



Department for
Business, Energy
& Industrial Strategy

BUSINESS IMPACT TARGET: SUMMARY TEMPLATE

Non-qualifying Regulatory Provisions
(NQRPs) summary reporting template

Regulator: Financial Reporting Council

Business Impact Target Reporting Period Covered: 17 December 2021 and 16 December 2022

Excluded Category*	Summary of measure(s), including any impact data where available**
<p>Measures certified as being below <i>de minimis</i> (measures with an EANDCB below +/- £5 million)</p>	<p><i>Amendments to Basis for Conclusions FRS 101 – 2021/22 cycle:</i> no amendments were made to the standard as part of this annual review.</p> <p><i>Public Interest Entity (PIE) Registration Regulations:</i> to introduce a new PIE auditor approval and registration process.</p> <p><i>International Standard on Quality Management (UK) 1 - Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements.</i></p> <p><i>International Standard on Quality Management (UK) 2 - Engagement Quality Reviews.</i></p> <p><i>International Standard on Auditing (UK) 220 Quality management for an audit of financial statements.</i></p> <p><i>Revised ISA (UK) 600 Special considerations - Audits of group financial statements (including the work of component auditors).</i></p> <p><i>Amended Delegation Agreements with the Recognised Supervisory Bodies (“RSBs”) to take account of the new Secretary of State Direction on delegation of audit regulatory tasks:</i> the FRC amended its Delegation Agreement with each Recognised Supervisory Body (“RSB”) to include changes required by the new Direction, and to reflect the FRC’s registration of PIE auditors from 5 December 2022.</p> <p><i>Revised Actuarial Standard Technical Memorandum (AS TM1):</i> revised to make pension projections more consistent and reliable – applicable from 1 Oct 2023.</p> <p><i>Revised Audit Firm Governance Code:</i> revised in April 2022 to reinforce the concept of public interest and in particular the role of the Independent Non-Executives.</p> <p><i>Revised Guidance on Strategic Report:</i> non-mandatory guidance on the application of the Strategic Report requirements in the Companies Act.</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p><i>Professional Judgement Guidance</i>: non-prescriptive guidance on the effective exercise of professional judgment by auditors.</p> <p><i>Guidance for Recognised Supervisory Bodies on the approval of Key Audit Partners for local audit</i>: revised statutory guidance (made under the Local Audit and Accountability Act 2014).</p>
EU Regulations, Decisions and Directives and other international obligations, including the implementation of the EU Withdrawal Bill and EU Withdrawal Agreement	FRED 80 <i>Draft amendments to FRS 100 – The interpretation of equivalence</i> : proposes to update the application guidance following the UK's exit from the EU.
Measures certified as concerning EU Withdrawal Bill operability measures	NA
Pro-competition	NA
Systemic Financial Risk	NA
Civil Emergencies	NA
Fines and Penalties	<p>At 23 November 2021, there were 52 investigations with a total of 110 subjects under investigation for audit and financial reporting. Of these 110 subjects, 83 are under Audit Enforcement Procedure (AEP) and the rest under the Accountancy Scheme. Of the 52 investigations, 3 investigations with 7 subjects were closed awaiting publication or publication decision.</p> <p>During the period from 23 November 2021 to 16 December 2021: 1 further investigation commenced into 3 further subjects; 4 investigations closed with 6 subjects; and 3 investigations with 7 subjects closed awaiting publication or publication decision.</p> <p>As at 17 December 2021 there were 46 investigations with a total of 101 subjects under investigation for audit and financial reporting. Of these 101 subjects, 76 are under AEP and the rest under the Accountancy Scheme.</p> <p>During the period from 17 December 2021 to 23 November 2022: 8 further investigations commenced into 21 further subjects; 1 investigation went to tribunal - tribunal imposed sanctions upon 6 subjects; 7 investigations concluded with settlements made with 14 subjects; 2 investigations closed with 2 subjects; and case settled for 1 subject; case closed for 2 subjects.</p>

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	<p>Total financial sanctions imposed at Tribunal were £20,365,000 (£14,765,000 after discounts) whilst total financial sanctions imposed at settlement (and published) were £17,945,000 (£11,573,650 after discounts).</p> <p>In respect of non-financial sanctions imposed upon subjects: there were 14 reprimands/severe reprimands; there were 7 requirements; there were 11 declarations; and there were 5 exclusions.</p> <p>As at 23 November 2022 there were 44 investigations with a total of 97 subjects under investigation for audit and financial reporting, including 2 concluded cases awaiting publication. Of these 97 subjects, 80 are under AEP and the rest under the Accountancy Scheme. 2 investigations with 4 subjects are closed awaiting publication.</p>
Misuse of Drugs	NA
Measures certified as relating to the safety of tenants, residents and occupants in response to the Grenfell tragedy	NA
Casework	<p>Audit inspections: The FRC undertook 152 inspections for 2021/22 and is currently forecast to deliver 150 inspections for 2022/23.</p> <p>Corporate reporting review: Since 1 November 2021, the FRC has completed its 2021/22 corporate reporting monitoring cycle by opening a further 58 routine reviews and writing an additional 62 opening substantive letters to companies. It has started its 2022/23 monitoring cycle by opening 213 reviews (113 routine and 100 thematic). To date, it has written 37 opening substantive letters as part of these reviews.</p> <p>Monitoring visits: The Professional Oversight Team has conducted monitoring visits, including by remote working methods, at four Recognised Supervisory Bodies (RSBs) and five Recognised Qualifying Bodies (RQBs) for statutory audit purposes; and at one RSB and one RQB for local audit purposes.</p>
Education, communications and promotion	NA
Activity related to policy development	<p>Consultation: proposed audit quality indicators to drive audit quality improvements.</p> <p>Consultation: Technical Actuarial Standard 100.</p> <p>Consultation: Audit Committee Standard.</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>Call for Feedback: Post Implementation Review: ISA (UK) 540.</p> <p>Call for Feedback: Sector Specific Technical Actuarial Standards.</p> <p>Consultation: FRC consultation on Funding the Audit, Reporting and Governance Authority (ARGA) - guiding principles and conceptual framework for ARGAs.</p> <p>Consultation: FRED 82 FRS 102 and other FRSs – Periodic Review (2023). Amendments proposed to FRS 102 and FRS 105.</p> <p>Consultation: FRED 81 FRS 101 – 2022/23 cycle. No amendments to FRS 101 proposed.</p>
Changes to management of regulator	NA

* For detailed guidance on the exclusion categories, please see <https://www.gov.uk/government/publications/better-regulation-framework>

** Complete the summary box as ‘Following consideration of the exclusion category there are no measures for the reporting period that qualify for the exclusion.’ where this is appropriate.