

SCHEDULE

Regulation 28

Modifications to the Act and other Acts

PART 1

General modifications

1. The Act applies in relation to the audit of the accounts of smaller authorities as it applies in relation to the audit of the accounts of other relevant authorities subject to the modifications to the Act in Parts 2 to 4 of this Schedule.

PART 2

Modification to Part 3 (appointment etc. of local auditors)

Appointment of local auditor

2.—(1) Section 7 applies, in relation to an opted in authority which is an exempt authority, as if for subsections (1) to (4) there were substituted—

“(1) Subject to subsection (3), the specified person responsible for appointing the local auditor to audit the accounts of an opted in authority which is an exempt authority is not required to appoint an auditor unless the specified person receives from a local government elector—

- (a) a request for an opportunity to question the auditor about the authority’s accounting records under section 26(2); or
- (b) an objection under section 27(1).

(2) Where a request or an objection is received in accordance with subsection (1), the specified person must appoint an auditor as soon as practicable, and in any event within the period of 4 weeks beginning with the day that the request or objection is received.

(3) The local auditor must be appointed only for the financial year to which the request or the objection relates.

(4) Where the specified person appointed a local auditor because the authority ceased to be an exempt authority in accordance with regulation 9(4) of the Local Audit (Smaller Authorities) Regulations 2015, that auditor may remain in office if the authority becomes an exempt authority again in accordance with regulation 9(5) of those Regulations, but the auditor’s term of appointment must be amended if necessary to meet the requirement in subsection (3).

(5) Subsection (3) does not prevent the specified person from re-appointing a local auditor.”.

(2) Section 7 applies in relation to an opted in authority which is an exempt authority as if subsections (6) and (8) were omitted.

3.—(1) Section 7 applies in relation to an opted in authority which is not an exempt authority—

- (a) as if for subsection (1) there were substituted—

“(1) Subject to subsection (1A), the specified person must, not later than 31st December in the preceding financial year, appoint a local auditor to audit the accounts of any opted in authority for which it is responsible for appointing the local auditor for a financial year.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

(1A) Where an opted in authority was an exempt authority but the authority ceased to be an exempt authority in accordance with regulation 9(4) of the Local Audit (Smaller Authorities) Regulations 2015, the specified person responsible for appointing that authority's local auditor must appoint a local auditor to audit the authority's accounts—

- (a) in accordance with subsection (1) if the notice given in accordance with regulation 9(8)(a) of those Regulations is given at least four weeks prior to 31st December in the preceding financial year; and
 - (b) if such notice is given less than four weeks before 31st December in the preceding financial year, as soon as reasonably practicable, and in any event within the period of four weeks beginning with the day that the request or objection is received.”;
- (b) as if in subsection (2)—
- (i) for “A relevant authority” there were substituted “The specified person”;
 - (ii) for “its accounts” there were substituted “the accounts”; and
 - (iii) in paragraph (b) for “the authority” there were substituted “the specified person”;
- (c) as if in subsection (3) for “the relevant authority” there were substituted “the specified person”;
- (d) as if in subsection (6) for “a relevant authority” there were substituted “an authority”; and
- (e) as if subsection (8) were omitted.

Procedure for appointment

4. In relation to an opted in authority which is an exempt authority, the Act has effect as if section 8 were omitted.

5. Section 8 applies in relation to an opted in authority which is not an exempt authority as if—
- (a) subsection (1) were omitted;
 - (b) in subsection (2)—
 - (i) for “The relevant authority” there were substituted “An opted in authority”;
 - (ii) for “the appointment is made” there were substituted “the appointment of a local auditor in relation to the authority is notified to the authority by the specified person”;
 - (iii) in paragraph (a), for “it has made” there were substituted “the specified person has made”;
 - (iv) at the end of paragraph (b) there were inserted “and”;
 - (v) paragraphs (d) and (e) were omitted;
 - (c) in subsection (3) “relevant” were omitted;
 - (d) in subsection (4)—
 - (i) for “A relevant authority” the first time it appears there were substituted “An authority”;
 - (ii) in paragraph (a) the words from “in the case” to “health service body,” were omitted;
 - (iii) paragraphs (b) and (c) were omitted;
 - (e) in subsection (5) “relevant” were omitted; and
 - (f) subsection (6) were omitted.

