



Local Democracy, Economic Development and Construction Act 2009

2009 CHAPTER 20

PART 2

LOCAL AUTHORITIES: GOVERNANCE AND AUDIT

PROSPECTIVE

CHAPTER 3

AUDIT OF ENTITIES CONNECTED WITH LOCAL AUTHORITIES

Preliminary

36 Overview

- (1) This Chapter makes provision for [^{F1}the Auditor General for Wales] to appoint a person to carry out audit functions in relation to a relevant entity in circumstances where it appears to the authority that the entity is or will be a qualifying ^{F2}... Welsh local authority entity.

^{F3}(2)

- (3) In this Chapter, “relevant entity” means—

- (a) a company,
- (b) a limited liability partnership, or
- (c) [^{F4}a registered society] .

^{F5}(4)

Status: This version of this chapter contains provisions that are prospective.

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- (5) In this Chapter, “qualifying Welsh local authority entity” means a relevant entity which—
- is connected with a local authority in Wales, and
 - meets such other conditions as the Welsh Ministers may by regulations specify.
- (6) In this Chapter, “local authority” means any body which—
- is a local authority for the purposes of section 21 of the Local Government Act 2003 (c. 26) (see subsection (6) of that section and section 23 of that Act), and
 - is required to prepare statements of accounts by regulations made under ^{F6}... section 39 of the Public Audit (Wales) Act 2004 (c. 23).

Textual Amendments

- F1** Words in s. 36(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 98\(2\)\(a\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F2** Words in s. 36(1) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 98\(2\)\(b\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F3** S. 36(2) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 98\(3\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), Sch. 4 para. 149](#) (with [Sch. 5](#))
- F5** S. 36(4) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 98\(3\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F6** Words in s. 36(6)(b) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 98\(4\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

37 Notification duties of local authorities

^{F7}(1)

- (2) Where it comes to the attention of a local authority in Wales that—
- a relevant entity which is connected with the authority meets the conditions referred to in section 36(5)(b),
 - a relevant entity which is connected with the authority has ceased to meet those conditions, or
 - a relevant entity which meets those conditions has ceased to be connected with the local authority,
- the authority must notify the entity and the Auditor General for Wales accordingly.
- (3) Notification under this section must be within the period of 21 days beginning with the day on which the matter comes to the attention of the local authority.

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Textual Amendments

- F7** S. 37(1) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 99](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))

Power to appoint auditor

38 Power to appoint auditor

- (1) Subject to this Chapter, [^{F8}the Auditor General for Wales] may appoint a person to carry out audit functions in accordance with this Chapter in relation to a relevant entity.
- (2) An appointment under this section is to be for a financial year of the entity.
- (3) An appointment under this section must be made—
 - (a) before the start of the financial year to which it relates, or
 - (b) in the case of an appointment for the first financial year of the entity, before whichever is the earlier of—
 - (i) the end of that financial year, and
 - (ii) the end of the period of three months beginning with the day on which the [^{F9}Auditor General for Wales] receives notification in relation to the entity under section [^{F10}37(2)(a)] .

^{F11}(4)

- (5) The Auditor General for Wales may make an appointment under this section if (and only if) it appears to the Auditor General that—
 - (a) the entity will be a qualifying Welsh local authority entity at the start of the financial year for which the appointment is made, or
 - (b) in the case of an appointment for the first financial year of the entity, the entity is a qualifying Welsh local authority entity when the appointment is made.
- (6) Before making an appointment under this section in relation to an entity the [^{F12}Auditor General for Wales] must consult the entity.

^{F13}(7)

- (8) After making an appointment under this section in relation to an entity the [^{F14}Auditor General for Wales] must notify the local authority with which the entity is connected.

