

FRC Work Programme 2010/11

The FRC will:
Implement changes to the UK Corporate Governance Code.
Take the lead in the introduction of a stewardship code for institutional investors aimed at contributing to a significant improvement in the stewardship of UK listed companies.
Consider whether there remains a need to issue updated guidance to audit committees, directors and users of actuarial services about the financial crisis and publish revised guidance if appropriate.
Promote increased relevance and reduced complexity of corporate reporting on the basis that reporting should be relevant, reliable, intelligible and comparable, and be useful for decision-making, including stewardship decisions.
The FRC will undertake a review of its regulatory powers, including the powers associated with disciplinary and enforcement actions.
Secure efficiency savings equivalent to 5% of core operating costs.
Ensure that appropriate arrangements are in place for managing the financial risks associated with the current disciplinary scheme.
Implement an enhanced communication strategy to demonstrate to funding groups that the FRC manages its costs carefully and provides good value for money.
Ensure that there are appropriate mechanisms in place for identifying, monitoring and responding to emerging developments.
Review the FRC's overall relationship with the accountancy and actuarial professions.
Work with the EU and BIS to influence the development and implementation of legislative provisions relating to corporate governance.
The Accounting Standards Board will:
Seek to ensure continued support in the EU for maintaining the IASB and other standard setters' ability to exercise independent judgement in setting accounting standards.
Take a lead role in influencing the development of IFRS and on the appropriate IASB strategy when convergence with US GAAP projects ends in 2011 and play an active role in promoting the development of a disclosure framework.
Lead a wide-ranging debate designed to stimulate improvements to narrative reporting, including disclosures in relation to business models.
Continue to monitor sustainability information contained in annual reports and consider publishing guidance on sustainability reporting if and when appropriate.
Take a lead role in UK, EU and global debates about the extent of the use of fair value, including hosting roundtables as necessary, and provide written comments in response to IASB and FASB consultations.
Continue to work to implement an agreed strategy for the future of UK GAAP and its convergence with IFRS.
Continue to play a leading role in the global group of National Standard Setters.
Participate in EFRAG and Pro-active Accounting Activities in Europe (PAAinE) projects.
The Financial Reporting Review Panel will:
Review a selection of annual and interim accounts and directors' reports for compliance with the Companies Act, including applicable accounting standards; focus on the following industry sectors: commercial property, advertising, recruitment, media and information technology; and aim to review around 300 sets of accounts in total in 2010/11.
Respond to matters drawn to our attention as a result of complaints or public comment, encouraging referrals from the investment community, other professional advisers and elsewhere.
Influence the development of international enforcement practices through active involvement in EECS, established under CESR.

The Auditing Practices Board will:
Explore ways in which the usefulness of information contained in audit reports can be significantly enhanced from the perspective of investors and other users.
Make any necessary changes to Ethical Standards for Auditors resulting from its consultation on audit firms providing non-audit services to firms which they audit.
Together with the IAASB, begin ongoing monitoring of the implementation of the Clarity ISAs.
With the POB, keep under review current issues and conditions, including those arising from the financial crisis, that may impact the work of auditors and issue updated standards and guidance if appropriate.
With the support of the POB, make greater use of the findings arising from inspection activities in setting standards.
Participate in the IAASB, including improving the linkage between inspections and standard setting activities, and contribute to the IAASB's plans to revise ISAs 610, 700 and 720 and to develop assurance standards on pro forma information in prospectuses, compilation and review engagements, greenhouse gas emissions and XBRL.
Together with the POB, consider the need to further promote and update the audit quality framework.
Develop guidance, as necessary, in relation to the meaning of adequate accounting records.
Undertake a policy analysis for future corporate reporting by micro-entities.
The Professional Oversight Board will:
Monitor and report on the quality of audits, based on the reviews of some 100 audits, of which the majority will relate to the largest audit firms, focusing on areas relating to segmental reporting, revenue recognition and fraud, and continue to focus on going concern, fair value accounting estimates, asset impairments and compliance with ethical standards.
Review progress in implementing the recommendations of the Market Participants Group on concentration on the UK audit market and assess the effectiveness of the recommendations as a whole and make proposals on what further action is required.
Demonstrably influence the work of IFIAR and EGAOB and its sub groups to promote effective regulatory oversight of audit firms, including those managed on a regional basis.
Carry out statutory responsibilities in respect of auditing providing independent oversight of the regulatory processes of the Recognised Supervisory Bodies and Recognised Qualifying Bodies.
Review the effectiveness of the Professional Bodies action plans to improve underlying audit quality and to assess progress against those plans.
Monitor the regulatory activities of the accountancy and actuarial professional bodies in relation to their members, assessing those issues that could adversely affect public confidence in accountants and actuaries and, where appropriate, undertake more detailed research and make recommendations to the professional bodies or recommend the development of new standards.
Continue to work with the EU and BIS to develop the legislative framework and practical measures for audit regulation in Europe under the Statutory Audit Directive.
Participate in the arrangements for the co-ordination of the regulation of audit and the oversight of the auditing profession in the EU.
Review the implementation of regulations and practice on transparency reporting by audit firms and issue guidance as required.
Issue recommendations to enhance the confidence that can be obtained by the public of the monitoring arrangements of the UK professional accountancy bodies of their members who provide non regulatory accountancy services. Review the responses received ensuring that these adequately address the matters raised and assess the practical implementation of the proposals.
Continue to follow up the Actuarial Profession's progress in responding to the recommendations made to it by the POB in its May 2009 report.

The Board for Actuarial Standards will:
Complete its suite of technical actuarial standards, focusing on the needs of users of actuarial information.
Keep under review the implications of the introduction of Solvency II.
Contribute as appropriate to the continuing development of UK pension legislation and the EU Solvency II project.
Continue to work closely with Government and other regulators to ensure consistency as we develop our technical actuarial standards.
With the POB, complete the review of the FRC's actuarial quality framework and promote its use.
With the POB, keep under review the FRC guidance to users of actuarial work and issue further guidance if appropriate.
The Accountancy and Actuarial Disciplinary Board will:
Make significant progress on, and where possible finalise, the matters with which it is currently dealing and identify and investigate other matters which meet the criteria for AADB investigations.
Assess the need to establish a case cost fund to provide for any liability for costs awarded against the AADB.

Major activities and projects included in the 2010/11 Plan are shown in bold