
STATUTORY INSTRUMENTS

2012 No. 1741

The Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012

PART 2

Amendment of the Act

Amendments to Schedule 10

- 5.—(1) Schedule 10 (Recognised Supervisory Bodies) to the Act is amended as follows.
- (2) In paragraph 3 (revocation of recognition), in sub-paragraph (1)(a), after “Part 2” insert “or 3”.
- (3) In paragraph 13 (monitoring of audits), for sub-paragraph (1)(b) substitute—
- “(b) in the case of members of the body who perform any statutory audit functions in respect of major audits—
- (i) participate in arrangements within paragraph 23(1); and
 - (ii) have rules and practices designed to ensure that a sanction determined under paragraph 23(1)(b) is to be treated as if it were a sanction which the body had determined under arrangements for enforcement within paragraph 12(1A);”.
- (4) In paragraph 23 (arrangements for independent monitoring of audits of listed companies and other major bodies), for sub-paragraph (1) substitute—
- “(1) The arrangements referred to in paragraph 13(1)(b)(i) are appropriate arrangements—
- (a) for enabling the performance by members of the supervisory body of statutory audit functions in respect of major audits to be monitored by means of inspections carried out under the arrangements;
 - (b) for enabling the body performing the inspections to determine sanctions (including those mentioned in paragraph 12(3)(a)) against members of the supervisory body where, pursuant to an inspection, it concludes that the members have not complied with the supervisory body's rules in so far as they are relevant to the performance of statutory audit functions; and
 - (c) for ensuring that the carrying out of such inspections and the determination of such sanctions are done independently of the supervisory body.”.
- (5) In paragraph 24 (arrangements for independent investigation for disciplinary purposes of public interest cases), for sub-paragraph (1) substitute—
- “(1) The arrangements referred to in paragraph 16(1) are appropriate arrangements—
- (a) for the carrying out of investigations into public interest cases arising in connection with the performance of statutory audit functions or third country audit functions by members of the body,

- (b) where it appears to be desirable following the conclusion of such investigations—
 - (i) for the holding, subject to sub-paragraph (1A), of disciplinary hearings relating to members of the body,
 - (ii) unless the interests of justice otherwise require, for any such hearings to be held in public, and
 - (iii) for decisions to be made as to whether (and, if so, what) disciplinary action should be taken against the members of the body, and
- (c) for ensuring that the carrying out of those investigations, the holding of those hearings and the making of those decisions are done independently of the body.

(1A) The arrangements may provide that decisions to take disciplinary action, and decisions as to what that action should be, may be made in respect of a member of the body without the holding of a disciplinary hearing relating to that member where the member agrees in writing that such a hearing need not be held.”.

- (6) In paragraph 25 (supplementary: arrangements to operate independently of body)—
 - (a) for “paragraph 23(1)(b)” substitute “ paragraph 23(1)(c) ”, and
 - (b) for “paragraph 24(1)(e)” substitute “ paragraph 24(1)(c) ”.

Changes to legislation:

There are currently no known outstanding effects for the The Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc) Order 2012, Section 5.