



# Local Audit and Accountability Act 2014

## 2014 CHAPTER 2

### PART 3

#### APPOINTMENT ETC OF LOCAL AUDITORS

#### **14 Limitation of local auditor's liability**

- (1) This section applies in relation to an agreement (a “liability limitation agreement”) that purports to limit the amount of a liability owed to a relevant authority by its local auditor in respect of any negligence, default, breach of duty or breach of trust occurring in the course of the audit of accounts, of which the auditor may be guilty in relation to the authority.
- (2) A liability limitation agreement must comply with regulations made by the Secretary of State.
- (3) Regulations under subsection (2) may, in particular,—
  - (a) make provision about the duration of a liability limitation agreement;
  - (b) make provision as to the amount to which a local auditor's liability may be limited by a liability limitation agreement (which may be an amount that is specified in, determined under or described in general terms in the regulations).
- (4) Regulations under subsection (2) may—
  - (a) require a liability limitation agreement to contain provisions, or provisions of a description, specified in the regulations;
  - (b) prohibit a liability limitation agreement from containing provisions, or provisions of a description, specified in the regulations.
- (5) Regulations under subsection (2) may provide—
  - (a) that a liability limitation agreement that does not comply with the regulations is void;
  - (b) that a liability limitation agreement is effective only to the extent that it complies with the regulations;

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*Status: This is the original version (as it was originally enacted).*

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- (c) that, in the circumstances specified in the regulations, a provision of a liability limitation agreement that does not comply with the regulations is to have effect as if it complied with the regulations.
- (6) The Secretary of State may by regulations make provision requiring a relevant authority that has entered into a liability limitation agreement to disclose such information about the agreement as may be specified in the regulations in such manner as may be so specified.
- (7) A liability limitation agreement that complies with regulations under subsection (2) is not subject to section 2(2) or 3(2)(a) of the Unfair Contract Terms Act 1977.