

Understanding the BEIS consultation

‘Restoring trust in audit and corporate governance’

Summary of key themes from Non-Executive Director (NED) focus groups

NEDs are broadly supportive of a number of the consultation’s core proposals, but the majority strongly believe that the reforms should be: proportionate to the additional costs they would create; focused on the areas with the highest chance of success; and looking to sustain the UK’s principles based approach to regulation.

On 18 March 2021, the Government (BEIS) published its long-awaited consultation on reforms aimed at ‘restoring trust in audit and corporate governance’. It is a significant consultation with 98 consultation questions covering almost all 155 recommendations from the Kingman, CMA and Brydon reviews. The deadline for responses to the consultation was 8 July 2021.

PwC microsite

We have launched a **dedicated microsite**, focused on the consultation, to share recordings and/or summary notes from the series of events we’ve hosted, as well as briefings and FAQ documents to help explain the proposals.

PwC focus groups

During the consultation period PwC also convened a series of ten focus groups to serve as a forum for NEDs to discuss the Government’s proposals openly with one another. Included below are some of the key themes that emerged from our discussions, and links to where you can read NEDs’ views in more detail:.

NEDs support the aims of the Audit and Assurance Policy, whilst urging care over its design and scope

There were varying views on whether the Audit and Assurance Policy would lead to a demand for additional assurance, from the external auditor or otherwise. However, most participants agreed that the process of the Audit Committee going through each element of their Annual Report to consider what assurance was in place, and deciding if it was sufficient, was in itself a useful exercise. [Read more.](#)

NEDs are largely supportive of proposed increases in accountability for directors and audit committees but concerned about the impact enhanced risk could have on the attractiveness of the NED role

There were varying degrees of support for the proposed enhancements to director accountability. It was clear that participants believed the changes would improve the quality of reporting and boards' interest in the detailed work of their audit committees, but that care would need to be taken to ensure this didn't impact NED independence. [Read more.](#)

NEDs are concerned that the proposed regime for managed shared audits would be difficult to implement and would increase costs, without ultimately improving choice and resilience in the audit market

There was near universal concern about the potential consequences of introducing the proposed regime for **managed shared audits**. Questions as to the willingness of challenger firms to make the investments necessary to drive increased choice, led to calls from participants for a rethink of the proposal. Comparisons drawn with the joint audit regime in France left many concerned that the proposals would be detrimental to audit quality. [Read more.](#)

NEDs support enhancing the the UK's internal controls regime but are concerned about the proportionality and cost of the Government's proposals

There was strong support for strengthening the UK's **internal controls regime**, but concern that, unless properly designed, the Government's proposals could significantly increase costs without necessarily addressing the underlying issues that have caused concern after recent high-profile corporate failures. [Read more.](#)

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