

SCHEDULE 1

Amendments to primary legislation

PART 2

Amendments to the Friendly Societies Act 1992

Amendments to the Friendly Societies Act 1992

6. In Schedule 14A (appointment and removal of auditors: societies to which audit directive applies)⁽¹⁾, after paragraph 4 insert—

“**4A.**—(1) If—

- (a) a friendly society appoints, or purports to appoint, an auditor or auditors, and
- (b) the appointment or purported appointment is made in breach of paragraph 2, 3 or 4 (requirements applying to appointment of auditors),

the appropriate authority may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).

(2) The breach of paragraph 2, 3 or 4 does not invalidate any report made under this Part by the auditor or auditors on the society’s annual reports or accounts before the auditor or auditors are replaced under sub-paragraph (1) of this paragraph.

(3) But where the breach in question is a breach of paragraph 4, paragraph 9 of Schedule 14 (appropriate authority’s power to require second audit) applies as if the auditor was, or auditors were, ineligible for appointment to that office for the period during which the audit was conducted.

(4) Within one week of becoming aware of the breach of paragraph 2, 3 or 4, the society must give notice to the appropriate authority that the power under sub-paragraph (1) of this paragraph has become exercisable.

(5) If a society fails to give the notice required by sub-paragraph (4), the society or branch shall be guilty of an offence and liable on summary conviction—

- (a) to a fine not exceeding level 3 on the standard scale; and
- (b) in the case of a continuing offence to an additional fine not exceeding one-tenth of that level for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.”.

(1) Schedule 14A was inserted by [S.I. 2017/516](#).