

Financial Reporting Council

**Minutes of a meeting of the Board of Directors of the Company
held on 7 February 2018 at the FRC, 8th Floor, 125 London Wall, EC2Y 5AS**

PRESENT:	Sir Winfried Bischoff	Chairman
	Gay Huey Evans	Deputy Chairman
	Mark Armour	Non-Executive Director
	Sir Brian Bender	Non-Executive Director (by phone to minute 8)
	David Childs	Non-Executive Director
	John Coomber	Non-Executive Director
	Paul Druckman	Non-Executive Director
	Paul George	Executive Director, Corporate Governance Reporting
	Nick Land	Non-Executive Director
	Roger Marshall	Non-Executive Director
	Melanie McLaren	Executive Director, Audit & Actuarial Regulation
	Keith Skeoch	Non-Executive Director
	Mark Zinkula	Non-Executive Director
	IN ATTENDANCE:	Francesca Carter
Anne McArthur		General Counsel and Company Secretary
Tracy Vegro		Executive Director of Strategy & Resources
Mario Dunn		Director, Strategic Communications
Deepa Raval		Director of Narrative Reporting
Tara Trousdale		Finance Director (item 4)
Mike Suffield		Director, Audit Quality Review (item 7.1 only)
Marian Williams		Director, Audit (item 7.2 to 7.3)
APOLOGIES:	Hans Hoogervorst	IASB Chairman (item 8)
	Darrel Scott	IASB Board Member (item 8)
	Stephen Haddrill	Chief Executive Officer
	Olivia Dickson	Non-Executive Director

1. QUORUM AND OPENING OF MEETING

- 1.1 The Chairman noted that the meeting was quorate and opened the meeting. The Board welcomed Deepa Raval who was attending as part of the Forward Institute Leadership Programme.

2. DECLARATION OF INTERESTS

- 2.1 The Board noted that Mark Armour had been appointed as a member of the Takeover and Mergers Panel and its Code Committee with effect from 1 May 2018.

3. MINUTES & MATTERS ARISING

- 3.1 The Board approved the minutes of the FRC Board meeting held on 6 December 2017 subject to a minor drafting amendment. The matters arising log was noted.

4. CHIEF EXECUTIVE'S REPORT

- 4.1 The Chairman introduced the CEO report. Discussion included the following reports, points and observations:

- *Management Accounts*. The Board reviewed the management accounts to end December 2017. Through discussion it was clarified the underspend against budget was predominantly a result of delays to recruitment.
- *Carillion*. The Board discussed the FRC response to Carillion and the Parliamentary scrutiny that had followed the announcement of the collapse. A paper would be presented at the March Board meeting.
- *Joint FRC / BEIS governance review*. The Board reviewed draft terms of reference for review and identified a number of matters for the FRC to discuss with BEIS including on the scope of the review.
- *FRC Classification*. The Board noted discussions with BEIS continue.
- *FRC Culture*. The Board noted events with both staff and with the Executive Committee on FRC culture had been held; progress would be reviewed further and reported to the Board in light of staff survey feedback.
- *Accountancy Scheme*. The Board noted the participating accountancy bodies continue to disagree with the FRC view that the Scheme should be aligned with the processes and tests set out in the Audit Enforcement Procedure. Discussions were continuing and a report on the outcome of those discussions and recommended next steps would be presented to the Board at its March meeting.
- *Revised risk management policy*. It was agreed the policy would be considered by the Audit Committee on 1 March and brought to the Board following review by the Audit Committee.

4.2 The Board noted the latest report on the progress of major projects and activities due to be delivered in 2017/18. It was requested the executive prepare a dashboard report for future meetings.

5. CHAIRMAN'S AGENDA

Nominations Committee report and Board succession

5.1 The Chairman reported on an additional meeting of Nominations Committee held on 31 January 2018. The Committee had reviewed proposals in relation to Board succession designed to meet the FRC's published diversity targets. Formal recommendations would be presented to the Committee at its March meeting.

5.2 On the recommendation of the Nominations Committee the Board approved the reappointment of Keith Skeoch as a non-executive director and a member of the Codes & Standards Committee for one year to 28 February 2019.

Effectiveness reviews

5.3 The Board noted the effectiveness review process was underway. A report summarising the findings and setting out recommended actions would be presented at the March meeting.

6. FRC MATTERS

LAPFF Board Committee report

6.1 The Board considered a report prepared by a Committee of the Board appointed to carry out a review relating to matters raised in a letter from Cllr Quinn on behalf of the Local Authority Pension Fund Forum. In introducing the report, Ms Huey Evans (Committee Chairman) thanked the members of the executive who had supported the Committee in undertaking the review, her fellow Committee members and the participants to the review. She summarised the methodology that had been followed and confirmed that the Committee considered itself, and the report that had been produced, as independent.

- 6.2 The Board discussed the report and agreed that it would revert on the matters at the March Board meeting.

7. AUDIT

Audit Firm Monitoring

- 7.1 The Board considered a report that provided an assessment of audit quality and reputational matters at KMPG and actions being taken by KPMG and the FRC in response to that assessment. The Board supported the conclusions and suggested additional actions for consideration.

FRC as Competent Authority

- 7.2 The Board considered a report that set out how the FRC had fulfilled its responsibilities as the designated competent authority for audit. Following a review of the report the Board concluded that, since last reporting to the Board in June 2017, the FRC had performed the tasks set out in the designating legislation and that the Registered Supervisory Bodies had performed the tasks delegated to them by the FRC.
- 7.3 It was agreed it would be useful for the Board to receive a report on the FRC's experience working with the PCAOB.

8 IASB UPDATE – DISCUSSION WITH THE IASB ON IFRS 17

- 8.1 The Chairman welcomed Hans Hoogervorst and Darrel Scott to the meeting. There followed a detailed presentation on IFRS 17 *Insurance Contracts* and discussion on the issues arising implementation of the standard, concerns amongst UK insurers, reaction amongst European insurers and the European endorsement process.

9 COMMITTEE CHAIR REPORTS

a. Report from the Codes & Standards Committee

- 9.1 The Board noted the draft minutes of a meeting of the Codes & Standards Committee held on 21 November 2017.

b. Report from the Conduct Committee

- 9.2 The Board noted draft minutes of a meeting of the Conduct Committee held on 16 January 2018.

10 FORWARD PLAN

- 10.1 The Board noted the 2018 forward plan.

11 ANY OTHER BUSINESS

- 11.1 A training session on the new General Data Protection Rules was deferred to the next meeting.
- 11.2 There was no other business.

12 DATE OF NEXT MEETING

- 12.1 Wednesday 14 March 2018.

_____ Chairman