

**Financial Reporting Council**  
**Minutes of a meeting of the FRC Board held on 6 July 2022 at 14:00**  
**at the Burlington Room, De Vere Latimer Estate, Buckinghamshire**

PRESENT:	Sir Jan du Plessis Sir Jon Thompson Angela Cha Sir Ashley Fox Hannah Nixon Clare Thompson Ruwan Weerasekera David Willis	Chairman CEO Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
IN ATTENDANCE:	Anna Byrne Alex Kuczynski Miranda Craig Kate O'Neill  Sarah Rapson Andrew Meek Anthony Barrett Dawn Dickson	Committee Secretary (minutes) General Counsel and ED, Corporate Services Director of Strategy & Change (item 6) Director of Stakeholder Engagement and Corporate Affairs (item 8) Executive Director, Supervision (items 9 -11) Director, Audit Firm Supervision (items 9-11) Director, Audit Quality Review (items 9-10) Director, Professional Oversight Team (items 9-11)
APOLOGIES	John Coomber	Senior Independent Director

**1. WELCOME AND OPENING OF THE MEETING**

- 1.1 The Board noted John Coomber's apologies for absence.
- 1.2 The Chair noted that the meeting was quorate and the meeting was duly opened.

**2 DECLARATIONS OF INTEREST**

- 2.1 No new declarations of interest were made in relation to the agenda items and no changes had been made to the Director's Register of Interests since the last meeting of the Board.

**3 MINUTES AND MATTERS ARISING**

- 3.1 The Board approved the minutes of FRC Board meetings held on 12 May 2022 and 30 June 2022 as accurate records of those meetings.
- 3.2 The Board reviewed and noted the matters arising log.

**4 CHAIR'S REPORT**

*Stakeholder meetings*

- 4.1 The Chair updated the Board on his meetings with key external stakeholders over the previous few months, which had included meetings with Lord Callanan, the Quoted Companies Alliance, Confederation of British Industry, the Serious Fraud Office and several of the professional actuarial and accountancy bodies.
- 4.2 During these meetings, the developing professionalism and assertive direction of the FRC, had been commended, although some had expressed concerns that the audit and governance reform programme may create an increased regulatory burden, particularly for smaller entities.



*Appointment of additional non-executive directors*

- 4.3 The Board noted that John Coomber, Senior Independent Director was due to retire in July 2023. The Chair had been in dialogue with BEIS about recruiting two additional non-executive directors to the FRC Board, potentially one with a senior actuarial background and another an institutional investor/investor background. It is expected that BEIS would be conducting the process.

## **5 CEO'S REPORT**

- 5.1 The Board received an update from the CEO on the activities of the executive, management performance over the year and noted key strategic and emerging issues, including staff recruitment, premises (noting that the FRC's current lease at 125 London Wall is due to expire in March 2025) and growth.

*Information strategy*

- 5.2 Following the independent review of the FRC's information management in 2021, the Executive was now considering the development of a full information management strategy

## **6 TRANSFORMATION PROGRAMME**

- 6.1 The Board received an update on the FRC's actions since the publication of the Government Response ("GR") to the audit reform consultation at the end of May 2022. The Executive was drafting the FRC's position paper on the GR which would be published later in July. The transformation project team was continuing to map out the details of how and when the various elements of the GR would be implemented and was liaising with BEIS regarding the drafting and content of the required legislation.

## **7 PEOPLE SURVEY**

- 7.1 Mr Kuczynski presented a paper on the key areas and the proposed actions being considered by the Executive following the 2022 people survey.
- 7.2 These actions related to the further enhancement of Learning and Development opportunities for staff, fostering joined up and cross-divisional working, increasing the visibility of the Board and ExCo, responding to the pay challenges, embedding of FRC organizational wide objectives into performance management processes and delivering high quality communications with staff around the change programme.
- 7.3 The Board noted the proposed actions.

## **8 STAKEHOLDER ENGAGEMENT AND CORPORATE AFFAIRS ("SECA")**

- 8.1 The Board received a quarterly report from the Director, SECA on the work of the SECA team to 30 April 2022.
- 8.2 The Board discussed the style and functionality of the FRC website. Ms O'Neill confirmed that work had begun to improve the "searchability" of the website and to improve functionality for different groups of stakeholders.
- 8.1 Senior members of staff had been involved in a programme of stakeholder engagements since the publication of the GR at the end of May 2022 to understand stakeholders' thoughts and concerns around its content. Stakeholders' feedback had reiterated the importance of clear and timely communication of the details and phasing of the various aspects reform programme to give entities and audit firms sufficient time to plan and prepare for the changes.



