

AQR Inspection Scope (with effect from 1 January 2021)

The typical categories of audit that the AQR is likely to inspect are summarised in the table below. It comprises the audits of PIEs, and certain non-PIE entities.

Firms that audit the entities specified below are subject to AQR inspections.

Scope Categories
Public Interest Entities (PIEs)
UK entities with transferable securities (equity/debt) admitted to trading on a UK regulated market
Credit institutions: UK incorporated banks not already included in any other category
Credit institutions: UK building societies
Credit institutions: UK credit institutions authorised by the Bank of England other than unlisted banks and building societies.
Insurance undertakings: Non-listed UK insurers ¹
Society of Lloyds
Other Entities in Scope
UK companies admitted for trading on AIM or NEX (other than the Main Board) with a market capitalisation of more than €200m, using the formula in MiFID II ²
Lloyd's Syndicates
Non-UK (excluding the Crown Dependencies) ³ ⁴ entities with transferable securities (equity/debt) admitted to trading on a UK regulated and audited by a UK Registered Auditor

¹ Those UK insurers authorised by the Bank of England that are required to comply with the Solvency II Directive.

² This formula is also set out under *SME Listed Entity* in the FRC's Glossary of Terms- Ethics and Auditing issued in December 2019 .

³ Excluding entities incorporated in Jersey, Guernsey and the Isle of Man with transferable securities (equity/debt) admitted to trading on a UK regulated market which are subject to separate inspection arrangements.

⁴ Non-UK (excluding the Crown Dependencies) entities with transferable securities (equity/debt) admitted to trading on a UK regulated and audited by a Non-UK Auditor from a country not considered to have an equivalent auditor oversight regime are also subject to inspection by AQR as part of its Third Country Auditor inspection programme.