Requirement to have auditor panel

6. Section 9 applies in relation to a smaller authority as if—
- (a) in subsection (1), after “relevant authority” there were inserted “other than an opted in authority”; and
 - (b) after subsection (1) there were inserted—
 - “(1A) An authority may have an auditor panel at any time, but that panel must not be consulted about—
 - (a) whether or not the authority is to become an opted in authority;
 - (b) matters relating to an auditor appointed by a specified person; or
 - (c) matters relating to an audit carried out by an auditor appointed by a specified person.”.

Functions of auditor panel

7. Section 10 applies in relation to a smaller authority as if before subsection (1) there were inserted—
- “(A1) This section is subject to section 9.”

Failure of specified person to appoint local auditor

8. In the event that the specified person fails to appoint a local auditor to an opted in authority in accordance with Part 3 of the Act, section 12 applies as if—
- (a) for subsection (1) there were substituted—
 - “(1) If a specified person fails to appoint a local auditor to audit the accounts of an opted in authority in accordance with this Part, the authority must immediately inform the specified person and the Secretary of State of that fact.”;
 - (b) in subsection (2)—
 - (i) for the words “relevant authority” to “commissioning group,” there were substituted “specified person”;
 - (ii) after “local auditor”, the first time those words appear, there were inserted “to audit the accounts of an opted in authority”; and
 - (iii) after paragraph (a) there were inserted—
 - “(aa) direct that specified person to appoint an auditor, or”;
 - (c) after subsection (2) there were inserted—
 - “(2A) Where an appointment is made under subsection (2)(aa)—
 - (a) the appointment takes effect on such terms as the Secretary of State may direct; and
 - (b) the specified person may recover from the authority its reasonable administrative costs of making arrangements to appoint a local auditor for the authority.”;
 - (d) in subsection (3)(a) “relevant” were omitted;
 - (e) in subsection (4)—
 - (i) “relevant” were omitted both times it occurs;
 - (ii) in paragraph (a), after “authority” there were inserted “and where the Secretary of State intends to direct the specified person, that person”; and

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (iii) in paragraph (b), after “authority” there were inserted “or the specified person”; and
- (f) in subsection (5), for “a relevant authority” there were substituted “an authority”.

Failure of smaller authority which is not an opted in authority to appoint auditor

9. In the event that a smaller authority which is not an opted in authority fails to appoint a local auditor in accordance with Part 3 of the Act, section 12 applies as if—

- (a) in subsection (1), for the words “relevant authority” to “commissioning group,” there were substituted “smaller authority”;
- (b) in subsection (2)—
 - (i) for the words “relevant authority” to “commissioning group,” there were substituted “smaller authority”; and
 - (ii) after paragraph (a) there were inserted—
 - “(aa) direct the person who is specified under regulation 3(2) of the Local Audit (Smaller Authorities) Regulations 2015 in relation to the class of smaller authorities within which the authority falls, to appoint an auditor, or”;
- (c) after subsection (2) there were inserted—
 - “(2A) Where an appointment is made under subsection (2)(aa)—
 - (a) the appointment takes effect on such terms as the Secretary of State may direct; and
 - (b) the specified person may recover from the authority its reasonable administrative costs of making arrangements to appoint a local auditor for the authority.”;
- (d) in subsection (3)(a) “relevant” were omitted;
- (e) in subsection (4)—
 - (i) “relevant” were omitted both times it occurs;
 - (ii) in paragraph (a) after “authority” there were inserted “and where the Secretary of State intends to direct the specified person, that person”;
 - (iii) in paragraph (b) after “authority” there were inserted “or the specified person”; and
- (f) in subsection (5) for “a relevant authority” there were substituted “an authority”.

