NEWSLETTER

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Welcome to the August 2026 edition of the Segun Awosanya & Co. (SAC) Newsletter.

This edition examines the Financial Reporting Council of Nigeria's (FRC) shift to a stronger enforcement regime through the National Audit & Assurance Firms Register. As regulatory expectations continue to evolve, understanding these developments is essential for organizations seeking to maintain compliance, strengthen governance, and mitigate regulatory risks.

We trust that the insights shared in this publication will help you navigate these changes with confidence. At SAC, we remain committed to providing practical, timely, and value-driven guidance that supports informed decision-making and sustainable compliance.

Happy reading!

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FRC ENFORCEMENT IS HERE:

The National Audit & Assurance Firms Register

A fully-cited legal and risk briefing on the Financial Reporting Council of Nigeria's 2026 enforcement regime

EXECUTIVE SUMMARY

The Financial Reporting Council of Nigeria (FRC) has shifted to hard enforcement in 2026, exercising powers substantially strengthened by the Financial Reporting Council of Nigeria (Amendment) Act 2023. The most immediate change is the National Audit and Assurance Firms Register, issued under Sections 28, 60 and 61 of the FRC Act No. 6, 2011 (as amended), which became fully operational on 1 April 2026. From that date, engaging an unregistered audit or assurance firm is unlawful and the resulting opinion is invalid. This revised edition goes beyond the headline announcement to set out the precise statutory basis for each obligation, the quantified financial and criminal exposure under the Principal Act and its 2023 Amendment, and a stakeholder-by-stakeholder risk assessment — the level of analysis a board or audit committee should expect before relying on this guidance.

Legal Effect

Since 1 April 2026, the Register is the only authoritative list of audit and assurance service providers legally permitted to operate in Nigeria (FRC Act, ss.28, 60–61; Audit Regulations 2020, Reg. 3 & 14). Any engagement with a firm not on the Register is unlawful and invalid.

THE STATUTORY FOUNDATION

Legal & Regulatory Basis

Every obligation discussed in this edition traces back to specific, citable legal instruments. We set them out here first, so that every claim that follows can be checked against its source rather than taken on faith.

Instrument	Key Provisions	What It Does
FRC Act No. 6, 2011 (Principal Act)	Ss. 28, 33(1)(a–d), 41(2), 60, 61, 64, 77	Establishes the FRC; mandates registration of audit/assurance firms, professional accountants, and audit committee members; empowers the Council to sanction non-compliance and impose fines on Public Interest Entities.
FRC (Amendment) Act 2023	Expanded PIE definition; enhanced Directorate of Inspection & Monitoring (DIM) powers	Raises the maximum fine for non-registered professionals from ₦500,000 to ₦5,000,000; extends DIM's mandate to corporate governance compliance; introduces execution/distraint powers for enforcement
Audit Regulations 2020	2020 Regulations 3 & 14	Sets out the registration mechanics and annual-dues obligations underpinning firm and professional registration.
FRC Operational Guidelines for Inspection & Monitoring 2020	Part 8	Prescribes sanctions for submitting false or misleading information to the Council in any required document
National Register Public Notice	Issued 9 Feb 2026 under ss.28, 60, 61	Operationalises the Register; sets the 31 March 2026 registration deadline and 1 April 2026 enforcement date.

Two things follow from this framework. First, the Register is not a new law — it is the FRC exercising registration powers it has held since 2011 with far sharper teeth after 2023. Second, because the 2023 Amendment increased penalties and broadened the Directorate of Inspection and Monitoring's remit, the cost of being wrong about registration status has changed materially, even though the underlying registration duty has not

NEW RULES IN FORCE

The National Audit & Assurance Firms Register

1.1 Legal Effect from 1 April 2026 FRC Act ss.28, 60–61

The FRC launched the Register pursuant to Sections 28, 60 and 61 of the FRC Act, and confirmed it is the only authoritative list of audit and assurance service providers legally permitted to operate in Nigeria. Firms outside the Register cannot practice, regardless of prior standing or reputation.

1.2 Who Must Register Audit Regulations 2020, Reg. 3

The requirement covers all statutory audit firms, plus every other assurance service-providing firm whose work involves assurance, attestation, verification, certification, or independent opinions relied upon for financial reporting and public-interest purposes:

- Actuarial Services
- Property & Business Valuation
- Financial Valuation
- Tax Assurance
- IT & Systems Assurance
- Corporate Governance
- Compliance
- Sustainability Assurance
- Assurance-Related Legal Advisory

1.3 Consequence of Non-Registration FRC Act (Amdt.) 2023

Firms that failed to register or update their status by 31 March 2026 do not appear on the Register and are barred from practice until duly registered. Under the Principal Act, an unregistered professional faced a fine of up to ₦500,000 or imprisonment of up to 6 months, or both. The 2023 Amendment raised the maximum fine to ₦5,000,000; a tenfold increase that reflects the Council's shift from a compliance nudge to a genuine deterrent.