8.2 The Board noted the report.

## **9 TIER ONE FIRMS INSPECTION AND MONITORING REPORT 2021/22**

9.1 Ms Rapson, Mr Meek and Mr Barratt presented a draft Cross-firm Inspection and Monitoring report on the seven Tier 1 firms for 2021/22 (“The Report”)

9.2 The Board commended the style, format and the balanced messaging throughout the report. The Board was pleased to see that the Report highlighted significant areas of improvement by most of the firms and improved AQR gradings for the Big 4 firms. It noted that the Report also identified inconsistencies of quality within the firms and expressed concerns about the challenger firms’ capacity to deliver audits of sufficient quality with their existing resources and processes. It also noted the increasing risk that some entities may not be able to secure a statutory auditor.

9.3 The Board noted that the cross-firm report would be published alongside reports on each of the Tier 1 firms in July, with a report on the Tier 2 and 3 firms to follow later in 2022. Final approval for publication was delegated to the Executive Director, Supervision.

## **10 PIE AUDITOR REGISTRATION**

10.1 The Board noted that the Ministerial Direction to the FRC pursuant to which responsibilities were delegated to the Recognised Supervisory Bodies would be ended on 31 July 2022. . The FRC would then be assuming the responsibilities for the registration of firms and responsible individuals conducting PIE audits (allowing for a transition period this Autumn)..

10.2 New PIE Auditor Registration Regulations (“the Regulations”) had been drafted by the General Counsel Team and external solicitors. The FRC had published a consultation on the Regulations and proposed amendments to the existing Eligibility Criteria. Feedback received from the consultation had been considered and reflected into the Regulations and Eligibility criteria presented to the Board.

10.3 After due consideration, the Board:

- a) Confirmed it had sufficient confidence in the process and consultation undertaken to develop the PIE Auditor Registration process.
- b) Approved the making of the proposed PIE Auditor Registration Regulations under section 1239 (Part 42) of the Companies Act 2006.
- c) Approve the amended PIE Auditor Registration Eligibility Criteria.
- d) Delegated final approval of publication of the Regulations and Eligibility Criteria to the CEO, unless there were any substantial further changes.
- e) Authorised the Executive Director, Supervision to approve the final version of the consultation feedback statement for publication.
- f) Delegated approval of any consequential changes to documents relating to the FRC Tribunal Panels to the Conduct Committee.

## **11 SUPERVISION OF THE ACCOUNTANCY PROFESSIONAL BODIES**

11.1 Ms Rapson and Ms Dickson presented initial views from the Professional Oversight Team following review of how it carries out its responsibilities in overseeing the Recognised Supervisory Bodies and Recognised Qualifying Bodies and the discharge of their delegated responsibilities.



11.2 The Board noted the paper and agreed to discuss the approach to oversight further in due course.

**12 REPORT FROM THE REGULATORY STANDARDS AND CODES COMMITTEE CHAIR**

12.1 The Board noted the confirmed minutes of the Regulatory Standards and Codes meeting held on 27 April 2022 and the draft minutes of the meeting held on 15 June 2022.

**13 REPORT FROM THE CONDUCT COMMITTEE CHAIR**

13.1 The Board noted the confirmed minutes of the Conduct Committee meeting held on 24 May 2022 and the draft minutes of the meeting held on 21 June 2022.

**14 REPORT FROM THE AUDIT & RISK COMMITTEE CHAIR**

14.1 The Board noted the confirmed minutes of the Audit & Risk Committee meeting held on 11 May 2022 and the draft minutes of the meeting held on 16 June 2022.

**15 REPORT FROM THE PEOPLE COMMITTEE CHAIR**

15.1 The Board noted the confirmed minutes of the People Committee meeting held on 1 December 2022 and the draft minutes of the meeting held on 21 June 2022.

**16 FORWARD PLAN**

16.1 The Board noted the forward plan.


**17 AOB**

17.1 No further business was discussed.

**Date of Next Meeting**

Thursday 15 September 2022

**These minutes are an accurate record of the meeting held on 6 July 2022.**

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Sir Jan du Plessis, FRC Chair

20 September 2022  
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Date