Limitation of local auditor’s liability

10. The Act applies in relation to a smaller authority as if sections 14 and 15 were omitted.

PART 3

Modifications to Part 5 (conduct of local audit)

General duties of auditors

11. Section 20 applies in relation to a smaller authority other than an exempt authority as if—

- (a) in subsection (1)—
 - (i) for “relevant authority other than a health service body” there were substituted “smaller authority other than an exempt authority”; and

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (ii) in paragraph (b) the words from “that the statement” to the end were omitted;
- (b) in subsection (2) for “a relevant authority other than a health service body” there were substituted “a smaller authority other than an exempt authority”;
- (c) in subsections (3) and (5) for “a relevant authority” there were substituted “a smaller authority other than an exempt authority”;
- (d) after subsection (6) there were inserted—

“(7) A local auditor must comply with any directions given by the Secretary of State as to arrangements to monitor the standard of the work of auditors in the performance of audits under this section (including arrangements to inspect that work).

(8) The arrangements mentioned in subsection (7) may include arrangements made by any other person the Secretary of State considers appropriate.”.

12. Section 20 applies in relation to an exempt authority as if—

- (a) before subsection (1) there were inserted—

“(A1) A local auditor must not carry out an audit of the accounts of an exempt authority unless a local government elector—

- (a) requests an opportunity to question an auditor about the authority’s accounting records under section 26(2); or

- (b) makes an objection under section 27(1).

(A2) Subject to paragraph (1), the audit of the accounts of an exempt authority is limited to responding appropriately to any—

- (a) question raised under section 26(2); or

- (b) objection made under section 27(1).”;

- (b) in subsection (1)—
 - (i) for the words “auditing the accounts” to “auditor must” there were substituted “exercising functions under subsection (A2), if a matter comes to the attention of the auditor which the auditor thinks merits further investigation, and it would be proportionate to do so, the local auditor may”;
 - (ii) for “be satisfied” there were substituted “consider whether”;
 - (iii) the word “that” at the beginning of paragraphs (a) to (c) were omitted;
 - (iv) in paragraph (b) the words from “that the statement” to the end were omitted;

- (c) subsections (2) to (4) were omitted;
- (d) in subsection (5) for “a relevant authority” there were substituted “an exempt authority”;
- (e) after subsection (6) there were inserted—

“(7) A local auditor must comply with any directions given by the Secretary of State as to arrangements to monitor the standard of the work of auditors in the performance of audits under this section (including arrangements to inspect that work).

(8) The arrangements mentioned in subsection (7) may include arrangements made by any other person the Secretary of State considers appropriate.”.

Public inspection and action by auditor

13. Section 25(1) applies in relation to an exempt authority as if paragraphs (b) and (c) were omitted.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

14. Section 26 applies in relation to an opted in authority which is an exempt authority as if for subsection (2) there were substituted—

“(2) At the request of a local government elector for any area to which the accounts relate, such request being made to the specified person responsible for appointing the local auditor to the authority concerned, the specified person must arrange for the elector, or any representative of the elector, an opportunity to question the auditor about the accounting records.”.

15. Section 27(1) applies in relation to an opted in authority which is an exempt authority as if before “local auditor” there were inserted “specified person responsible for appointing the”.

PART 4

Modification to Schedules to the Act

Modification to Schedule 3 (further provisions about appointment of local auditors)

16. In relation to an opted in authority the Act has effect as if Schedule 3 were omitted.

Modification to Schedule 5 (eligibility and regulation of local auditors)

17. Paragraph 3 of Schedule 5 applies in relation to a smaller authority as if—

- (a) in sub-paragraph (b) after “sections” there were inserted “1217 (supervisory bodies), 1218 (exemption from liability for damages), 1219 (appropriate qualifications), ”;
- (b) after sub-paragraph (d) there were inserted—
 - “(da) sections 1225 to 1225G (concerning enforcement);”;
- (c) after sub-paragraph (e) there were inserted—
 - “(ea) Chapter 4 (the register of auditors etc);”
- (d) after sub-paragraph (f) there were inserted—
 - “(fa) sections 1251 (fees) and 1251A (duty of the Secretary of State to report on inspections);”;
- (e) after sub-paragraph (g) there were inserted—
 - “(ga) section 1254 (directions to comply with international obligations);”;
- (f) after sub-paragraph (h) there were inserted—
 - “(ha) Schedule 10 (recognised supervisory bodies);”.

