



May 2020

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# Feedback Statement and Impact Assessment: Change to the Local Auditors (Transparency) Regulations

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8th Floor, 125 London Wall, London EC2Y 5AS

## Introduction

1. This paper sets out the feedback received on the Financial Reporting Council's proposed Local Auditors (Transparency) Regulations (the Regulations). Due to the feedback received the proposed Regulations were not revised as a result of the Consultation which ran over the past month. All the responses received are available on the FRC website.
2. This paper also contains an impact assessment as a result of the new Regulation.
3. Our key objectives of the new Regulations are to align the requirements for local audit transparency reports with the requirements for transparency reports issued by statutory auditors of public interest entities ("PIE transparency reports").

## Responses

4. We received five separate responses to our consultation, all from audit firms.
5. All respondents were supportive of the new regulation.

## Analysis of Consultation responses

6. The responses to the questions contained in the consultation document were as follows:

Question 1: *Do you agree that the FRC should align the requirements for local audit transparency reports with the requirements for PIE transparency reports?*

All respondents stated that they agreed that the FRC should align the requirements for local audit transparency reports with the requirements for Public Interest Entity (PIE) Transparency Reports.

Question 2: *Do you have any other comments regarding the draft 2020 Regulations?*

All respondents were supportive of this initiative. One respondent suggested that further information be added to the regulation in respect of NHS Foundation Trusts. NHS Foundation Trusts are not captured by the regulation and therefore no further information was added.

7. As the respondents all agreed with the proposed changes to the Regulation, the FRC has not made any amendments to the proposed Regulation.

## Respondents to the Consultation

Grant Thornton

EY

KPMG

Deloitte

PwC

## Impact Assessment

8. The impact is as set out in the consultation document and has not changed. There are currently seven firms which are auditors of major local bodies. These auditors are also all statutory auditors of companies that are Public Interest Entities (and as such all are also required to comply with transparency reporting requirements set out in Article 13 of Regulation (EU) 537/2014).
9. The changes to the transparency reporting regime for local auditors will further facilitate the submission of joint transparency reports. This is likely to reduce the regulatory burden on firms, while maintaining high standards of transparency. Accordingly, this Regulation does not lead to any significant impact on business.

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**Financial Reporting Council**

8th Floor  
125 London Wall  
London  
EC2Y 5AS

+44 (0)20 7492 2300

[www.frc.org.uk](http://www.frc.org.uk)