

The Financial Reporting Council misses the point about ...

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I [have a column](#) on the failure of the Financial Reporting Council's new moves on corporate governance and audit registration, announced this week, on AccountingWEB, where I note:

The Financial Reporting Council (FRC) has published a new [Audit Firm Governance Code](#). This fits into its new [three-year plan](#), which itself clearly exists only because the government has so obviously failed to deliver on its [audit reform programme](#). At the same time, the FRC has decided it will now be the registrar for all the [auditors of public interest entities](#) (PIEs) so that they are all under its supposed control.

As I added:

Unfortunately, like those proposed government reforms, this new code will do nothing to deliver the change required with regard to the accounting, reporting and auditing of PIEs in the UK. Having the FRC in sole charge of these auditors simply increases the chance that auditing will continue to fail to meet user needs, which the FRC very obviously does not understand.

I do, of course, offer my reasons, which relate to addressing the wrong audience, failure to reform auditing and ducking the green accounting issue before concluding:

So what is the over-arching failure that this governance code ignores? It is that, as it stands, the financial statements of PIEs are deliberately designed to ensure that they do not meet the public need. Until the FRC demands accounting standards that deliver relevant reliable, comparable and comprehensible data for all the users of financial statements, without exception, nothing it can do will resolve this, and audits will fail because they are designed to do so. This new governance code and audit registration arrangements do not address these issues, and so are just another sticking plaster to cover the FRC's continuing failure to act in the public interest.

The [rest is here](#).