18. Schedule 5 applies in relation to a smaller authority as if for paragraph 4 there were substituted—

“4. For section 1212 (individuals and firms: eligibility for appointment as a statutory auditor), substitute—

“Individuals and firms: eligibility for appointment as a local auditor of the accounts of a smaller authority

1212. An individual or firm is eligible for appointment as a local auditor of the accounts of a smaller authority if the individual or firm—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) is eligible for appointment as a local auditor under the Local Audit and Accountability Act 2014 as it has effect apart from its application by virtue of the Local Audit (Smaller Authorities) Regulations 2015; or
- (b) is eligible for appointment as a statutory auditor under Part 42 of this Act as it has effect apart from its application by virtue of the Local Audit and Accountability Act 2014.””

19. Schedule 5 applies in relation to a smaller authority as if after paragraph 4 there were inserted—

“4A. In section 1213 (effect of ineligibility)—

- (a) in subsection (1)—
 - (i) for “statutory auditor of an audited person” substitute “local auditor of a smaller authority”; and
 - (ii) at the end, for “statutory auditor “ substitute “local auditor of a smaller authority”;
- (b) in subsection (2)—
 - (i) for “statutory auditor” both times it occurs, substitute “local auditor of a smaller authority”;
 - (ii) at the end of paragraph (a), omit “and”;
 - (iii) in paragraph (b), for “audited person” substitute “smaller authority”;
 - (iv) at the end of paragraph (b), insert “and”; and
 - (v) after paragraph (b), insert—
 - “(c) where the local auditor was appointed by a specified person, also give the notice in paragraph (b) to the specified person.”; and
- (c) in subsection (8) for “statutory auditor” substitute “local auditor of a smaller authority”.”.

20. Paragraph 5 of Schedule 5 applies in relation to a smaller authority as if—

- (a) in subsection (1) of the inserted text—
 - (i) for “relevant authority” there were substituted “smaller authority”; and
 - (ii) for “(3), (4) and (5)” there were substituted “, (4), (5) and (5A)”;
- (b) in subsections (2)(a), (4) and (5) of the inserted text for “relevant authority” there were substituted “smaller authority”;
- (c) subsections (2)(b) and (3) of the inserted text were omitted;
- (d) after subsection (5) of the inserted text there were inserted—
 - “(5A) This subsection applies if—
 - (a) P is an employee or a member of the specified person who is responsible for appointing the smaller authority’s local auditor; or
 - (b) P is a partner or employee of a person falling within paragraph (a), or a partnership of which such a person is a partner.”; and
- (e) subsection (7) were omitted.

21. Paragraph 6 of Schedule 5 applies in relation to a smaller authority as if the text of that paragraph were sub-paragraph (2) and before that paragraph there were inserted—

“(1) In section 1215 (effect of lack of independence) in subsection (1)—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) for “statutory auditor” substitute “local auditor of a smaller authority”;
- (b) omit “and” at the end of paragraph (a);
- (c) in paragraph (b)—
 - (i) for “audited person” substitute “smaller authority”;
 - (ii) at the end insert “and”; and
- (d) after paragraph (b) insert—
 - “(c) where the local auditor of a smaller authority was appointed by a specified person also give the notice in paragraph (b) to the specified person.””

22. Paragraph 7 of Schedule 5 applies in relation to an opted in authority as if the text of that paragraph were sub-paragraph (3) and as if—

- (a) before that sub-paragraph there were inserted—
 - “(1) Section 1216 (effect of appointment of partnership) is amended as follows.
 - (2) In subsection (5) for “relevant authority” both times it occurs substitute “specified person”.”;
- (b) in that sub-paragraph for “In section 1216 (effect of appointment of partnership) after” there were substituted “After”; and
- (c) after sub-paragraph (3) there were inserted—
 - “(4) In subsection (6)—
 - (a) in paragraph (a) for “statutory auditor” substitute “local auditor of a smaller authority” and
 - (b) in paragraph (b) for “audited person” substitute “smaller authority”.”

23. Schedule 5 applies in relation to a smaller authority as if paragraphs 8 to 15 were omitted.

24. Paragraph 16 of Schedule 5 applies in relation to an opted in authority as if—

- (a) in subsection (1) of the inserted text—
 - (i) after “appointed” there were inserted “by a specified person”;
 - (ii) for “relevant authority” there were substituted “smaller authority”;
- (b) in subsections (2) and (5) of the inserted text for “relevant authority” there were substituted “specified person”;
- (c) in subsection (3)(a) of the substituted text after “local auditor” there were inserted “of a smaller authority”;
- (d) in subsection (6) of the inserted text for “authority” there were substituted “specified person”;
- (e) for subsection (7) of the inserted text there were substituted—
 - “(7) In this section, “recognised supervisory body” means a recognised supervisory body under Part 42 of this Act—
 - (a) as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014; or
 - (b) as it has effect apart from its application by virtue of the Local Audit and Accountability Act 2014.”

