

**Minutes of a meeting of the Board of Directors of the Company
held on 23 April 2015 at the Sofitel Hotel Brussels**

PRESENT:	Sir Winfried Bischoff	Chairman
	Gay Huey Evans	Deputy Chairman (Items 1 to 5)
	Stephen Haddrill	Chief Executive
	Mark Armour	Non-executive Director
	Sir Brian Bender	Non-executive Director
	David Childs	Chairman, Conduct Committee and non-executive Director
	Olivia Dickson	Chairman, Actuarial Council and non-executive Director
	Paul George	Executive Director, Conduct (By telephone – items 1 to 3 & 6 to 7)
	Nick Land	Chairman, Codes & Standards Committee and Chairman, Audit & Assurance Council and non-executive Director
	Roger Marshall	Chairman, Accounting Council and non-executive Director
	Melanie McLaren	Executive Director, Codes & Standards
	Keith Skeoch	Non-executive Director
IN ATTENDANCE:	Anne McArthur	Secretary
	Chris Hodge	Executive Director, Strategy
	Dane Brujic	International Policy Analyst
	Marek Grabowski	Director of Audit Policy
	Cecilia Thorn	Head of International Relations
	Jennifer Walmsley	

Apologies were received from Elizabeth Corley and John Stewart. No conflicts of interest were declared in relation to any of the matters for discussion.

1 MINUTES

1.1 The Board approved the minutes of the meetings held on 4 March 2015 for publication subject to minor amendments.

Matters arising

1.2 There were no matters arising.

Action points

1.3 The Board noted the action points.

2 CHIEF EXECUTIVE’S REPORT

2.1 Mr Haddrill introduced his report.

2.2 Discussion included the following points and observations:

- on the general election, it would be important to be prepared to explain the FRC's remit and approach together with any ideas for change to the incoming Government. A paper would be tabled at the next Board meeting;
- a recent meeting with the Group A audit firms had emphasized the importance of engaging with the audit sector rather than with specific groups of firms;
- on the outcome of the MG Rover appeal, there were many lessons for the FRC which had been learned throughout the journey of the case through the Accountancy Scheme and which had already been addressed not least through the changes effected in 2012. In particular, following the transfer of responsibility for the disciplinary schemes to the FRC (from the AADB) in October 2012 and monitoring of progress on cases and costs expenditure had improved. The monitoring of cases by the Case Management Committee had been strengthened and included significant work on case budgets. In view of the Board's overall responsibility for the FRC's professional discipline work, in future, regular case management schedules would be provided to the Board at each meeting. This would be subject to the consideration of any conflicts of interests.
- on the Audit Regulation and Directive, work was ongoing in relation to the various strands to the European legislation and the possible outcomes in the UK. A paper and project plan would be tabled at the next Board meeting.

2.3 The Board noted the Chief Executive's report.

3 COMMITTEE CHAIR REPORTS

Report from CSC meeting of 30 March 2015

3.1 Mr Land noted that the key items discussed at the CSC meeting were covered in the agenda.

Report from CC meetings of 17 March and 14 April 2015

3.2 Mr Childs reported on both meetings of the Conduct Committee and drew attention to the Conduct Committee's continued consideration of the Audit Regulation and Directive. In particular, the Committee had expressed a preference to continue to monitor the audits of AIM entities following and subject to implementation. He also reported on the review being undertaken by McKinseys and that it appeared that there were opportunities for change and increased effectiveness.

Report from Nominations Committee meeting of 4 March 2015

- 3.3 The Chairman reported noting that Mr Land had agreed to continue to chair the CSC until the Autumn and expressed his gratitude on behalf of the Board.

Report from Remuneration Committee meeting of 12 March 2015

- 3.4 The Executive Directors and other members of the FRC Executive having left the room, the Chairman reported on the Remuneration Committee meeting on behalf of Ms Corley. The Board discussed and endorsed the decisions of the Committee made at that meeting.

