

SCHEDULES

SCHEDULE 4

Section 9

FURTHER PROVISIONS ABOUT AUDITOR PANELS

Options for auditor panels

- 1 (1) The auditor panel of a relevant authority (“R”) must be—
- (a) a panel appointed as an auditor panel by R,
 - (b) a panel appointed as an auditor panel by R and one or more other relevant authorities,
 - (c) a committee of R to which sub-paragraph (2) applies, or
 - (d) a panel to which sub-paragraph (3) applies.
- (2) This sub-paragraph applies to a committee of R (however described) which has not been appointed as an auditor panel if—
- (a) R determines that the committee should be R’s auditor panel,
 - (b) the committee agrees to be R’s auditor panel, and
 - (c) the committee complies with the other provisions applying to auditor panels made by or under this Schedule.
- (3) This sub-paragraph applies to a panel if—
- (a) the panel is (by virtue of any of paragraphs (a) to (c) of sub-paragraph (1)) the auditor panel of a relevant authority other than R,
 - (b) R determines that the panel should be R’s auditor panel,
 - (c) the panel agrees to be R’s auditor panel, and
 - (d) the panel complies (as regards R) with the other provisions applying to auditor panels made by or under this Schedule.
- (4) References in sub-paragraphs (1) and (2) to a committee of R include a sub-committee of a committee of R.
- (5) The function of appointing a panel or making a determination under this paragraph is to be exercised in the case of the Greater London Authority by the Mayor of London and the London Assembly acting jointly on behalf of the Authority.
- (6) The function of appointing a panel or making a determination under this paragraph is to be exercised in the case of a parish meeting by the parish meeting itself (and not by its chairman on behalf of the parish meeting).

Constitution of auditor panels

- 2 (1) A relevant authority’s auditor panel, other than a health service body’s auditor panel—
- (a) must consist of a majority of independent members (or wholly of independent members), and

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- (b) must be chaired by an independent member.
- (2) A member of a relevant authority’s auditor panel, other than a health service body’s auditor panel, is “independent” at any given time if—
 - (a) the panel member has not been a member or officer of the authority within the period of 5 years ending with that time,
 - (b) the panel member has not been an officer or employee of an entity connected with the authority within that period, and
 - (c) the panel member is not at that time a relative or close friend of a member or officer of the authority or an officer or employee of an entity connected with the authority.
- (3) An elected mayor of a relevant authority is not independent of that authority for the purposes of sub-paragraph (1).
- (4) In the application of sub-paragraph (2) to a corporation sole, the reference to a member is a reference to a holder of that office.
- (5) In the application of sub-paragraph (2) to the auditor panel of a police and crime commissioner for an area, references to the authority include the chief constable for the area.
- (6) In the application of sub-paragraph (2) to the auditor panel of the Mayor’s Office for Policing and Crime, references to the authority include the Commissioner of Police of the Metropolis.
- (7) In sub-paragraph (2) “officer”, in relation to an entity connected with a relevant authority, means a person elected or appointed as, or to, that entity or to an office of that entity.
- (8) For the purposes of sub-paragraph (2)(c), a person (“R”) is a relative of another person (“P”) if R is—
 - (a) P’s partner,
 - (b) P’s parent or grandparent,
 - (c) P’s son, daughter, stepson, stepdaughter or grandchild,
 - (d) P’s brother or sister,
 - (e) P’s uncle, aunt, nephew or niece,
 - (f) a parent, son, daughter, brother or sister of P’s partner, or
 - (g) a partner of any person within paragraphs (b) to (f),
 and for this purpose “partner” means a spouse, civil partner or someone a person lives with as if they were husband and wife or civil partners.
- (9) The Secretary of State may by regulations amend this paragraph so as to make provision about the members of a relevant authority’s auditor panel who are or are not independent for the purposes of sub-paragraph (1).

Constitution of auditor panels: health service bodies

- 3 The Secretary of State may by regulations make provision about—
 - (a) whether any of the members of a health service body’s auditor panel must be independent and, if so, the proportion which must be independent;
 - (b) whether the chair of a health service body’s auditor panel must be independent;

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- (c) the meaning of “independent” for the purposes of this paragraph.

Power to make further provision about constitution of auditor panels

- 4 (1) The Secretary of State may by regulations make provision about the constitution of an auditor panel.
- (2) This includes further provision about the matters mentioned in paragraph 2(1) and provision about—
- (a) the number of members of an auditor panel;
 - (b) the appointment of members of an auditor panel (including to fill casual vacancies);
 - (c) the term of office of members of an auditor panel;
 - (d) the removal or resignation of members of an auditor panel, or of its chair;
 - (e) the payment of remuneration or allowances to members of an auditor panel;
 - (f) the proceedings and validity of proceedings of an auditor panel.
- (3) The regulations may provide for any of those matters to be determined for a relevant authority’s auditor panel by the authority.

Application of local authority enactments to auditor panels

- 5 (1) The Secretary of State may by regulations—
- (a) amend or otherwise modify any local authority enactment in its application to auditor panels or members of auditor panels;
 - (b) apply any local authority enactment (with or without modifications) to auditor panels or members of auditor panels if, or to the extent that, it does not otherwise apply.
- (2) In this paragraph—
- “local authority” means a county council, a district council, a London borough council, the Common Council or the Council of the Isles of Scilly;
- “local authority enactment” means an enactment which relates to—
- (a) local authorities or committees or joint committees of local authorities,
or
 - (b) members of such authorities, committees or joint committees.

Status of auditor panels

- 6 (1) Where a relevant authority other than a health service body has determined that a committee of that authority should be its auditor panel, the panel when acting as such is not to be treated as a committee of the authority for the purposes of any enactment.
- (2) Sub-paragraph (1) is subject to provision made by regulations under paragraph 5.
- (3) References in this paragraph to a committee of a relevant authority include a sub-committee of such a committee.

Expenses of auditor panels

- 7 A relevant authority must meet the reasonable expenses of its auditor panel incurred by the panel when acting as such.

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Meaning of “connected entity”

- 8 (1) For the purposes of this Act, an entity (“E”) is connected with a relevant authority at any time if E is an entity other than the relevant authority and the relevant authority considers that, in accordance with proper practices in force at that time—
- (a) the financial transactions, reserves, assets and liabilities of E are to be consolidated into the relevant authority’s statement of accounts for the financial year in which that time falls,
 - (b) the relevant authority’s share of the financial transactions, reserves, assets and liabilities of E is to be consolidated into the relevant authority’s statement of accounts for that financial year, or
 - (c) the relevant authority’s share of the net assets or net liabilities of E, and of the profit or loss of E, are to be brought into the relevant authority’s statement of accounts for that financial year.
- (2) In sub-paragraph (1) “entity” means any entity, whether or not a legal person.
- (3) The Secretary of State may by regulations amend sub-paragraph (1) or (2).
- (4) In sub-paragraph (1) as it applies in relation to a health service body, the reference to the relevant authority’s statement of accounts is to be read as a reference to the body’s accounts.