

LAPFF exposes audit flaws

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UK - A quarter of the UK's larger companies do not provide proper reports to shareholders on audit practices, according to the Local Authority Pension Fund Forum (LAPFF).

In its response to the Financial Reporting Council's recent consultation on the combined code on corporate governance, the LAPFF said its research showed 23% of the FTSE 350 companies did not adequately report on the activities of their audit committees.

LAPFF said companies' disclosures amounted to little more than a summary of their audit committees' terms of reference.

The research found the standard of audit committee reporting varied by the size of a company.

On top of this, 11% of FTSE100 firms did not produce adequate reports, compared to 30% of midcaps and 40% of smallcap businesses.

Darrell Pulk, chair of the forum, said: "Audit committee reports represent an area of company reporting where we believe there is substantial room for improvement. Simply disclosing terms of reference is not good enough. We want to see meaningful reports to shareholders, and the forum believes the FRC can use the recent consultation on the combined code as an opportunity to encourage better practice."