

**PRA RULEBOOK: NON-AUTHORISED PERSONS: WRITTEN REPORTS BY AUDITORS TO THE
PRA INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137T (general supplementary powers); and
 - (3) section 340(3A) (Appointment: requirements as to co-operation).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: Non-authorized persons: Written Reports by Auditors to the PRA Instrument
2016**

- D. The PRA makes the rules in the Annex to this instrument.

Commencement

- E. This instrument comes into force on 25 January 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-authorized persons: Written Reports by Auditors to the PRA Instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Amendments to the Auditors Part

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

AUDITORS

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1 APPLICATION AND DEFINITIONS

...

1.3 In this Part the following definitions shall apply:

annual reports and accounts

means

- (1) (in relation to a company incorporated in the UK) those terms as they are defined in section 471 of the Companies Act 2006 together with the auditor's report prepared in relation to those accounts under sections 495 to 497A of the same Act; or
- (2) (in relation to any other body) any similar or analogous documents which it is required to prepare whether by its constitution or by the law under which it is established.

accounting reference date

means

- (1) (in relation to a company incorporated in the UK under the Companies Acts) the accounting reference date of that company determined in accordance with section 391 of the Companies Act 2006; or
- (2) (in relation to any other body) the last day of its financial year.

balance sheet total

means the aggregate of the amounts shown as assets in the balance sheet.

...

7 DUTIES OF AUDITORS

7.1 ~~An auditor of a firm must cooperate with the PRA in the discharge of its functions under any relevant legislation including by attending such meetings and supplying such information as the PRA reasonably requests about the firm to enable the PRA to discharge its functions under any relevant legislation.~~

...

8 WRITTEN REPORTS BY AUDITORS TO THE PRA

8.1 This Chapter applies in relation to annual reports and accounts with an accounting reference date on or after 1 November 2016.

8.2 Unless otherwise stated, this Chapter applies to an auditor of a firm that:

- (1) is a UK bank or building society;
- (2) is not itself the subsidiary of an undertaking that is not an UK undertaking; and
- (3) meets at least one of the following criteria:
 - (a) it has an individual balance sheet total greater than £50,000,000,000; or

(b) it is a member of a group that has a consolidated *balance sheet total* greater than £50,000,000,000,

as at the last *accounting reference date*.

8.3 An auditor must provide annually a written report to the *PRA* in relation to that firm's audited *annual report and accounts*.

8.4 The report in 8.3 must:

(1) be provided within 120 days of the end of the relevant *accounting reference date*;

(2) provide information about key judgment areas, including:

(a) matters of valuation;

(b) quality of earnings;

(c) key accounting judgments; and

(d) the quality of the systems and controls relevant to the preparation of a *firm's annual report and accounts*; and

(3) be prepared with due skill, care and diligence.

8.5 An auditor must consult with the *PRA* in advance of preparing the report.

8.6 A *firm* must cooperate with its auditors in preparing the report.

Term	Definition source
<i>subsidiary</i>	Section 420 <i>FSMA</i>