

Financial Reporting Council

Minutes of a meeting of the FRC Board held on 1 December 2021 at 11.45am via Teams and at the FRC Office, 8th Floor, 125 London Wall EC2Y 5AS

PRESENT:	John Coomber	Non-Executive Director and Senior Independent Director
	Sir Jon Thompson	CEO (to item 14)
	Hannah Nixon	Non-Executive Director
	Ruwan Weerasekera	Non-Executive Director
IN ATTENDANCE:	Francesca Carter	Company Secretary
	Alex Kuczynski	General Counsel and Executive Director, Corporate Services (to item 14)
	Miranda Craig	Director of Strategy and Change (items 5.2 and 5.3)
	Mark Babington	Executive Director, Regulatory Standards & Codes (items 5.3 and 8)
	Elizabeth Barrett	Executive Counsel and Executive Director, Enforcement (items 5.3 and 6)
	Kate O'Neill	Director of Stakeholder Engagement and Corporate Affairs items (items 5.3)
	Sarah Rapson	Executive Director, Supervision (item 5.3)
	Tara Trousdale	Finance Director (item 5.3)
	Pauline Wallace	Chair, UKEB (5.3 only)
	Jenny Carter	Accounting and Reporting Policy Director (item 8)
	Anna Colban	Head of Due Process Oversight (item 8)

1. QUORUM AND OPENING OF THE MEETING

- 1.1 The Board noted, that as previously agreed, in the absence of a Chair the meeting would be chaired by John Coomber.
- 1.2 It was noted the meeting was quorate and the meeting was opened.

2 DECLARATIONS OF INTEREST

- 2.1 Ruwan Weerasekera declared an interest in relation to item 6. No other new declarations of interest were made in connection with items of business on the agenda.

3 MINUTES AND MATTERS ARISING

- 3.1 The members approved the minutes of the Annual General Meeting and the FRC Board Meeting held on 1 November 2021.
- 3.2 The Board reviewed the matters arising log. The list of decisions taken by email was noted and the decisions listed were ratified.

4 REPORT OF THE SENIOR INDEPENDENT DIRECTOR

- 4.1 The Board noted an update on external and internal meetings and engagements attended by John Coomber since the 1 November meeting and an update on the recruitment process led by BEIS, to appoint a permanent Chair and Non-Executive Directors (NEDs).
- 4.2 The Board members noted their role as 'Qualified Persons' under the Freedom of Information Act 2000 and it was agreed a teach in on the responsibilities and obligation and broader FOI matters would be scheduled when the Board was at full complement.

Review of the operation of the Advisory Panel and Senior Advisors

- 4.3 The Board considered a report summarising the findings of a review of the operation of the Advisory Panel and Senior Advisors. The Board was pleased to note the introduction of Senior Advisors and the Advisory Panel had been well received and that it was generally considered that the objectives of moving to the Senior Advisor and Advisory Panel model had been achieved. The Board supported the proposed recommendations designed to promote the use of the Senior Advisors and Advisory Panel members more widely across the organisation and suggested consideration be given to the FRC’s engagement with Senior Advisors and Advisory Panel members.

5 CEO’S REPORT

- 5.1 The Board received an update from the CEO on a number of matters including meetings and events he had attended since the November Board meeting, outputs and publications issued by the executive – including stakeholder responses, and recruitment to senior leadership roles. The Board discussed the work of the Supervision Division in driving audit quality and requested a paper to allow the Board to explore the impact of the Audit Firm Supervisory Approach be presented at a future meeting.

Transformation programme update

- 5.2 The Board considered a report on the work of the Transformation Programme, incorporating recommendations arising from the Kingman review, the CMA’s market study and the Brydon review, together with organisational changes associated with establishing ARGA. The Board discussed the overall programme position and assumptions regarding the legislative timetable and Government Response. The Board supported the proposed approach to the restructure of the programme work packages and commended Miranda Craig on the management of the programme to date.