Textual Amendments

- F8** Words in s. 38(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(2\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))
- F9** Words in s. 38(3)(b)(ii) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(3\)\(a\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))
- F10** Words in s. 38(3)(b)(ii) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(3\)\(b\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))

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- F11** S. 38(4) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(4\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F12** Words in s. 38(6) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(5\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F13** S. 38(7) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(6\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F14** Words in s. 38(8) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 100\(7\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

39 Power to appoint replacement auditor

- (1) Where a person appointed by [^{F15}the Auditor General for Wales] under this Chapter in relation to an entity for a financial year dies, is dismissed or is unable or unwilling to act, the [^{F16}Auditor General for Wales] may (subject to this Chapter) appoint a replacement in relation to that entity for that financial year.
- (2) Before making an appointment under this section the [^{F16}Auditor General for Wales] must consult the entity.
- (3) After making an appointment under this section the [^{F16}Auditor General for Wales] must notify the local authority with which the entity is connected.

Textual Amendments

- F15** Words in s. 39(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 101\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F16** Words in s. 39 substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 101\(3\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

40 Exclusions

- (1) [^{F17}The Auditor General for Wales] may not make an appointment under this Chapter in relation to an entity for a financial year if, by virtue of this section, the entity is exempt from audit for that year.
- (2) A company is exempt from audit under this Chapter for a financial year if it appears to the [^{F18}Auditor General for Wales] that, for the purposes of Part 16 of the Companies Act 2006 (c. 46), the company is or will be exempt from audit under that Part for that year.
- (3) A limited liability partnership is exempt from audit under this Chapter for a financial year if it appears to the [^{F18}Auditor General for Wales] that, for the purposes of Part 16 of the Companies Act 2006 (as that Part applies to limited liability partnerships), the partnership is or will be exempt from audit under that Part for that year.
- (4) [^{F4}A registered society] is exempt from audit under this Chapter for a financial year if it appears to the [^{F18}Auditor General for Wales] that [^{F19}—

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- (a) the society is a small society (within the meaning of Part 7 of the Co-operative and Community Benefit Societies Act 2014) for that year, or
 - (b) section 83 of that Act (duty to appoint auditors) does not apply to the society for that year because of a resolution under section 84 of that Act (power to disapply auditing requirements).]
- (5) Subsection (1) does not apply if the entity requests the [^{F20}Auditor General for Wales] to make the appointment.

Textual Amendments

- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), [Sch. 4 para. 149](#) (with [Sch. 5](#))
- F17** Words in s. 40(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 102\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F18** Words in s. 40(2)–(4) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 102\(3\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F19** Words in s. 40(4) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 150](#) (with [Sch. 5](#))
- F20** Words in s. 40(5) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 102\(4\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

Auditors

41 Eligibility for appointment

- (1) A person appointed under this Chapter may be—
- (a) a member of staff of the [^{F21}Auditor General for Wales];
 - (b) an individual who is not a member of staff of [^{F22}the Auditor General for Wales];
 - (c) a firm.
- (2) The following may not be appointed under this Chapter in relation to an entity—
- (a) an individual or firm who for the purposes of section 1212 of the Companies Act 2006 (c. 46) is not eligible for appointment as a statutory auditor, or
 - (b) an individual or firm who by virtue of section 1214 of that Act (independence requirement) may not act as statutory auditor in relation to that entity.
- (3) In this section “firm” means any entity, whether or not a legal person, which is not an individual, and includes a body corporate, a corporation sole and a partnership or other unincorporated association.

Textual Amendments

- F21** Words in s. 41(1)(a) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 103\(a\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

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F22 Words in s. 41(1)(b) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 103\(b\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))

42 Terms of appointment

- (1) Subject to this Chapter, a person appointed under this Chapter holds office under this Chapter in accordance with the terms of their appointment.
- (2) Subject to subsection (3), an appointment under this Chapter begins on the first day of the financial year for which the appointment is made.
- (3) An appointment under this Chapter which—
 - (a) is for the first financial year of an entity, or
 - (b) is made under section 39 after the start of the financial year for which it is made,
 begins on the day on which the appointment is made.
- (4) An appointment under this Chapter, unless terminated earlier, ends when the person appointed has discharged their functions under this Chapter.
- (5) A person appointed under this Chapter may not be dismissed by the [^{F23}Auditor General for Wales] for divergence of opinion on accounting treatments or audit procedures.
- ^{F24}(6)
- (7) If it appears to the Auditor General for Wales that an entity in relation to which the Auditor General has appointed a person under this Chapter is not, or has ceased to be, a qualifying Welsh local authority entity, the Auditor General may terminate the appointment (but is not required to do so).

