
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

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Afternoon Session

**Key foundations for high-quality reporting: Good practices
of monitoring and enforcement, and compliance**

Presented by

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Compliance, monitoring and enforcement in the UK

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The UK: Overview

- Sixth largest economy in the world
- One of the world's largest financial centers
- High standards of corporate governance
- Longstanding supporter of international standards and codes
- All but the smallest companies will soon be required to apply either IFRS or UK standards based on the IFRS for SMEs



The UK: Overview (continued)



International co-operation



Financial Reporting

- FRC via its Conduct Committee monitors annual reports and accounts
- Focus on entities of economic significance
- Risk-based selection + complaints
- Formal enquiries passed to the FRC's Financial Reporting Review Panel – the peer review principle
- Legal action possible, but voluntary revision the norm
- Press notices or 'committee references' may result
- The Financial Reporting Lab

Auditing

- FRC monitors PIE audits through its Audit Quality Review (AQR) team – risk-based selection
- Overall, audit quality found to be good and improving
- AQR also monitors the policies and procedures of the major audit firms every 1-3 years
- FRC also recognises and supervises ‘Recognised Supervisory Bodies’ (RSBs)
- The 4 RSBs authorise members to carry out audits and publish audit regulations
- RSBs monitor the quality of non-PIE audits and firm-wide procedures at non-major firms

Professional Conduct

- Primarily the responsibility of the accountancy bodies
- Exams, work experience
- CPD, practicing certificates
- Internationally-based principles for ethical behaviour
- FRC ethics for auditors
- Disciplinary action

Lessons Learned



Future Developments?



Any Questions?



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