

**Changes to legislation:** There are currently no known outstanding effects for the Friendly Societies Act 1992, Cross Heading: The maximum engagement period. (See end of Document for details)

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 14A

#### APPOINTMENT AND REMOVAL OF AUDITORS: SOCIETIES [<sup>F1</sup>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)

##### *The maximum engagement period*

5. (1) Where a person is auditor of the society in respect of consecutive financial years, the maximum engagement period of the person as auditor of the society—
- begins with the first of those years (see the appropriate entry in the first column of the following Table), and
  - ends with the financial year specified in the corresponding entry in the second column of the Table:

<b>First financial year of the maximum engagement period</b>	<b>Last financial year of the maximum engagement period</b>
A financial year of the society beginning before 17 June 1994	The last financial year of the society to begin before 17 June 2020.
A financial year of the society beginning— (a) on or after 17 June 1994, and (b) before 17 June 2003	The last financial year of the society to begin before 17 June 2023.
A financial year of the society beginning— (a) on or after 17 June 2003, and (b) before 17 June 2016	<i>No qualifying selection procedure</i> Where neither the first financial year of the maximum engagement period nor any subsequent financial year is one in respect of which the auditor has been appointed following the carrying out of a qualifying selection procedure, the later of— (a) the last financial year of the society to begin before 17 June 2016, and (b) the last financial year of the society to begin within the period of 10 years beginning with the first day of the

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<b>First financial year of the maximum engagement period</b>	<b>Last financial year of the maximum engagement period</b>
	<p>first financial year of the maximum engagement period.</p> <p><i>No qualifying selection procedure within 10 years</i></p> <p>Where the last day of the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure is before 17 June 2016—</p> <p>(a) the last financial year of the society to begin before 17 June 2016, unless</p> <p>(b) the auditor is appointed following a qualifying selection procedure for the first financial year of the society to begin on or after 17 June 2016, in which case it is the last financial year of the society to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p><i>Qualifying selection procedure within 10 years</i></p> <p>In any other case, the earlier of—</p> <p>(a) the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure, and</p> <p>(b) the last financial year of the society to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p>
<p>A financial year of the society beginning on or after 17 June 2016</p>	<p>The earlier of—</p> <p>(a) the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure, and</p> <p>(b) the last financial year of the society to begin within the period of 20 years beginning with the first day of the</p>

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First financial year of the maximum engagement period	Last financial year of the maximum engagement period
	first financial year of the maximum engagement period.

- (2) Where the first financial year of the maximum engagement period begins on or after 17 June 2003, the maximum engagement period may be extended by a period of no more than 2 years with the approval of the competent authority.
- (3) Such approval may be given by the competent authority only if it is satisfied that exceptional circumstances exist.
- (4) Where the competent authority gives its approval as mentioned in sub-paragraph (2) —
- (a) the second column of the Table in sub-paragraph (1) has effect with the necessary modifications, and
  - (b) the first appointment to be made after the end of the period as so extended must be made following a qualifying selection procedure.
- (5) In this paragraph “qualifying selection procedure” means—
- (a) in the case of an appointment in respect of a financial year beginning on or after 17 June 2016 made after this Schedule comes into force—
    - (i) if the society has an audit committee, a selection procedure that complies with the requirements of paragraphs 2(3) and (4)(a) and (b), and
    - (ii) if the society does not have an audit committee, a selection procedure that complies with the requirements of Article 16(3) of the Audit Regulation;
  - (b) in any other case, a selection procedure that substantially meets the requirements of Article 16(2) to (5) of the Audit Regulation [<sup>F2</sup>as it had effect immediately before IP completion day], having regard to the circumstances at the time (including whether the society had an audit committee).]

#### Textual Amendments

- F2** Words in Sch. 14A para. 5(5)(b) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, 40 (as amended by S.I. 2020/523, regs. 1(2), 14(j)); 2020 c. 1, Sch. 5 para. 1(1)

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