Textual Amendments

- F23** Words in s. 42(5) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 104\(2\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))
- F24** S. 42(6) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 104\(3\)](#); [S.I. 2015/841, art. 3\(x\)](#) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675, art. 2](#))

Audit of accounts

43 Right of entity to appoint auditor to conduct statutory audit

- (1) Where a person is appointed under this Chapter in relation to an entity for a financial year, the entity may, under and in accordance with the relevant statutory provision, appoint that person as auditor of the entity for the purposes of that provision for the financial year.
- (2) An appointment pursuant to subsection (1) is to be—
 - (a) on the standard terms and conditions, or

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- (b) on the standard terms and conditions subject to such modifications as may be agreed between the entity and the person appointed.
- (3) The [^{F25}Auditor General for Wales] must notify the entity of its right under subsection (1).
- (4) Notification under subsection (3) must be before the beginning of the financial year (except in the case of an appointment for the first financial year of the entity or which is made under section 39).
- (5) Termination by the [^{F26}Auditor General for Wales] of the appointment under this Chapter does not terminate an appointment made pursuant to subsection (1).
- (6) In subsection (1) “the relevant statutory provision”—
 - (a) in relation to a company, means Part 16 of the Companies Act 2006 (c. 46);
 - (b) in relation to a limited liability partnership, means that Part of that Act as it applies to limited liability partnerships;
 - (c) in relation to [^{F4}a registered society] , means—
 - (i) [^{F27}section 83 of the Co-operative and Community Benefit Societies Act 2014,] or
 - (ii) in the case of [^{F4}a registered society] to which regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (SI 2008/565) applies, that regulation.
- (7) In subsection (2), “standard terms and conditions” means terms and conditions (including terms and conditions as to payment of fees) published for the purposes of that subsection by the [^{F28}Auditor General for Wales] from time to time.
- (8) Before publishing terms and conditions under subsection (7) [^{F29}the Auditor General for Wales] must consult—
 - (a) such associations of local authorities, and such bodies of accountants, as the [^{F30}Auditor General for Wales] considers appropriate, and
 - [^{F31}(b) the Welsh Ministers.]

Textual Amendments

- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), [Sch. 4 para. 149](#) (with [Sch. 5](#))
- F25** Words in s. 43(3) substituted (1.4.2015) by [Local Audit and Accountability Act 2014](#) (c. 2), s. 49(1), [Sch. 12 para. 105\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F26** Words in s. 43(5) substituted (1.4.2015) by [Local Audit and Accountability Act 2014](#) (c. 2), s. 49(1), [Sch. 12 para. 105\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F27** S. 43(6)(c)(i) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 151](#) (with [Sch. 5](#))
- F28** Words in s. 43(7) substituted (1.4.2015) by [Local Audit and Accountability Act 2014](#) (c. 2), s. 49(1), [Sch. 12 para. 105\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F29** Words in s. 43(8) substituted (1.4.2015) by [Local Audit and Accountability Act 2014](#) (c. 2), s. 49(1), [Sch. 12 para. 105\(3\)\(a\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

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- F30** Words in s. 43(8)(a) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 105\(3\)\(b\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F31** S. 43(8)(b) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 105\(3\)\(c\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

