



# Financial Reporting Council

Minutes of a meeting of the Board of Directors of the Company  
held on 7 December 2010 at 71 -91 Aldwych, London, WC2B 4HN

PRESENT:	Baroness Hogg	Chair
	Glen Moreno	Deputy Chair
	Stephen Haddrill	Director & Chief Executive
	Eric Anstee	Non-executive Director
	Peter Chambers	Non-executive Director
	Rudy Markham	Non-executive Director
	Sir Mike Rake	Non-executive Director
	Sir Steve Robson	Non-executive Director (except for Items 9.3 to 9.6)
	Sir John Sunderland	Non-executive Director
	Lindsay Tomlinson	Non-executive Director
	Richard Fleck	Chair APB
	Bill Knight	Chair FRRP
	Dame Barbara Mills	Chair POB
	Timothy Walker	Chair AADB
IN ATTENDANCE:	Anne McArthur	Secretary
	Ian Wright	Director of Accounting (Items 2 and 7)
	Paul George	Director of Audit (Items 6 and 7)
	Anthony Snow	Chief Operating Officer (Items 4 and 5)

Apologies were received from Jim Sutcliffe and Roger Marshall. The Chairman welcomed Mr Moreno and Roger Marshall to the FRC Board.

## 1 MINUTES

- 1.1 The Board approved the summary minutes of the meeting held on 5 October 2010 for publication

*Action points*

- 1.2 The Board noted the summary of action required and progress.

## 2 CHIEF EXECUTIVE'S REPORT

- 2.1 The Board considered reports from the Chief Executive and from operating body Chairs and discussed a number of issues arising from the reports including:

- A possible review by the FRC of the role of audit in the financial crisis: such a review would be forward looking with the aim of informing stakeholders of the lessons learnt. If, within the review, the FRC encountered concerns that needed to be addressed immediately then it would act as soon as possible;
- POB's policy of excluding failed entities from the scope of audit inspections which would be reviewed;



- AADB case costs funding and possible alternatives to the current funding and resourcing arrangements;
- The referral by the FSA to the APB of an issue in relation to client assets, in particular, whether the assurance test conducted by auditors in relation to client asset was capable of being conducted from an economic point of view.

2.2 The Board approved the proposal to tender for the future provision of external audit services to take effect from 2011-12.

### **3 FRC REFORM**

3.1 The Board considered proposals in relation to the reform of the FRC's structure and its powers. The Board supported the proposals and agreed the recommendations put to it noting that it would be crucial to think through the changes carefully and to consult on the final detail.

### **4 PLAN & BUDGET 2011/12**

4.1 The Board considered a draft Plan and Budget and Levy proposals and:

- (i) Approved the draft Plan and Budget and Levy Proposals subject to amendments and delegated approval of the final draft for publication to the Executive;
- (ii) Agreed that an Annual Open Meeting should be held in February 2011;
- (iii) Agreed that a further Stakeholder Study would be conducted in 2011.

### **5 GUIDANCE TO MARKET PARTICIPANTS - FRC APPROACH (INCLUDING RISK)**

5.1 The Board considered the practice across the FRC in relation to issuing guidance.

5.2 The Board agreed that guidance should only issued by the FRC and/or its operating bodies if:

- a. by not doing so the achievement of its objectives would be at risk; and
- b. there is a clearly-defined issue; and
- c. the proposed guidance is the most appropriate way to promote the achievement of high standards; and
- d. the FRC is the most appropriate body to issue the proposed guidance;

and that, if appropriate, guidance should be prepared at the same time as any related standard.

### **6 RESPONSE TO EU GREEN PAPER ON AUDIT POLICY**

6.1 The Board considered and agreed the draft response tabled subject to drafting suggestions.

### **7 EFFECTIVE COMPANY STEWARDSHIP: REVISED "LESSONS LEARNT" PAPER**



7.1 The Board considered the draft paper and made a number of drafting suggestions. It was agreed that a further draft would be circulated by email with a view to publication later in December.

## **8 ITEMS TO NOTE**

8.1 The Board noted:

- a. Minutes of the Nominations Committee 6.10.2010,
- b. Minutes of the Corporate Governance Committee 10.11.2010,
- c. Minutes of the Audit Committee 11.11.2010,
- d. Outline Board Calendar 2011.

## **9 ANY OTHER BUSINESS**

9.1 The Board confirmed its decision to appoint Roger Marshall as Chair of the ASB and as a Director of the FRC from 1 November 2011 until a permanent replacement for Mr Mackintosh was appointed.

9.2 The Board agreed to the appointment of Elizabeth Corley as a non-executive Director of the FRC on a date to be decided by the Chair on behalf of the Board.

9.3 In the absence of Sir Steve Robson, the Board discussed his appointment as an independent non-executive member of the KPMG Europe LLP Public Interest Committee. The Board agreed to authorise the situational conflict.

9.4 The Board agreed that in future, any potential conflicts should be referred to the Board and noted that each of the directors was under a duty to declare any conflict to the Board.

## **10 NEXT MEETING**

Thursday, 3 February 2011 at 8.30 a.m.