

THE FRC AND ENFORCEMENT ACTION - WHAT NEXT?

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Legal Briefings - By **Andrew Lidbetter and James Wood**

Over the last year, three key reports have been published on the future of the audit and accountancy professions. These reports together propose significant reforms to audit and the manner in which it is regulated, including the replacement of the Financial Reporting Council (the "**FRC**") with a new regulator with enhanced powers. While the reviews have focussed on audit, many of the recommendations similarly affect accountants who are not providing audit services. Similarly, one of the most eye catching recommendations, and one with a potentially enormous impact beyond the audit profession, is the proposal to extend the new regulator's disciplinary powers to company directors who are not accountants (and so not currently subject to the FRC's enforcement jurisdiction).

In the [December 2019 Queen's Speech](#), the Government promised to "*develop proposals on company audit and corporate reporting, including a stronger regulator with all the powers necessary to reform the sector*". Despite broadly accepting the reports' recommendations, the Government might in this statement be taking a more limited approach than fully to implement all of the recommendations. In the interim, the regulatory burden on regulated firms and individuals has nevertheless increased significantly, with the FRC continuing to impose sanctions and levy fines at record levels.

We have prepared a paper focusing on the professional disciplinary implications of these reports, taking stock of the current position and assessing what the reforms might mean for regulated firms, individuals, and the wider business community. We note that none of the reports expressly consider how the recommendations proposed would comply with the rule of law and other public law principles. In circumstances where regulatory action can have serious implications for individuals and firms, in our paper we also consider where current or proposed practice might conflict with the requirements of the rule of law and other public law principles.

Please click [here](#) to read our paper on these issues.

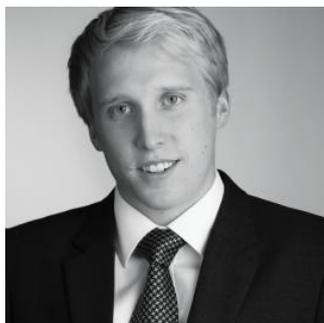
KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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