44 Functions of auditor not appointed to conduct statutory audit

- (1) This section applies to an entity in relation to which a person is appointed under this Chapter for a financial year if—
 - (a) the entity does not appoint that person pursuant to section 43(1), or
 - (b) the entity does so appoint that person but terminates the appointment before the discharge of the person's functions pursuant to the appointment.
- (2) Where this section applies to an entity which is a company—
 - (a) the person appointed under this Chapter must make a report to the company on the annual accounts of the company for the financial year, and
 - (b) sections 495(2) to (4) and 496 to 501 of the Companies Act 2006 (c. 46) apply as if—
 - (i) that report were a report under section 495(1) of that Act, and
 - (ii) the person appointed under this Chapter were the company's auditor under Part 16 of that Act.
- (3) Where this section applies to an entity which is a limited liability partnership—
 - (a) the person appointed under this Chapter must make a report to the partnership on the annual accounts of the partnership for the financial year, and
 - (b) sections 495(2) to (4) and 498 to 501 of the Companies Act 2006 apply as if—
 - (i) that report were a report under section 495(1) of that Act, and
 - (ii) the person appointed under this Chapter were the partnership's auditor under Part 16 of that Act.
- (4) Where this section applies to an entity which is [^{F4}a registered society] —
 - (a) the person appointed under this Chapter must audit the revenue account or accounts and balance sheet of the society for the financial year and make a report to the society on them,
 - [^{F32}(b) section 87(3) to (8) of the Co-operative and Community Benefit Societies Act 2014 apply in relation to that report as they apply to a report under section 87(2) of that Act,
 - (c) section 127(2) of that Act applies in relation to any contravention of section 87(6) of that Act (as applied by paragraph (b)),] and
 - (d) in a case where the society has caused group accounts for that year to be prepared as specified in [^{F33}section 98] of that Act, the person appointed under this Chapter must make a report to the society on the group accounts, stating the matters referred to in [^{F34}subsection (7)] of that section.
- (5) The person appointed under this Chapter must send a copy of the report made under this section to—
 - (a) the local authority with which the entity is connected, and
 - (b) the [^{F35}Auditor General for Wales].

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- (6) In subsection (3) references to the Companies Act 2006 are to that Act as it applies in relation to limited liability partnerships.

Textual Amendments

- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), [Sch. 4 para. 149](#) (with [Sch. 5](#))
- F32** S. 44(4)(b)(c) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 152\(2\)](#) (with [Sch. 5](#))
- F33** Words in s. 44(4)(d) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 152\(3\)\(a\)](#) (with [Sch. 5](#))
- F34** Words in s. 44(4)(d) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 152\(3\)\(b\)](#) (with [Sch. 5](#))
- F35** Words in s. 44(5)(b) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 106](#); [S.I. 2015/841](#), art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675](#), art. 2)

Public interest reports

45 Public interest reports

- (1) A person appointed under this Chapter in relation to an entity must make a report about any relevant matter—
- which comes to their attention in discharging their functions arising under or pursuant to the preceding provisions of this Chapter, and
 - which they consider that it would be in the public interest to bring to the attention of the entity, the local authority with which it is connected or the public.
- (2) In subsection (1) “relevant matter” means—
- a matter relating to the financial affairs of the entity for the financial year, or
 - a matter relating to the corporate governance of the entity.
- (3) A report under this section must be sent to the entity before the end of the period of 14 days starting with the day on which the report is made.
- (4) A copy of a report under this section must be sent before the end of that period to—
- the local authority with which the entity is connected, and
 - the [^{F36}Auditor General for Wales].
- (5) The person appointed under this Chapter may—
- notify any person of the fact that the report has been made, and
 - supply a copy of it or of any part of it to any person.

Textual Amendments

- F36** Words in s. 45(4)(b) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 107](#); [S.I. 2015/841](#), art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by [S.I. 2016/675](#), art. 2)

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46 Codes of practice

^{F37}(1)

^{F37}(2)

^{F37}(3)

- (4) A code of practice under [^{F38}section 10 of the Public Audit (Wales) Act 2013] must include provision prescribing the way in which persons appointed under this Chapter by the Auditor General for Wales are to carry out their functions under section 45.
- (5) A person so appointed must, in the exercise of their functions under section 45, comply with such provision of such a code as is for the time being in force.

