



# Local Democracy, Economic Development and Construction Act 2009

## 2009 CHAPTER 20

### PART 2

#### LOCAL AUTHORITIES: GOVERNANCE AND AUDIT

### CHAPTER 3

#### AUDIT OF ENTITIES CONNECTED WITH LOCAL AUTHORITIES

#### *Auditors*

#### **41 Eligibility for appointment**

- (1) A person appointed under this Chapter may be—
  - (a) a member of staff of the appointing audit authority;
  - (b) an individual who is not a member of staff of that authority;
  - (c) a firm.
- (2) The following may not be appointed under this Chapter in relation to an entity—
  - (a) an individual or firm who for the purposes of section 1212 of the [Companies Act 2006 \(c. 46\)](#) is not eligible for appointment as a statutory auditor, or
  - (b) an individual or firm who by virtue of section 1214 of that Act (independence requirement) may not act as statutory auditor in relation to that entity.
- (3) In this section “firm” means any entity, whether or not a legal person, which is not an individual, and includes a body corporate, a corporation sole and a partnership or other unincorporated association.

## **42 Terms of appointment**

- (1) Subject to this Chapter, a person appointed under this Chapter holds office under this Chapter in accordance with the terms of their appointment.
- (2) Subject to subsection (3), an appointment under this Chapter begins on the first day of the financial year for which the appointment is made.
- (3) An appointment under this Chapter which—
  - (a) is for the first financial year of an entity, or
  - (b) is made under section 39 after the start of the financial year for which it is made,begins on the day on which the appointment is made.
- (4) An appointment under this Chapter, unless terminated earlier, ends when the person appointed has discharged their functions under this Chapter.
- (5) A person appointed under this Chapter may not be dismissed by the appointing audit authority for divergence of opinion on accounting treatments or audit procedures.
- (6) If it appears to the Audit Commission that an entity in relation to which it has appointed a person under this Chapter is not, or has ceased to be, a qualifying English local authority entity, the Commission may terminate the appointment (but is not required to do so).
- (7) If it appears to the Auditor General for Wales that an entity in relation to which the Auditor General has appointed a person under this Chapter is not, or has ceased to be, a qualifying Welsh local authority entity, the Auditor General may terminate the appointment (but is not required to do so).