FRC Strategy, Plan and Budget 2022-25

- 5.3 The Board considered a draft FRC 2022-25 strategy, plan and budget to be issued for consultation in early 2022. To support the Board’s consideration a presentation was given which outlined:
- the context in which the strategy, plan and budget had been developed, including the assumptions that had been made and the options available to the Board,
 - the potential projected growth of the organisation over the three-year period under those options, and
 - the impact of the proposed options on different fundings groups.

The Board also received a verbal report from the Executive Directors of the four FRC Divisions and the Chair of the UK Endorsement Board (UKEB) in respect of the projected changes for their areas and from the Director of Stakeholder Engagement and Corporate Affairs on stakeholder considerations.

- 5.4 The Board discussed the presentation, the reports given at the meeting and the funding implications in detail. Recognising the need to ensure the organisation has the capacity needed to be able to adapt to its new powers and responsibilities both as it transitions to ARGA and during the first years of ARGA, the Board endorsed the budget for 2022/23 as recommended by the Executive.

- 5.5 The Board made a number of minor suggestions in relation to the narrative elements of the document and agreed to delegate final sign off of the 2022-25 strategy, and plan and budget 2022/23 to be issued for consultation to Sir Jon Thompson and John Coomber.

6 QUARTERLY REPORT FROM THE EXECUTIVE DIRECTOR, ENFORCEMENT

- 6.1 The Board considered a report that provided an update on the activities of the Enforcement Division and the status of active investigations.

7 QUARTERLY REPORT FROM THE DIRECTOR OF STAKEHOLDER ENGAGEMENT AND CORPORATE AFFAIRS

- 7.1 The Board noted a report that provided an update on work completed by the Stakeholder Engagement and Corporate Affairs Team over the last quarter and summarised ongoing and planned future work. Any questions would be submitted by email.

8 DUE PROCESS OVERSIGHT

- 8.1 The Board considered a report that outlined a proposed approach to the fulfilment of the FRC's responsibilities for overseeing the UKEB's compliance with due process, as enshrined in the Memorandum of Understanding (MoU) dated 22 May 2021 between BEIS, the FRC and the UKEB.
- 8.2 The Board agreed with the Executive's interpretation of the purpose of the FRC's oversight of UKEB's due process and agreed that the FRC should publish due process procedures, including a complaints procedure for alleged due process breaches. Whilst the Board supported the proposed approach to the fulfilment of the due process oversight responsibilities and agreed the projects selected for review in the 2021/22 year, the Board highlighted the need to ensure the approach is undertaken in a proportionate manner. The Board also asked the Executive to reconsider the frequency of the proposed reporting cycle and which Board Committee should be responsible for the monitoring aspect of the approach.

9 REPORT FROM THE CONDUCT COMMITTEE

- 9.1 The Board noted an oral report of the Conduct Committee meeting held on 10 November 2021 and confirmed minutes of the meeting held on 12 October 2021.

10 REPORT FROM THE REGULATORY STANDARDS AND CODES COMMITTEE

- 10.1 The Board noted draft minutes of the Regulatory Standards and Codes meeting held on 17 November 2021.

11 REPORT FROM THE PEOPLE COMMITTEE

- 11.1 The Board noted draft minutes of the meeting held on 22 September 2021 and an oral report of the meeting held on 1 December 2021.
- 11.2 On the recommendation of the People Committee the Board approved:
- ii) the appointment of Ruwan Weerasesekera as a member of the Supervision Committee to 31 December 2022.
 - iii) Proposed amendments to the Gifts and Hospitality Policy for inclusion in the Code of Conduct.

12 FORWARD PLAN

- 12.1 The Board noted the forward plan.

13 AOB

- 13.1 There was no other business.

14 PRIVATE SESSION

- 14.1 The Board met for a private discussion without members of the Executive present.



Date of Next Meeting

Thursday 10 February 2022 at 10am.

Signature:

Date:.....