Textual Amendments

- F37** S. 46(1)-(3) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 108](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F38** Words in s. 46(4) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\)](#), s. 35(2), [Sch. 4 para. 90](#) (with [Sch. 3 para. 3](#)); S.I. 2013/1466, art. 3(1)

47 Access to information

- (1) A person appointed under this Chapter in relation to an entity (in this section referred to as an “auditor”) has a right of access at all reasonable times to every document relating to the entity which appears to the auditor necessary for the purpose of the exercise of their functions under section 45.
- (2) The right conferred by subsection (1) includes power to inspect, copy or take away the document.
- (3) An auditor may—
 - (a) require a person holding or accountable for any document referred to in subsection (1) to give to the auditor such information or explanation as the auditor thinks necessary for the purpose of the exercise of the auditor's functions under section 45, and
 - (b) if the auditor thinks it necessary, require the person to attend before the auditor in person to give the information or explanation or to produce the document.
- (4) Without prejudice to subsection (3), an auditor may—
 - (a) require any officer or member of the entity to give to the auditor such information or explanation as the auditor thinks necessary for the purpose of the exercise of the auditor's functions under section 45, and
 - (b) if the auditor thinks it necessary, require the officer or member to attend before the auditor in person to give the information or explanation.
- (5) In relation to any document kept in electronic form, the power in subsection (3)(b) to require a person to produce a document includes power to require it to be produced in a form in which it is legible and can be taken away.
- (6) In connection with inspecting such a document, an auditor—

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- (a) may obtain access to, and inspect and check the operation of, any computer and associated apparatus or material which the auditor considers is or has been used in connection with the document;
 - (b) may require a person within subsection (7) to afford the auditor such reasonable assistance as the auditor may require for that purpose.
- (7) The following persons are within this subsection—
- (a) a person by whom or on whose behalf the computer is or has been used;
 - (b) a person having charge of, or otherwise concerned with the operation of, the computer, apparatus or material.
- (8) Without prejudice to subsections (1) to (7), the entity must provide the auditor with every facility and all information which the auditor may reasonably require for the purposes of the exercise of the auditor's functions under section 45.
- (9) A person who without reasonable excuse obstructs the exercise of any power conferred by this section or fails to comply with any requirement of an auditor under this section is guilty of an offence.
- (10) A person guilty of an offence under subsection (9) is liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale, and
 - (b) to an additional fine not exceeding £20 for each day on which the offence continues after the person has been convicted of it.
- (11) Any expenses incurred by an auditor in connection with proceedings for an offence under this section, so far as not recovered from any other source, are recoverable from the entity in relation to which the auditor is appointed.
- (12) The powers under this section are in addition to any other powers which an auditor has in relation to the exercise of the auditor's functions under or pursuant to this Chapter.

48 Consideration of report by entity

- (1) Where a report is made under section 45 in relation to an entity, the report must be considered—
- (a) in the case of a company, at a general meeting of the company (to be called by the directors under section 302 of the Companies Act 2006 (c. 46));
 - (b) in the case of a limited liability partnership, at a meeting of the members of the partnership;
 - (c) in the case of [^{F4}a registered society], at a meeting of the society in accordance with the rules of the society.
- (2) The meeting must be held before the end of the period of one month starting with the day on which the report is sent to it.
- (3) The notice of the meeting must include a copy of the report.
- (4) At the meeting the entity must decide—
- (a) whether the report requires it to take any action, and
 - (b) if so, what.
- (5) The entity must notify the local authority with which it is connected of—
- (a) its decision under subsection (4)(a), and
 - (b) any decision under subsection (4)(b).

