



***The Financial Reporting Council is calling for Audit Committee members, listed companies, investors and audit firms to participate in a project on Audit Committee reporting, which is a pilot of the Audit & Assurance Lab.***

### *Background*

The FRC's strategy is to promote justifiable confidence in audit through continuous improvement in audit quality. Working with audit committees, companies<sup>1</sup>, investors and audit firms, we plan to pilot an Audit & Assurance Lab<sup>2</sup> project to explore the role of Audit Committee reporting in promoting audit quality.

### *Scope of the project*

The project will explore how investors' confidence in audit can be enhanced by, and is supported through:

- the external reporting by audit committees in the annual report, in accordance with the UK Corporate Governance Code<sup>3</sup> (Phase 1<sup>4</sup>); and
- auditors' reports to audit committees<sup>5</sup>, including how they can better support audit committee reporting (Phase 2<sup>6</sup>).

We will review examples of existing reporting to understand current practices. We will consider the improvements that have been made in recent years and what information investors (Phase 1) and audit committees (Phase 2) find useful, and what they believe would add value.

### *Participants*

We are interested in hearing from audit committee members, listed companies, investors, and audit firms who would like to be involved in the project.

Participation is likely to involve a combination of individual and round table meetings. Individual meetings with participants are expected to be up to an hour in length and round table discussions about 2 hours. Participants will be given an opportunity to comment on a draft of the project report.

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<sup>1</sup> Representatives from finance, investor relations, company secretarial

<sup>2</sup> 'Audit Pilot' as set out in the FRC's 2017/18 Plan and Budget

<sup>3</sup> And FRC Guidance for Audit Committees April 2016

<sup>4</sup> Participation requested from audit committee members, companies, investors and audit firms

<sup>5</sup> In accordance with ISA (UK) 260 - Communication With Those Charged With Governance

<sup>6</sup> Participation limited to audit committee members, companies and audit firms

*Timing and output of the project*

The project will commence in July 2017. The Phase 1 project will focus on reporting by audit committees in the annual report and will be published in time for consideration for December 2017 year-end reporting. Phase 2 will cover how auditors report to audit committees, which we anticipate publishing in the first half of 2018.

We invite audit committee members, investors, companies and audit firms to indicate their interest in participating by 11 August via email at [AuditandAssuranceLab@frc.org.uk](mailto:AuditandAssuranceLab@frc.org.uk)