DUTY TO VERIFY

Obligations for Companies, PIEs & Government Entities

2.1 Verification Duty FRC Act s.28

All Public Interest Entities, government institutions, regulated entities, and private organisations are legally required to verify the registration status of any audit or assurance firm before appointment and throughout the engagement. Reporting entities must also verify the registration status of the signing audit professional, not just the firm.

2.2 Penalty for Non-Compliance FRC Act s.64

Audit or assurance engagements conducted by unregistered firms will be deemed invalid, with regulatory sanctions applicable to the engaging entities and their responsible officers under the Act's "Sanctions on Public Interest Entities" provisions; meaning the risk sits with the client, not only the practitioner.

ALSO IN FORCE

Other FRC Rules Now Active

Rule 14 — Non-Compliance with Laws and Regulation

Effective 1 January 2025

External auditors must confirm that clients comply with all relevant sections of the FRC Act 2011, Regulations, Codes, Rules, and Guidelines before signing audit opinions. Failure to confirm compliance contravenes the rule and shall be sanctioned.

Management Report on Internal Control Over Financial Reporting (ICFR)

Effective from FYE 31 Dec 2024

The FRC granted public sector agencies a one-year waiver. Agencies must submit their 2025 Audited Financial Statements together with the ICFR Report to the Council in 2026.

ENFORCEMENT POSTURE

FRC Sanctions & Enforcement — Quantified

The FRC's 2026 posture is best understood as the Council finally exercising powers Parliament gave it in 2023. Three changes explain why "enforcement" now means something different than it did before:

1. Materially Higher Penalties

Non-registration of a professional accountant or auditor: fine increased from a maximum of ₦500,000 (or 6 months' imprisonment, or both) under the Principal Act, to a maximum of ₦5,000,000 under the FRC (Amendment) Act 2023. Non-compliant reporting entities face separate fines running into the millions of naira, or imprisonment, or both, under the Act's sanctions provisions for Public Interest Entities. A levy default additionally attracts a 10% penalty for every month of default.

2. Broader Investigatory Powers

The 2023 Amendment expressly extended the Directorate of Inspection and Monitoring's mandate to corporate governance compliance, in addition to its existing oversight of auditing, accounting, actuarial, and valuation standards — and introduced powers of execution (including distraint) that allow the Council to enforce financial penalties directly against non-compliant entities.

3. A Wider Net of Regulated Entities

The 2023 Amendment expanded the statutory definition of "Public Interest Entity" to expressly capture entities engaged in government contracts of ₦1 billion or more settled from public funds, and any other entity with annual turnover of ₦30 billion or more — bringing many previously unregulated large private companies within the FRC's direct compliance perimeter for the first time.

₦500K → ₦5M	**1 Apr 2026**	**₦30bn+**
MAX. FINE, UNREGISTERED PROFESSIONAL	REGISTER LEGALLY BINDING	TURNOVER THRESHOLD, NEW PIE CATEGORY

BOARD & AUDIT COMMITTEE REFERENCE

Stakeholder Risk & Exposure Matrix

The obligations above fall differently on different actors in the reporting chain. This matrix is intended as a working reference for boards and audit committees assessing their own exposure this quarter.

Stakeholder	Compliance Risk	Financial / Legal Exposure	Likelihood in H2 2026
Unregistered audit / assurance firm	Continuing to practise while unlisted on the Register	Barred from practice; individual professional fine up to ₦5,000,000 or imprisonment, or both	High if not registered by 31 Mar 2026
Engaging entity (PIE, government agency, private company)	Appointing or continuing with an unregistered firm	Audit opinion invalidated; entity and responsible officers sanctioned under s.64	Medium — depends on verification diligence
External auditor of a PIE	Signing an opinion without a Rule 14 compliance confirmation	Contravention of Rule 14; referral for Council sanction	Medium
Public sector agency	Missing the ICFR Report submission alongside 2025 audited statements	Waiver expires in 2026; late or non submission risk	Low–Medium
Newly-captured large private company (≥₦30bn turnover)	Unaware of new PIE status under the 2023 Amendment	Full PIE compliance burden applies retroactively to awareness gap	Medium – awareness gap is common
Any filer to the FRC	Submitting false or misleading information in a required document	Criminal offence under Part 8 of the Operational Guidelines 2020	Low , but severe if triggered

The single highest-frequency risk we are seeing in client conversations this quarter is the fourth row: mid-sized private companies that have crossed the ₦30 billion turnover threshold without realising the 2023 Amendment now treats them as a Public Interest Entity in full.

