

# PREPARERS LEVY 2017/18

## PUBLIC SECTOR FACT SHEET

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. We are the Competent Authority for statutory audit in the UK and set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We monitor and take action to promote the quality of corporate reporting and operate independent enforcement arrangements for accountants and actuaries. We also oversee the regulatory activities of the accountancy and actuarial professional bodies. Details of the FRC's work are available on our website at [www.frc.org.uk](http://www.frc.org.uk).

### The Preparers Levy

By agreement with the Department for Business, Energy and Industrial Strategy and HM Treasury, the Financial Reporting Council is funded partly through a preparers levy on organisations that are subject to, or have regard to, FRC regulatory requirements in preparing their accounts, including public sector organisations.

### Basis for the preparers levy

The FRC's responsibilities are funded through non-statutory arrangements on the basis of an understanding with the groups who pay the levy.

Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 Companies (Audit, Investigations and Community Enterprise) Act 2004.

### Calculation of the Preparers Levy

The 2017/18 levy is made up of a minimum levy of £1,070 and further amounts payable by organisations above a certain threshold, with the rate per £m declining in five levy size bands. Public sector organisations receive a **75% discount** on the levy, which is calculated on their latest published expenditure / turnover. An example of the calculation is as follows:

<b>Organisation :</b>	<b>ABCD District Council</b>			
<b>Tariff data: £</b>	£765,000,000			
	<b>Levy rate 2017-18</b>		<b>Levy calculation</b>	
Min fee	Up to £100m	£1,070	£1,070	
Band 1	£100m - 250m	£10.49	150	x £10.49
Band 2	£250 - £1000m	£8.00	515	x £8.00
			<b>Total levy</b>	
			£6,764	
			<b>75 % Discount</b>	
			£5,073	
			<b>Levy payable</b>	
			£1,691	

## **Our work with the public sector includes:**

A range of public sector organisations, including most central government bodies, prepare their accounts in line with International Financial Reporting Standards (IFRS), which the FRC influences on behalf of the UK, working closely with Government and other stakeholders.

The national audit authorities in the UK have chosen to adopt the ethical, auditing and quality control standards issued by the FRC for audits as the basis of their approach to the audit of financial statements in the public sector. This includes the requirements established in the Codes of Audit Practice for local government and local NHS bodies.

The FRC takes public sector considerations into account when developing standards and guidance. The FRC's Audit and Assurance Council includes a public sector representative, and has a Public Sector Advisory Group that considers and gives advice on issues pertinent to public sector audit. The FRC issues a Practice Note that gives specific guidance on the application of the auditing standards in the public sector – this was updated for the clarified ISAs (UK and Ireland) in October 2010. Practice Note 10, which covers the public sector, is currently being updated – the FRC has designated the Public Audit Forum as a SORP-making body to develop the revised guidance.

The FRC is the competent authority for statutory audit in the UK and oversees accountancy and actuarial regulation by the accountancy and actuarial professional bodies.

Under the Local Audit and Accountability Act 2014 the FRC is responsible for oversight of the regulation of auditors of local authorities and health service bodies, including directly inspecting the quality of audits of the most significant bodies. In common with all other inspection activities the direct costs of which are recovered separately, the levy finances the associated overheads and corporate costs of this activity.

## **Purchase orders (POs)**

For a number of public sector organisations, the team responsible for the annual report and accounts has given us a PO number to make it easier to manage the payment process.

## **Contact Us**

If you have a question about the method of payment or to provide a Purchase Order number, please contact the Levy Collection Team at Kier Business Services Limited, on [frc@kier.co.uk](mailto:frc@kier.co.uk) (telephone 01642 726 300).

For queries about the levy calculation, please e-mail our Revenue & Planning Manager, Tulsee Rughoobur, on [t.rughoobur@frc.org.uk](mailto:t.rughoobur@frc.org.uk) (020 7492 2338). For any other query please e-mail the FRC Head of Delivery Unit, David Andrews, on [plan@frc.org.uk](mailto:plan@frc.org.uk) (020 7492 2382).

## **Financial Reporting Council**

June 2017