

PREPARERS LEVY 2015/16

PUBLIC SECTOR FACT SHEET

The Financial Reporting Council is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. The FRC sets the framework of codes and standards for the accounting, auditing, actuarial and investor communities and oversees the conduct of the professionals involved. It promotes high standards in accounting, auditing and actuarial practice and represents UK interests in international standard setting. The FRC is accountable to Parliament and its stakeholders. Details of the FRC's work, including with the public sector, are available on our website at www.frc.org.uk

By agreement with the Department of Business Innovation and Skills 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.

Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as amended by Part 44 of the Companies Act 2006, confers a power on the Secretary of State to make regulations enabling the FRC to recover its costs through a levy. Thus far, this power has not been exercised.

Calculation of the Preparers Levy

The 2015/16 levy is made up of a minimum levy of £1,024 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:

Organisation :		ABCD District Council				
Tariff data: £		£765,000,000				
		Levy rate 2015-16		Levy calculation		Levy
Band 1 - Min fee	Up to £100m	£1,024	£1,024		£1,024	
Band 2	£100m - 250m	£10.03	150	x £10.03	£1,505	
Band 3	£250 - £1000m	£7.65	515	x £7.65	£3,940	
		Total levy				£6,469
		75 % Discount				£4,852
		Levy payable				£1,617

Our work with the public sector includes:

A range of public sector organisations are required to 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 agencies in the UK have chosen to adopt the ethical, engagement 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 current Audit Commission's 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 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.

The FRC is the UK's lead regulator for audit and oversees the regulatory activities of the UK's accountancy professional bodies.

Under the Local Audit and Accountability Bill the FRC will be 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 Mouchel Business Services Limited, on frc@mouchel-middlesbrough.com (telephone 01642 726 300).

For queries about the levy calculation, please e-mail our Policy and Planning Officer, Tulsee Rughoobur, on t.rughoobur@frc.org.uk (020 7492 2338). For any other query please e-mail the Head of Organisational Development, David Andrews, on plan@frc.org.uk (020 7492 2382).

Financial Reporting Council

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