25. Paragraph 16 of Schedule 5 applies in relation to a smaller authority which is not an opted in authority as if—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) in subsections (1), (2) and (5) of the inserted text for “relevant authority” there were substituted “smaller authority”;
 - (b) in subsection (3) of the inserted text—
 - (i) in paragraph (a) after “local auditor” there were inserted “of a smaller authority”;
 - (ii) in paragraph (b) “relevant” were omitted;
 - (c) after subsection (7) of the inserted text there were inserted—
 - “(8) In this section, “recognised supervisory body” means a recognised supervisory body under Part 42 of this Act—
 - (a) as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014; or
 - (b) as it has effect apart from its application by virtue of the Local Audit and Accountability Act 2014.”
- 26.** Paragraph 17 of Schedule 5 applies in relation to an opted in authority as if in subsection (1) of the inserted text—
- (a) for “relevant authority” the first time it occurs there were substituted “smaller authority”;
 - (b) for “relevant authority” the second time it occurs there were substituted “specified person who appointed the auditor”; and
 - (c) after “section 1248” there were inserted “, and must ensure that the authority is either not required to pay a fee for the first audit, or is refunded any fee paid”.
- 27.** Paragraph 18 of Schedule 5 applies in relation to a smaller authority as if—
- (a) after sub-paragraph (1) there were inserted—
 - “(1A) In subsection (1), omit paragraph (a).”;
 - (b) for sub-paragraph (2) there were substituted—
 - “(2) Omit subsections (2) to (4) and (6) to (8).”;
 - (c) sub-paragraphs (4) and (5) were omitted.
- 28.** Schedule 5 applies in relation to a smaller authority as if paragraphs 19 to 20 and 23 were omitted.
- 29.** Schedule 5 applies in relation to a smaller authority as if after paragraph 25 of Schedule 5 there were inserted—
- “25A.** In section 1258(4) (service of notices), for paragraph (a) substitute—
- “(a) in the case of a person who is eligible for appointment as a local auditor of a smaller authority and who does not have a place of business in the United Kingdom, the address of the recognised supervisory body of which that person is a member under—
 - (i) Part 42 of this Act, or
 - (ii) under Part 42 of this Act as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014;”
- 30.** Schedule 5 applies in relation to a smaller authority as if paragraph 28 were omitted.

Modification to Schedule 6 (codes of audit practice and guidance)

- 31.** Paragraph 1(5) of Schedule 6 applies in relation to a smaller authority as if after paragraph (e) there were inserted—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“(ea) a person specified under regulation 3(2) of the Local Audit (Smaller Authorities) Regulations 2015.”.

Modification to Schedule 11 (disclosure of information)

32. Paragraph 1(3) of Schedule 11 applies in relation to a smaller authority as if after paragraph (c) there were inserted—

“(ca) a person specified under regulation 3(2) of the Local Audit (Smaller Authorities) Regulations 2015.”.

PART 5

Modifications to other Acts

Modification to the Transport Act 1968

33. Section 14(3) of the Transport Act 1968(1) applies in relation to an opted in authority which is an exempt authority as if the words “, together with a copy of the auditor’s opinion on that statement” were omitted.

Modification to the Anti-terrorism, Crime and Security Act 2001

34. Paragraph 53F of Schedule 4 to the Anti-terrorism, Crime and Security Act 2001(2) applies where an appointing person has been specified under regulation 3 as if after “2014” there were inserted the words “as it has effect by virtue of the Local Audit (Smaller Authorities) Regulations 2015.”.

(1) 1968 c. 73. Section 14 was amended by the Local Audit and Accountability Act 2014, section 45 and Schedule 12.
(2) 2001 c. 24. Section 53F was inserted by the Local Audit and Accountability Act 2014, section 45 and Schedule 12.