FRC'S ENFORCEMENT PROCESS



CASE EXAMINER

Initial assessment by Case Examiner.

Information sourced from audit firms; companies; FRC teams; other regulators; open sources. 2

DECISION TO INVESTIGATE

Taken by the FRC's Conduct Committee following Stage One.

Referred to Executive Counsel's Enforcement team. 3

INVESTIGATION

The evidence gathering stage – involves FRC's Enforcement team (lawyers and forensic accountants).

FRC powers to compel audit firms, accountants and actuaries to cooperate and provide information. In new audit investigations, FRC powers to compel companies too.

Independent expert opinion on potential misconduct or breaches of standards is sought.



ALLEGATIONS

Grounds for potential misconduct and/or breaches set out in documents that are served on audit firms, accountants and/or actuaries.

Opportunity for respondents to make representations.

A settlement can be reached with those under investigation at any stage of the process.



SANCTIONS

Sanctions for misconduct/ breaches imposed. Outcome published. 6

DETERMINATION

Misconduct/breaches either accepted by respondents or determined by Independent Tribunal. 5

ENFORCEMENT ACTION

Decision is made by the Executive Counsel to pursue the complaint if the relevant tests are met.

If at any time during the investigation the Executive Counsel decides that the tests have not been met, the case is closed.

