

The Rt Hon Kwasi Kwarteng MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street, London
SW1H 0ET

18 February 2022

Re: Reforming trust in corporate governance and audit

Dear Secretary of State,

In recent days there has been much speculation over the future timetable of the government's proposed package of reforms. There is, of course, a due process to be followed, and we recognise that the Department will be doing everything necessary to ensure that its legislative proposals can be taken forward in the next session. Nevertheless, I wanted to write to endorse the call for progress to be made, and in that respect to offer support for the Department's desire to lay legislation before Parliament in its next session.

The reform of the corporate ecosystem is long overdue. This is not just about the establishment of a new regulatory framework for the audit profession, but rather it is an opportunity to promote public and investor confidence in business. The policy proposals (including the prospective introduction of enhanced requirements over internal controls) will encourage the highest levels of governance and corporate reporting of Public Interest Entity companies, which are not only significant to the UK but also the global economies. Enhancing the UK's reputation for world class corporate governance is another step towards securing the long-term attractiveness of the UK capital markets. As the UK asserts its economic independence post Brexit, ensuring we are the location of choice for business is too important an opportunity to miss.

The UK's proposals are now being reflected in policy considerations by other legal jurisdictions, such as the EU. Ideally, the UK would not wish to see further delays to its reform agenda, otherwise there is a risk that other jurisdictions may accelerate in this space and our opportunity to set the global direction of good corporate reporting and governance is missed. In the absence of legislation within the next session, there is a heightened risk that the holistic reform of corporate governance, reporting and audit will not be achieved, at least not in a co-ordinated or timely manner. In addition, the FRC's transition to ARGA is already underway, with operational and budgetary implications for the profession until a new funding model can be set out in legislation.

CIMA's views on the detailed proposals, and those of the Association of International Certified Professional Accountants (AICPA & CIMA), have been well documented. We spoke on this matter only a few weeks ago so I will not restate any of the points here, other than to offer our encouragement and support for your Department's efforts to date.

Yours sincerely,



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CIMA Secretary General

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