

Company Profile

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate reporting and governance to foster investment.

The FRC operates in the public interest and actively helps to shape UK and influence EU and global approaches to corporate reporting and governance.

It sees confidence in corporate reporting and governance as vital to the healthy functioning of business and markets and thus as making a significant contribution to the economy overall and the UK's competitiveness in international markets.

The FRC believes that there are strong connections between the issues of corporate governance, auditing, actuarial practice, corporate reporting and the professionalism of accountants and actuaries.

Functions of the FRC

Through its Board and operating bodies, the FRC promotes high standards of corporate governance through the UK Corporate Governance and Stewardship Codes. It also sets standards for corporate reporting, auditing and actuarial practice, and monitors and enforces their application. The FRC also oversees the regulatory activities of the professional accountancy and actuarial bodies and operates independent disciplinary arrangements for public interest cases involving accountants and actuaries.

Proposed changes to the current organisation and Board

The Board currently comprises the Chair and Deputy Chair, the Chairs of six operating bodies, the Chief Executive and seven non-executive directors. With the support of the Government, the FRC has announced that it proposes to streamline its structure to improve its effectiveness. Specific proposals will be subject to consultation during the Autumn. The aim of the reforms is to:

- better focus the FRC's activities where it can make the biggest difference, taking into account its core mission
- create a simplified structure which is easily understood by the FRC's stakeholders
- reinforce its independence from those it regulates
- ensure it has the powers to respond proportionately and effectively where problems are identified

The proposed new structure will weave the activities of the FRC into two functional divisions: one concerned with the setting of codes and standards, the other with the conduct of companies and professionals.

The first will bring together the FRC's work on governance, stewardship, accounting, audit practices and actuarial standards; the second the FRC's oversight work with respect to financial reports and audits with its disciplinary responsibilities.

It is proposed that each area will be overseen by a Committee of the Board. The work in each area will be led by an Executive Director, who will report to the Chief Executive and be a member of the Board and relevant Board Committee.

Powers

- The FRC operates with the support of Government and their stakeholders. It is not a statutory body however it does have statutory powers derived from Parliament.
- In the past a number of statutory powers have been delegated directly to the relevant operating bodies however it is now proposed that statutory powers should be delegated directly to the FRC Board and not to its individual operating bodies to enable the FRC to take decisions at the right level within a streamlined structure.
- Some functions are supported by statutory obligations on other parties to meet the FRC's requirements and/or participate in arrangements provided by the FRC. Some functions have no statutory backing but derive their authority from widespread support from or voluntary arrangements with stakeholders.