Auditor General who is eligible for appointment as a statutory auditor.

6.—(1) The Independent Supervisor must consult with the Auditors General and such other persons as seem to it to be appropriate before establishing or entering into a supervision arrangement for the purposes of section 1229 of the Act (supervision of Auditors General by the Independent Supervisor).

(2) Any consultation carried out for this purpose before the date on which this Order comes into force, including by the Public Oversight Board established under the articles of association of The Public Oversight Board Limited<sup>(4)</sup>, shall be treated as if it had been carried out under this article.

7. The Independent Supervisor shall have satisfactory arrangements for recording decisions made in the exercise of the supervision function and for the safekeeping of those records which ought to be preserved.

*Stephen Timms*  
Minister of State for Competitiveness  
Department for Business, Enterprise and  
Regulatory Reform

17th December 2007

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(3) 2000 c.36; under section 1228(3) of the Companies Act 2006. This Order has the effect of making the Independent Supervisor designated under section 5 of the Freedom of Information Act 2000.

(4) Registered number 05081885.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order appoints the Professional Oversight Board as Independent Supervisor of the Auditors General when they carry out the functions of statutory auditors. The supervision function of the Independent Supervisor is set out in Part 42 of the Companies Act 2006.

Articles 4 to 7 create additional provisions and requirements for the exercise of that function, including requirements for the contents of reports by the Independent Supervisor on the exercise of its functions; and requirements for consultation and record-keeping.

By section 1228(3) of the Companies Act, the making of this Order has the effect of making the Independent Supervisor a designated body under section 5 of the Freedom of Information Act 2000 (power to designate additional public authorities).