Codes and Standards Quarterly Report

- 3.5 Ms McLaren reported on the work of the Codes and Standards Division drawing attention to its work on actuarial risks and the codes and standards aspects of the Audit Regulation and Directive consultation.
- 3.6 The Board noted the reports.

4 CHAIRMAN'S AGENDA**a. FRC Strategy in Europe (including response to CMU consultation)**

- 4.1 On behalf of the Board, the Chairman thanked Ms Thorn and the FRC Strategy and Facilities Teams for an interesting and well organised visit to Brussels.
- 4.2 Mr Hodge introduced the item noting that the FRC's strategy was consistent with the messages heard during the FRC's visit to Brussels and it was important to continue to maintain individual relationships and a consistent level of engagement at all levels in Brussels and to base the engagement on technically expert, evidenced based and pragmatic contribution which had served the FRC well in the past.
- 4.3 The Board discussed and endorsed the FRC's strategy in Europe and priorities for 2015/16 whilst emphasizing the importance of agreeing positions and/or points of difference on key initiatives with Government departments.
- 4.4 The Board discussed and endorsed the main points of the FRC response to the Capital Markets Union consultation

5 FOR BOARD APPROVAL AND ISSUE**a. Standards and Guidance Framework**

- 5.1 Ms McLaren introduced the item explaining that the overarching Framework Policy proposed would guide decisions about which tool the FRC should select to address specific issues and challenges. She reported that the CSC had endorsed the proposed Framework Policy following consultation with the CC and the Conduct executive.
- 5.2 The Board approved for publication on the FRC website the Framework Policy.

b. Statutory Enforcement Guidelines (Sanctions against RSBs/RQBs)

- 5.3 Ms McArthur introduced the item and reported that the Conduct Committee had discussed the draft documents at its previous meeting and had since endorsed the documents as amended pursuant to that discussion subject to one amendment.
- 5.4 The Board considered and approved for publication the Feedback Statement and Guidelines subject to the Chair of the Conduct Committee approving the amendment referred to above.

c. Local Audit & Accountability Act Regulations

- 5.5 Ms McArthur introduced the item, noting that the documents which followed a public consultation had been considered by the CC and were recommended for approval.
- 5.6 The Board discussed and approved for publication:
- The Feedback Statement,
 - Guidance for approving individuals as key audit partners,
 - Regulations for a new joint audit register for local audit, and
 - Regulations for Transparency Reporting by local audit firms.

d. Client Assets Assurance Standards ED

- 5.7 Mr Grabowski introduced the item explaining that this was a complex assurance standard for auditors reporting to the FCA about an entity's compliance with the FCA's rules. Although the FRC had engaged with stakeholders, a public consultation would be useful.
- 5.8 The Board discussed the proposed document and approved for publication the Consultation Paper and Exposure Draft of a Client Assets Assurance Standard.

6 FOR AGREEMENT TO PROCEED**a. 2014/15 Annual Report: review draft extracts including risk**

- 6.1 Mr Hodge introduced the item confirming that a full draft would be tabled at the Board's next meeting and inviting comments on the proposed structure of the Report and the extracts tabled.
- 6.2 The Board approved the proposed structure and made various drafting suggestions in relation to the draft extracts.

7 FOR DISCUSSION:**a. Review of ACCA PCAQ Process**

- 7.1 The Board noted the independent report submitted by the ACCA and the progress made in relation to the arrangements for the award of its PCAQ. The Board confirmed that the progress made was satisfactory.

8 OUTLINE BOARD CALENDAR 2015

- 8.1 The Board noted the outline Board calendar and that the scheduling of meetings in future years was under review.

9 ANY OTHER BUSINESS

9.1 The Board noted its resolutions made in writing since its last meeting namely:

- the appointment of Peter Baxter to the Conduct Committee for 3 years commencing on 1 April 2015; and
- the approval for publication of FRED 61 *Draft amendments to FRS 102 – Share-based payments transactions with cash alternatives.*

10 NEXT MEETING

10.1 Wednesday, 1 July 2015 at 8.30 am.