ACT NOW

What You Must Do Now — FRC Checklist

1

If you are an audit or assurance firm:

You were required to register or update your profile on the FRC portal on or before 31 March 2026. If you missed that deadline, register immediately — until listed, you are barred from practice and exposed to a fine of up to ₦5,000,000 under the 2023 Amendment. Basis: FRC Act ss.28, 60–61; Amendment Act 2023

2

If you are a Public Interest Entity, government agency, or regulated entity:

From 1 April 2026, verify that both the audit/assurance firm and the signing professional are listed on the Register before appointment and throughout the engagement. Engaging an unlisted firm is unlawful and invalid, with sanctions applicable to your entity and its responsible officers. Basis: FRC Act s.28, 64

3

If you are an external auditor of a PIE:

Before signing any audit opinion, confirm the reporting entity and all signatories have fulfilled their statutory obligations to the FRC. Basis: Rule 14, effective 1 Jan 2025

4

If you are a public sector agency:

Submit your 2025 Audited Financial Statements together with the ICFR Report to the Council in 2026, using the one-year waiver window. Basis: ICFR Guidance, effective FYE 31 Dec 2024

5

If your turnover is ₦30 billion or more, or you hold government contracts of ₦1 billion or more:

Confirm whether the 2023 Amendment's expanded definition now classifies you as a Public Interest Entity, and assess the full compliance burden that follows. Basis: FRC (Amendment) Act 2023, expanded PIE definition

How We Can Support You

Our team can verify your auditor's registration status, run a Rule 14 compliance check ahead of sign-off, assess whether the 2023 Amendment's expanded PIE definition now applies to you, and help public sector clients prepare their ICFR Report alongside the 2025 audited financial statements. Reach out before your next audit appointment or filing deadline.

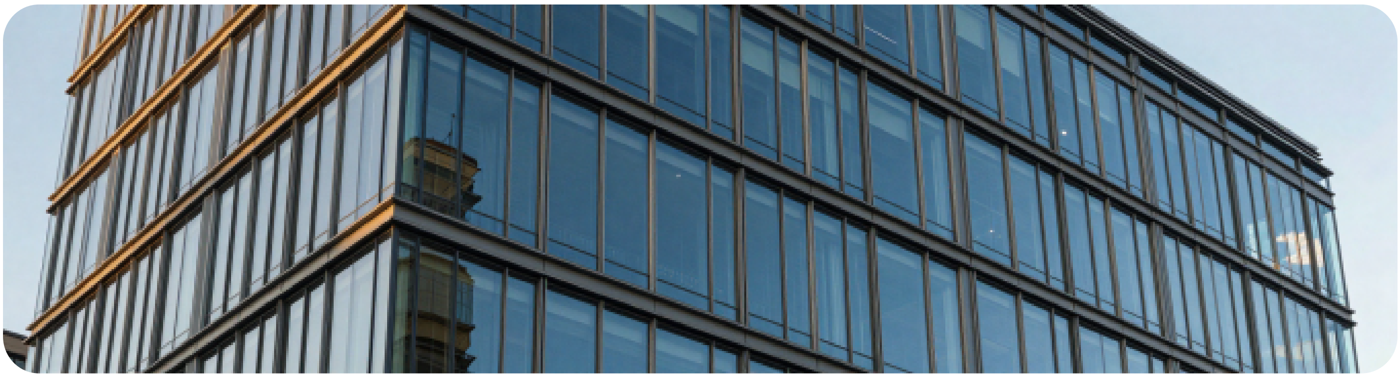
LOOKING AHEAD

The FRC's move to hard enforcement in 2026 is not a policy shift so much as Parliament's 2023 Amendment finally being exercised at scale. Organisations that build registration checks, Rule 14 confirmations, and PIE-status reassessment into their governance calendar now will avoid the disruption of a rejected or invalidated audit opinion later — and the materially higher penalties that now attach to getting it wrong.

Final Thought.

Where IFRS 18 changes how financial performance is presented, the FRC's Register and its 2023 Amendment change who is legally permitted to attest to it, and how much that gets wrong now costs. Together, these developments raise the bar for both the content and the credibility of Nigerian financial reporting.

Segun Awosanya & Co. is registered and ready to support your compliance needs. Reach out to our team today.



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Legal Disclaimer:

This briefing is provided for general information purposes and does not constitute legal advice. Penalty figures reflect statutory maxima as reported in the secondary legal commentary cited above; readers should confirm current figures against the primary legislation or with Segun Awosanya & Co. before relying on them for a specific transaction or filing.

References

1. Financial Reporting Council of Nigeria Act No. 6, 2011 (Principal Act), Sections 15(1)(a), 15(2), 28, 33(1)(a–d), 41(2), 57, 60, 61, 64, 73, 77.

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