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- (6) If under subsection (4)(a) the entity decides that the report does not require it to take any action, the notification under subsection (5)(a) must give reasons for that decision.
- (7) The person who made the report may extend the period of one month mentioned in subsection (2) if satisfied that it is reasonable to do so to allow the entity to comply with its duties under this section.
- (8) A period may be extended under subsection (7) more than once.
- (9) This section does not affect any duties (so far as they relate to the subject-matter of a report) imposed by or under any other enactment.

Textual Amendments

- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), [Sch. 4 para. 149](#) (with [Sch. 5](#))

49 Consideration of report by local authority

- (1) Where a report is made under section 45 in relation to an entity, the local authority with which the entity is connected must—
 - (a) consider the report and the entity's decision or decisions under section 48(4) at a relevant meeting, and
 - (b) decide whether the report and the decision or decisions require the authority to take any action, and if so what.
- (2) A local authority must discharge its duty under subsection (1) before the end of the period of one month starting with the day on which the entity notifies the local authority under section 48(5).
- (3) The person who made the report may extend the period of one month mentioned in subsection (2) if satisfied that it is reasonable to do so to allow the local authority to comply with its duty under subsection (1).
- (4) A period may be extended under subsection (3) more than once.
- (5) In subsection (1)(a) “relevant meeting” means—
 - (a) in the case of a local authority not operating executive arrangements, a meeting of the authority or of a committee of the authority;
 - (b) in the case of a local authority operating executive arrangements—
 - (i) a meeting of the executive, or
 - (ii) if the function referred to in that subsection is a responsibility of the authority, a meeting of the authority or of a committee of the authority.
- (6) The notice given of the meeting to members of the authority or of the executive or committee of the authority (as the case may be) must include—
 - (a) a copy of the report, and
 - (b) a copy of the notification given by the entity under section 48(5).
- (7) Subsections (8) and (9) apply in relation to a meeting of a local authority or of a committee of a local authority under this section.
- (8) The following powers do not include power to exclude the report—

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- (a) the power under section 1(4)(b) of the Public Bodies (Admission to Meetings) Act 1960 (c. 67) to exclude items from the matter supplied under that section (supply of agenda etc to newspapers);
- (b) the power under [^{F39}section 100BA(2)] of the Local Government Act 1972 (c. 70) to—
 - (i) exclude documents from the documents [^{F40}published under section 100BA(1)] of that Act, or
 - (ii) exclude items from the matter supplied under [^{F41}section 100BA(9)] of that Act (public access to agenda and reports before meetings and supply of agenda etc to newspapers).
- (9) Part 5A of the Local Government Act 1972 has effect in relation to the report as if [^{F42}section 100C(1B)(d)] of that Act (public access to copies of reports for six years after meeting) were not limited to so much of the report as relates to an item during which the meeting was open to the public.
- (10) In this section—
 - (a) “executive” and “executive arrangements” have the same meanings as in Part 2 of the Local Government Act 2000 (c. 22);
 - (b) references to a committee of a local authority include a sub-committee.
- (11) This section does not affect any duties (so far as they relate to the subject-matter of a report under section 45) imposed by or under any other enactment.

Textual Amendments

- F39** Words in s. 49(8)(b) substituted (coming into force in accordance with reg. 1(2) of the amending S.I.) by [The Local Government and Elections \(Wales\) Act 2021 \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/356\)](#), regs. 1(2), **3(a)(i)** (with regs. 10, 11)
- F40** Words in s. 49(8)(b)(i) substituted (coming into force in accordance with reg. 1(2) of the amending S.I.) by [The Local Government and Elections \(Wales\) Act 2021 \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/356\)](#), regs. 1(2), **3(a)(ii)** (with regs. 10, 11)
- F41** Words in s. 49(8)(b)(ii) substituted (coming into force in accordance with reg. 1(2) of the amending S.I.) by [The Local Government and Elections \(Wales\) Act 2021 \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/356\)](#), regs. 1(2), **3(a)(iii)** (with regs. 10, 11)
- F42** Words in s. 49(9) substituted (coming into force in accordance with reg. 1(2) of the amending S.I.) by [The Local Government and Elections \(Wales\) Act 2021 \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/356\)](#), regs. 1(2), **3(b)** (with regs. 10, 11)

Supplementary

50 Fees

^{F43}(1)

[^{F44}(1A) An entity in relation to which a person is appointed by the Auditor General for Wales under this Chapter must pay the Wales Audit Office, in accordance with a scheme for charging fees prepared under section 24 of the Public Audit (Wales) Act 2013, a fee in respect of the discharge by that person of any of the functions specified by subsection (2) in relation to the entity.]

