

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, Cross Heading: Restriction on appointment of auditor who holds office for maximum engagement period. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 14A

APPOINTMENT AND REMOVAL OF AUDITORS: SOCIETIES [^{F1}SUBJECT TO SPECIAL REQUIREMENTS]

Textual Amendments

- F1** Sch. 14A inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **11**
- F1** Words in Sch. 14A heading substituted (31.12.2020) by [The Friendly Societies \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1039\)](#), regs. 1, **14(a)**; 2020 c. 1, Sch. 5 para. 1(1)

Restriction on appointment of auditor who holds office for maximum engagement period

4. (1) A person who has been, or will have been, auditor of the society in respect of every financial year comprised in the maximum engagement period may not be appointed as auditor of the society in respect of any financial year which begins within the period of 4 years beginning with the day after the last day of the last financial year of the maximum engagement period.
- (2) A person who is a member of the same network as the auditor mentioned in sub-paragraph (1) may not be appointed as auditor of the society in respect of any financial year which begins within the period of 4 years mentioned in that sub-paragraph.
- (3) In this paragraph “network” means an association of persons, other than a firm, co-operating in audit work by way of—
- profit-sharing;
 - cost-sharing;
 - common ownership, control or management;
 - common quality control policies and procedures;
 - common business strategy; or
 - use of a common name.
- [^{F2}4A. (1) If—
- a friendly society appoints, or purports to appoint, an auditor or auditors, and
 - 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.

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- (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.]]

Textual Amendments

- F2** [Sch. 14A para. 4A](#) inserted (with effect in accordance with reg. 2(2) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 1 para. 6](#) (with reg. 2(6)(7))

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