



Financial Reporting Council

# **FRC Governance Handbook**

## **General Committee Terms**

1<sup>st</sup> June 2023

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## General Terms that apply to all Committees

The following terms apply to each of the FRC's five Committees:

- People, Audit & Risk (Governance Committees)
- Regulatory Standards & Codes, Conduct and Supervision (Regulatory Committees)

### **Authority**

1. Each Committee is authorised to:
  - Investigate any matter within its Terms of Reference.
  - Obtain, at the FRC's expense and within the budgetary constraints imposed by the Board, outside legal or other independent professional advice on any matter within its Terms of Reference.
  - Seek any information it requires from any employee of the FRC to perform its duties.
  - Request any employee to attend a meeting, as and when required.
  - Access training and information to keep up-to-date with relevant developments, laws, regulations and best practice.
2. Each Committee shall comply, with the principles and provisions of the Regulators Code, where applicable.
3. Each Committee shall support and advise the Accounting Officer in the discharge of their responsibilities.
4. Each Committee Chair may raise to the Board any item delegated to it.
5. Each Committee may perform such other functions as shall be determined by the Board from time to time.

### **Annual Review**

6. The Committees shall review its own performance and its Terms of Reference annually and shall implement and/or recommend any necessary changes to the Board.

### **Secretary**

7. The Company Secretary or their nominee shall act as Secretary of the Committee ('the Secretary') delivering papers and providing advice in a timely manner to enable the Committee to conduct a full and proper consideration of the issues and preparing minutes of the meeting.

### **Quorum and Voting**

8. The quorum for all Committees is a majority of members.
9. Attendance is defined as the ability to hear, speak and vote at the same time.

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10. Decisions of the Committees will be taken by majority. In the case of equal votes, the Chair of the Committee will have a casting vote.

### ***Notice of Meetings***

11. Meetings of the Committee shall be convened by the Secretary at the request of the Chair.
12. Unless otherwise agreed, notice of each meeting confirming the venue/electronic platform, time and date, together with an agenda of items to be discussed and supporting papers shall be circulated by the Secretary to Members and attendees, as appropriate, of the Committee, no later than 5 working days before the date of the meeting.

### ***Minutes of Meetings***

13. The Secretary shall minute the activities and resolutions of all meetings of the Committee, which shall include a record of the names of those in attendance.
14. The Committee may consider and decide urgent matters through written resolution. Information relating to those matters will be circulated to all the Committee members electronically and a decision will be passed when it has been considered and confirmed by the majority of members to the Secretary. Any decisions made outside of formal meetings will also be noted at the next formal Committee meeting.

### ***Membership***

15. The membership of the Committees will comprise exclusively of non-executive members of the Board.
16. Committees shall comprise of no fewer than three members.
17. All committee memberships will be reviewed annually, led by the Chair of the Board.
18. Appointments are for periods of up to three years and may be extended for up to two additional terms.
19. Each Committee may be supported by up to three Senior Advisors, appointed by the People Committee to provide technical advice and support.
20. Termination of a Committee Member's term on the Board will also result in the termination of their membership of the Committee.

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21. The Regulatory Committees shall have a majority of members who are not practising accountants, auditors and/or actuaries. No former audit partner shall serve as Chair of the Conduct or Supervision Committee and no member shall be:
- a. a practising auditor or an individual who has during the previous five years <sup>1</sup>:
    - i. Carried out statutory audits;
    - ii. Held voting rights in an auditing firm;
    - iii. Been a member of an administrative management or supervisory body of an audit firm; or
    - iv. Been a partner, employee or otherwise contracted by an audit firm;
  - b. An officer or employee of any of the accountancy or actuarial professional bodies.

### ***Attendance***

22. The Committee Chair may nominate a member to chair the meeting, when unable to attend. In the case of the Conduct Committee, the Deputy Chair will chair the meeting in the Chair's absence.
23. Only Committee Members have the right to attend Committee meetings. Other post-holders, Senior Advisors, members of the Advisory Panel, external advisors and members of the Executive may be invited by the Chair to attend all or part of any meeting, as and when appropriate but are not members, and do not form part of any quorum.
24. Observers may be invited to meetings on agreement from the Chair.
25. The Chair may ask any or all of those who normally attend but who are not Members to withdraw to facilitate open and frank discussion of particular matters.

### ***Information Security and Confidentiality***

26. All information received by the Committee will be handled in accordance with current information security, handling and transparency regulations and the FRC's information policies.
27. All documentation is provided is on a strictly confidential basis and is subject to the confidentiality obligations in the FRC's Code of Conduct set out in the Governance Handbook.

### **Approved by the FRC Board with effect from 1<sup>st</sup> June 2023**

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<sup>1</sup> The EU Audit Directive Article 21: Competent Authority Conditions of independence requires minimum period of three years since employment at a firm or RSB. The Board has extended this to five years for Regulatory Committee membership (non-Chair) to align it with its policy on staff involvement in matters relating to their former firms. Conduct Committee members may not participate in any decisions relating to firms or companies for which they have worked in the previous ten years.