(2) Those functions are—

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- (a) functions under section 44(2) to (5);
- (b) functions under sections 45 to 49.

(3) The entity must pay a fee under this section at such time, and otherwise in accordance with such requirements, as [^{F45}the [^{F46}Wales Audit Office]] may specify.

^{F47}(4)

[^{F48}(4A) The amount of a fee payable under subsection (1A) is, subject as follows, to be such as may be specified in or determined under a scale or scales of fees prescribed by the Wales Audit Office for the purposes of this section.

But a fee charged under subsection (1A) may not exceed the full cost of exercising the function to which it relates.]

(5) Before prescribing a scale of fees under [^{F49}subsection ^{F50}... (4A)][^{F51}the [^{F52}Wales Audit Office]] must consult—

- (a) such associations of local authorities, and
- (b) such bodies of accountants,

as it considers appropriate.

(6) A scale of fees under this section is not to provide for the amount of a fee to be different depending on whether or not the person appointed under this Chapter is a member of staff of [^{F53}the [^{F54}Wales Audit Office]].

(7) A scale of fees under this section and standard terms and conditions under section 43 are not to provide for fees of different amounts in respect of—

- (a) the discharge of a function referred to in subsection (2)(a), and
- (b) the discharge of an equivalent function pursuant to an appointment pursuant to section 43(1).

^{F55}(8)

^{F55}(9)

^{F56}(10)

^{F56}(11)

(12) If it appears to [^{F57}the [^{F58}Wales Audit Office]] that the work involved in a particular case differed (or is likely to differ) substantially from that envisaged by the person prescribing the appropriate scale, [^{F57}the [^{F58}Wales Audit Office]] may charge a fee of an amount different from that referred to in subsection [^{F59}(4A)].

Textual Amendments

F43 S. 50(1) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F44 S. 50(1A) inserted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(3\)](#) (with [Sch. 3 para. 3](#)); S.I. 2013/1466, art. 3(1)

F45 Words in s. 50(3) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(4\)](#) (with [Sch. 3 para. 3](#)); S.I. 2013/1466, art. 3(1)

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- F46** Words in s. 50(3) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(3\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F47** S. 50(4) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(4\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F48** S. 50(4A) inserted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(6\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F49** Words in s. 50(5) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(7\)\(a\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F50** Words in s. 50(5) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(5\)\(a\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F51** Words in s. 50(5) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(7\)\(b\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F52** Words in s. 50(5) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(5\)\(b\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F53** Words in s. 50(6) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(8\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F54** Words in s. 50(6) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(6\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F55** S. 50(8)(9) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(7\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F56** S. 50(10)(11) omitted (1.4.2014) by virtue of [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(9\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F57** Words in s. 50(12) substituted (1.4.2014) by [Public Audit \(Wales\) Act 2013 \(anaw 3\), s. 35\(2\), Sch. 4 para. 91\(10\)\(a\)](#) (with Sch. 3 para. 3); S.I. 2013/1466, art. 3(1)
- F58** Words in s. 50(12) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(8\)\(a\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F59** Words in s. 50(12) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 109\(8\)\(b\)](#); S.I. 2015/841, art. 3(x) (with Sch. para. 10) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

51 Power of [^{F60}Auditor General for Wales] to require information

- (1) At any time after the appointment of a person under this Chapter in relation to an entity, the [^{F61}Auditor General for Wales] may for the purpose specified in subsection (2) require the entity to produce to [^{F62}the Auditor General for Wales] —
- (a) the accounts audited by the person pursuant to section 43 or under section 44, or
 - (b) any other document or information relating to the entity to which the person has or had a right of access under or pursuant to this Chapter.
- (2) The purpose referred to in subsection (1) is to enable [^{F63}the Auditor General for Wales] to secure that persons appointed by the [^{F64}Auditor General for Wales] under this Chapter maintain proper standards.

