



Department for
Business, Energy
& Industrial Strategy

BUSINESS IMPACT TARGET:
SUMMARY 10 DECEMBER 2020

Non-qualifying Regulatory Provisions (NQRP) summary reporting template



Regulator: Financial Reporting Council

Business Impact Target Reporting Period Covered: 13 December 2019 and 16 December 2020

Excluded Category*	Summary of measure(s), including any impact data, where available**
<p>Measures certified as being below de minimis (measures with an EANDCB below +/- £5 million)</p>	<p>Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland - Interest rate benchmark reform.</p> <p>Amendments to FRS 101 Reduced Disclosure Framework 2019/20 cycle – to provide an exemption from the disclosure of cash flows required by paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources.</p> <p>FRED 74 Draft amendments to FRS 102 – Interest rate benchmark reform (Phase 2).</p> <p>The Local Auditors (Transparency) Regulations 2020.</p> <p>International Standard on Auditing (UK) 570 (Revised) - Going Concern. Ethical Standard (2020) and ISAs (UK) 700, 250 A and 250 B, ISA (UK) 701 and ISA (UK) 720 (2020).</p> <p>International Standard on Auditing (UK) 315 (Revised) - Identifying and Assessing the Risks of Material Misstatement.</p> <p>Client Asset Assurance Standard (Revised November 2019) – for CASS auditors reporting to the FCA.</p> <p>Standards for Investment Reporting (SIRs) 1000-6000.</p> <p>International Standard on Auditing (UK) 540 (Revised) - Auditing Accounting Estimates and Related Disclosures and conforming amendments.</p> <p>International Standard on Assurance Engagements UK 3000 (Revised).</p> <p>Revision to the Technical Actuarial Standard for work supporting Funeral Plan Trusts (TAS 400).</p> <p>Bulletin: Miscellaneous Reports by Auditors Required by The United Kingdom Companies Act 2006.</p> <p>Bulletin: Auditor’s Reports on Revised Accounts and Reports in The United Kingdom.</p> <p>Bulletin: Illustrative Auditor’s Reports on United Kingdom Private Sector Financial Statements .</p> <p>Practice Note 19 (Revised) The audit of banks and building societies in the United Kingdom.</p> <p>Bulletin: Guidance for auditors and matters to consider where engagements are affected by Coronavirus (Covid-19); Guidance for companies on Corporate Governance and Reporting facing uncertainty due to Coronavirus (Covid-19).</p> <p>Bulletin: Guidance on how to arrange and conduct AGMs in light of Covid-19 - a number of temporary measures.</p>
<p>Fines and Penalties</p>	<p>Enforcement cases: At 1 November 2019 there were 51 investigations (including 4 preliminary enquiries) involving audit and financial reporting with a total of 109 subjects under investigation. From 1 November 2019 to 12 December 2019: 1 further investigation commenced into 2 further subjects; 1 investigation concluded with settlements made with 2 subjects; and 1 preliminary enquiry closed with 1 subject; and case closed for 2 subjects. Total financial sanctions (at settlement) were £670,000 (£435,500 after discounts). In respect of non-financial sanctions imposed upon subjects: there was 1 declaration. As at 13 December 2019 there were 50 investigations, and 3 preliminary enquiries) with a total of 106 subjects under investigation for audit and financial reporting. From 13 December 2019 to 20 November 2020: 13 further investigations commenced into 25 further subjects; 1 investigation went to tribunal with tribunal-imposed sanctions imposed upon 3 subjects; 7 investigations</p>

Excluded Category*	Summary of measure(s), including any impact data, where available**
	<p>concluded with settlements made with 10 subjects; 4 investigations closed with 11 subjects; 2 preliminary enquiries closed with 6 subjects; and case closed for 3 subjects. Total financial sanctions imposed at Tribunal were £15,750,000 whilst Total financial sanctions imposed at settlement were £4,445,000 (£2,956,750 after discounts). In respect of non-financial sanctions imposed upon subjects there were: 10 reprimands/severe reprimands; 5 requirements; and 2 declarations. As at 20 November 2020 there were 49 investigations (including one preliminary enquiry) with a total of 97 subjects under investigation.</p>
Casework	<p>Audit Inspections: The FRC has completed the inspection of 130 audits in 2019/20, including 15 Local Audits under the Local Accountability and Audit Act 2014. The 2020/21 inspection programme is currently forecast to deliver between 145 and 150 audit inspections. Corporate Reporting Review: Since 1 November 2019, the FRC has completed its 2019/20 monitoring cycle by opening a further 44 routine reviews and writing an additional 42 opening substantive letters to companies. The 2020/21 monitoring cycle has started by opening 190 reviews, consisting of 77 routine and 113 thematic reviews, with 30 substantive letters written to date as part of these reviews. Monitoring visits: Professional Oversight Team has conducted monitoring visits at four Recognised Supervisory Bodies (RSB) and five Recognised Qualifying Bodies (RQB) for statutory audit purposes; at one RSB and one RQB for local audit purposes.</p>
Activity related to policy development	<p>Consultation on annual review of FRS 101: FRED 77 Draft amendments to FRS 101 Reduced Disclosure Framework. Consultation on revised review standard (ISRE (UK) 2410) for interim financial statements. Consultation on revised practice note for the audit of housing associations in the UK. Consultation on revised auditing standard for the auditor's responsibilities relating to fraud. Discussion paper proposing a future for corporate reporting based on a principles-based framework. Consultation on FRC governance changes to enforcement and operating procedures. Exposure draft: FRED 75 Draft amendments to FRS 104 – Going Concern. Exposure draft: FRED 76 Draft amendments to FRS 102 and FRS 105 – Covid-19 related rent concessions. Consultation: Local Auditors (Transparency) Regulations 2020. Consultation: to adopt International Standard on Assurance Engagements (ISAE 3000). Consultation on changes to Technical Actuarial Standard TAS 400: Funeral Plan Trusts. Consultation: proposed revision to UK standard (ISA (UK) 315).</p>