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Textual Amendments

F60

Words in s. 51 heading substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 110\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F61

Words in s. 51(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 110\(3\)\(a\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F62

Words in s. 51(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 110\(3\)\(b\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F63

Words in s. 51(2) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 110\(4\)\(a\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F64

Words in s. 51(2) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 110\(4\)\(b\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

F6552

Subsidiaries of Passenger Transport Executives

Textual Amendments

F65

[S. 52](#) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 111](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

General

53

Regulations

- (1)

Regulations under section [\[F6636\(5\)\(b\)\]](#) may provide for any expression used in formulating a condition specified in the regulations to have the meaning for the time being given by a relevant document identified in the regulations.
- (2)

In subsection (1), “relevant document”—

(a)

means a document that (at the time the regulations are made) is a document identified for the purposes of section 21(2)(b) of the Local Government Act 2003 (c. 26) by regulations made under that provision, and

(b)

includes a document so identified by virtue of section 21(5) of that Act.
- (3)

Regulations under this Chapter must be made by statutory instrument.
- F67(4)

.....
- (5)

A statutory instrument containing regulations under this Chapter ^{F68}... is subject to annulment in pursuance of a resolution of the National Assembly for Wales.

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Textual Amendments

- F66** Words in s. 53(1) substituted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 112\(2\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F67** S. 53(4) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 112\(3\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F68** Words in s. 53(5) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 112\(4\)](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

54 Interpretation

(1) In this Chapter—

F69
F69

“company” has the same meaning as in Part 16 of the Companies Act 2006 (c. 46) (see section 1 of that Act);

“financial year”—

- in relation to a company, has the same meaning as in Part 16 of the Companies Act 2006 (see section 390 of that Act);
- in relation to a limited liability partnership, has the same meaning as in Part 16 of the Companies Act 2006 (as it applies in relation to limited liability partnerships);
- in relation to [^{F4}a registered society], means a year of account within the meaning of [^{F70}the Co-operative and Community Benefit Societies Act 2014 (see sections 77 and 78 of that Act);]

F71

“limited liability partnership” means a limited liability partnership formed under the Limited Liability Partnerships Act 2000 (c. 12) or the Limited Liability Partnerships Act (Northern Ireland) 2002 (c. 12 (N.I.));

“local authority” has the meaning given by section 36(6);

F69

“qualifying Welsh local authority entity” has the meaning given by section 36(5);

[^{F72}“registered society” has the meaning given by section 1 of the Co-operative and Community Benefit Societies Act 2014;]

“relevant entity” has the meaning given by section 36(3).

- In this Chapter references to an entity being “connected with” a local authority are to be construed in accordance with subsection (6) of section 212 of the Local Government and Public Involvement in Health Act 2007 (c. 28).

Textual Amendments

- F4** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), Sch. 4 para. 149](#) (with [Sch. 5](#))

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- F69** Words in s. 54(1) omitted (1.4.2015) by virtue of [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), [Sch. 12 para. 113](#); S.I. 2015/841, art. 3(x) (with [Sch. para. 10](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F70** Words in s. 54(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 153\(2\)](#) (with [Sch. 5](#))
- F71** Words in s. 54(1) omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 153\(3\)](#) (with [Sch. 5](#))
- F72** Words in s. 54(1) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 153\(4\)](#) (with [Sch. 5](#))

Status:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied (with modifications) by [S.I. 2024/414 art. 5Sch. 1 para. 16](#)